SERVICES SETA

DEVELOP & GROW

STRATEGIC PLAN

2020/21 – 2024/25

higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

**SERVICES SECTOR EDUCATION
AND TRAINING AUTHORITY**

CLEANING & HIRING SERVICES

COMMUNICATION & MARKETING SERVICES

LABOUR & COLLECTIVE SERVICES

MANAGEMENT & BUSINESS SERVICES

PERSONAL CARE SERVICES

REAL ESTATE & RELATED SERVICES

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Foreword By The Minister

DR B.E. NZIMANDE
Minister of Higher Education, Science and Innovation

The mandate of the Sector Education and Training Authorities (SETAs) is derived, in the main, from the Skills Development Act 97 of 1998 as amended, which, amongst others, directs SETAs to develop Sector Skills plans (SSPs). In their Sector Skills Plans, SETAs must reflect and incorporate government priorities, especially those that address our priority developmental goals, that of tackling the triple challenges of poverty, unemployment, and inequalities. The SSPs are intended to ensure that skills are not a constraint to the economic development of our country.

The mandate of the SETAs must be understood within our vision of the Post-School Education and Training (PSET) system of having an integrated, coordinated, and articulated PSET system for improved economic participation and the social development of youth and adults. Critical to this vision is our challenge of addressing the plight of the youth that are Not in Education, Employment, or Training (NEET), which is standing at over 3.3 million in the third quarter of 2023.

The launch of the National Plan for Post-School Education and Training on 7 September 2023, signaled our government's commitment towards achieving an improved, transformed, expanded, responsive, and articulated Post-School Education and Training (PSET). Our National Plan for Post-School Education and Training (NPPSET) is our roadmap for implementing the vision of the White Paper for Post-School Education and Training (WP-PSET). It will continue to guide our SETA system strategy and planning instruments as it is framed within the broader goals and priorities of the National Development Plan (NDP), which foregrounds the national efforts to address the triple challenges of unemployment, inequality, and poverty. Important, to note, is that it remains our overarching policy instrument and a blueprint for guiding planning in our post-school system. It will be proper for everyone to have access to the National Plan for Post-School Education and Training. It aligns and integrates the work that is already underway and provides a policy framework for major transformative changes the government wants to bring about,

across the post-school system and its nexus with society and the economy.

The White Paper for Post-School Education and Training (WPPSET) envisages the post- school education and training system as an important institutional mechanism that must be responsive to the needs of society. Critical to this, are our transformational and developmental imperatives which include amongst others: class, gender, race, geography, and youth, which must be reflected at all material times in our SETA interventions. The Ministry of Higher Education, Science, and Innovation is among the leading ministries for the 2019–2024 Medium Term Strategic Framework (MTSF) Priority 3: Education, Skills, and Health, and the following medium-term outcomes have been identified:

› An integrated and coordinated PSET system.
› Expanded access to PSET opportunities.
› Improved success and efficiency of the PSET system.
› Improved quality of PSET provisioning.
› A responsive PSET system

The President launched the Economic Reconstruction and Recovery Plan (ERRP) in October 2020 pointing out to skills development, science, and innovation as enablers in driving South Africa's economic reconstruction and recovery, but also key in sustaining it. In support of this initiative, the Department working with social partners at the National Economic Development and Labour Council (NEDLAC) & the National Skills Authority, in the main developed the Skills Strategy to support the government's efforts to mitigate the impact of COVID-19 global health pandemic and the initiatives towards economic and social recovery.

The Economic Reconstruction and Recovery Plan Skills Strategy (ERRPSS) aims to support the Economic Reconstruction and Recovery Plan (ERRP), ensuring that it is not compromised by skills shortages. It is born out of the urgency for a well-coordinated strategy of skills development to support both the management of the COVID-19 global health pandemic and economic and social recovery. President Ramaphosa captured our determination to reset the South African economy when he said: "We are determined not merely to return our economy to where it was before the coronavirus, but to forge a new economy in a new global reality." As stated in the ERRP, South Africa is now on the threshold of an important opportunity to imaginatively, and with a unity of purpose, reshape its economic landscape.

The ERRPSS is located within the broader skills planning arsenal of the Post-School Education and Training (PSET) system, which promotes the use of labour market intelligence (including future work scenarios) to inform PSET provisioning. The Department of Higher Education and Training has identified skills needs in the form of the List of Occupations in High Demand, the Priority Skills List, and the Critical Skills List (which it prepared on behalf of the Department of Home Affairs). The SETAs will continue to play a critical role in the implementation of the Skills Strategy to support the Economic Reconstruction and Recovery Plan.

The National Skills Development Plan (NSDP) 2030 remains at the centre in directing how the skills development levy will be disbursed up to 31 March 2030. For this reason, the Sector Education and Training Authorities (SETAs) have been re-established until 2030, in alignment

with the National Development Plan to ensure that the SETAs focus on skills required for our socio-economic development. For the financial year, we aim to expand the participation of young people in skills development programs as well as workplace-based learning opportunities. We have surpassed the State of the Nation Address (SoNA) 10,000 Technical and Vocational Education and Training (TVET) target placements in 2022 leading to setting a target for 2023 of 20,000 TVET placements.

For the 2024/25 financial year, the entire SETA system has set itself the following targets, as part of expanding post-school opportunities:

› 190,000 workplace-based learning (WBL) opportunities;
› 150,000 learners registered in skills development programs;
› 36,375 learners entering artisanal programs;
› 26,500 learners passing artisanal trades;
› 53,000 learners completing learnerships;
› 11,000 learners completing internships; and
› 128,000 learners completing skills programs.

The SETA will enter into the Service Level Agreement with the Director-General of the Department and commit that 25% of all targets be achieved on a quarterly basis, with 100% achievement in the last quarter of the financial year. Whilst the TVET placement must be achieved at 100% by the end of December 2024.

The SETA Annual Performance Plan (APP) provides a clear commitment to the delivery of our skills development priorities and targets for implementation during the 2024/25 financial year.

DR B.E. NZIMANDE, MP
Executive Authority of Higher Education, Science, and Innovation

The Sector Education and Training Authorities (SETAs) have been re-established until 2030, in alignment with the National Development Plan to ensure that the SETAs focus on skills required for our socio-economic development.

The SETAs will continue to play a critical role in the implementation of the Skills Strategy to support the Economic Reconstruction and Recovery Plan.

Accounting Authority Statement

On behalf of the Services SETA Accounting Authority (AA), I present the update of the Services SETA Strategic Plan (SP) 2020/21-2024/25 that will be implemented in the 2024/25 financial year. This iteration of the SP is foregrounded by several critical milestones for the country and the SETA landscape, as well as global events with far-reaching socio-economic and political implications.

This update coincides with the final year of the Government's Medium Term Strategic Framework (MTSF) (2019-2024) – of the Sixth Administration. It also marks a countdown towards the final five-year period of implementing the National Development Plan (NDP) 2030 and the mid-term period of the National Skills Development Plan (NSDP) 2030.

Policy and strategy initiatives such as the Presidential Youth Employment Initiative, Artisan Development Programmes, Fourth Industrial Revolution (4IR) Strategy and the Economic Reconstruction and Recovery Plan (ERRP), among others, were instrumental in driving the implementation of the MTSF, NDP and NSDP. The Services SETA SPs sought to address these intersecting and, often, overlapping strategy initiatives with its strategic outcomes.

It is worth underlining that the implementation of this SP occurred at a very difficult time for the country, overshadowed by national and global events. At the national level, the COVID-19, inclement weather (including floods), and political unrest, wreaked havoc on the country's social, economic and political fibre, driving many companies into foreclosures, resulting in historic levels of unemployment
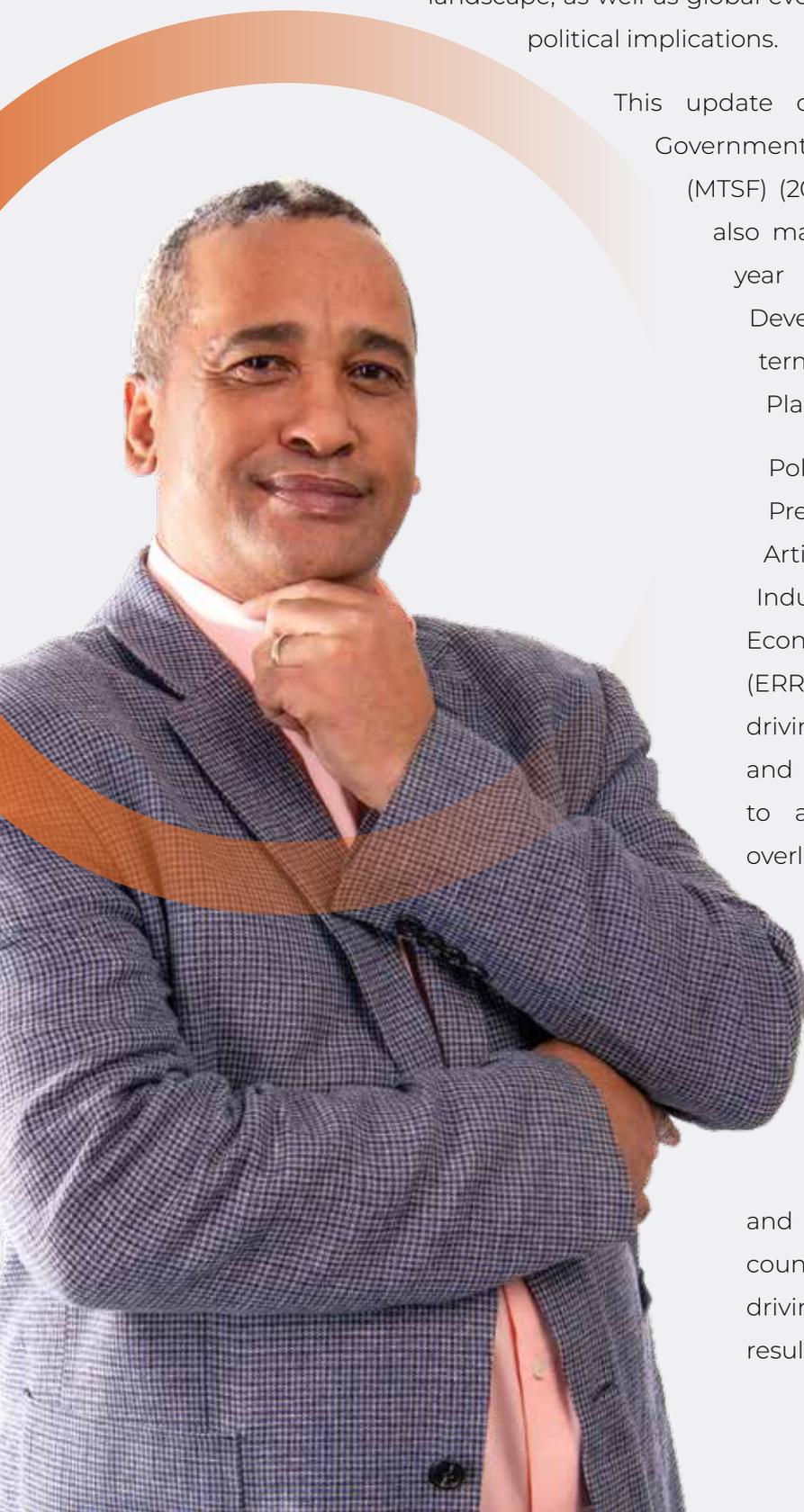
and increased poverty and inequality. Global war, energy shortages resulting in sharp cost increases, and runaway inflation worldwide devastated South Africa's economy and growth prospects.

In light of these developments, it is critical for the Services SETA to deeply reflect on the successes and challenges in relation to the implementation of the Services SETA five-year plan, SP, and the contribution of this plan to the services sector with regard to supporting the growth of the sector, creating employment and self-employment (entrepreneurship) opportunities as well as the supply of a *"skilled and competent workforce"*.

The year 2022/23 ended with positive indicators. By the end of the year, the COVID-19 pandemic had subsided to levels that allowed the full operation of economic activities. This resulted in a modest recovery of the economy as measured by the Gross Domestic Product (GDP). By Q4 2022, the economy had grown by 2,2% y/y compared to 0,9% y/y in 2019. At the same time, unemployment decreased from 35,3% in Q4 2021 to 32,9% in Q4 2022. These trends signal an economy that is in recovery mode. Our annual learner tracer studies indicate that more than 30% of graduates, on average, who completed our learning interventions either found employment or started their own businesses.

Regarding the overall organisational performance review, internal and external reviews and analyses reflect that the Services SETA is performing relatively well in relation to two outcomes (1 & 4) while struggling with the other two (2 & 3). The first outcome deals with internal efficiencies to ensure that the Services SETA is well positioned to execute its mandate. Indicators for this outcome include finance, overall performance, people issues, ICT

infrastructure and systems and governance.

The Services SETA has registered good progress in many of these indicators except for finance and ICT. Overall organisational performance increased consistently from 40% to 80% and 84% in 2020/21, 2021/22 and 2022/23, respectively. This has been possible due to improved internal systems and control measures, stable governance structures, management leadership and labour relations. The qualified audit outcome over this period is a serious blot on this performance. The ICT interface between the Services SETA and the industry remains unstable, indirectly contributing to a qualified audit opinion.

Our quality assurance systems and measures (Outcome 4) are catching up with national developments in light of a vigorous drive towards transitioning from legacy to occupational qualifications. After long delays, the Services SETA is catching up with the development of occupational qualifications in line with the Quality Council for Trades and Occupations (QCTO) policy, with more than 78 occupational qualifications developed and 38 learnerships registered with QCTO. To speed up the supply of skilled and capable workforce for the services sector, we have improved our turnaround time of issuing certificates for competent learners with up to 90% of certificates or statements of results printed in the prescribed time.

Problematic programme areas include Skills Planning (Outcome 2) and Learning Programmes (Outcome 3). These programmes prepare and implement learning programmes, constituting a core function of the Services SETA's operations. Reasonable progress has been made in building institutional mechanisms for skills supply with solid partnerships between

the Services SETA and the public colleges (20), Artisan Development Programme's Centres of Specialisation (16) and university systems (9) as well as inter-SETA partnerships and partnerships with other government departments and entities.

We have also made good progress on our target of enrolling 65,000 learners over the MTSF period by enrolling 33,618 learners so far. Regarding our target of providing entrepreneurship training opportunities to 3,500 Small, Medium and Micro Enterprises (SMMEs), we reached 2,135 entrepreneurs. We have restored our relationships with industry employers by increasing their participation in the Workplace Skills Plan (WSP) and Annual Training Reports submission by 3% y/y with 1,423 partnerships established with employers.

Business processes and the stability of human resources relations are critical for a well-functioning organisation. We have managed to bring about a lot of stability in the operations of the Services SETA. We drastically improved human relations to the point of zero industrial action over this period and addressed a high rate of staff attrition. We also managed to stabilise the finances of the Services SETA and met our commitment obligations. We are working hard to improve internal financial controls and data

integrity to avoid adverse audit outcomes.

The remaining MTSF year will be devoted to deepening the impact of learning interventions on our beneficiaries through effective project monitoring and impact assessment and enhancing quality assurance processes. Particular attention will be given to supporting government initiatives to absorb university and TVET college graduates to address high levels of youth unemployment. Entrepreneurship development remains one of the critical tasks of the Services SETA, given the high prevalence of informal and precarious industries in this sector. We will continue to drive transformation in the services sector, focusing on the five transformational imperatives: gender, age, rural, disability and HIV.

We thank our services sector partners for their undying support during this period and look forward to continued support.

MR STEPHEN DE VRIES

Chairperson: Accounting Authority

Chief Executive Officer's Statement

This Strategic Plan (SP) 2020/21-2024/25 update is developed in line with the frameworks and guidelines issued by the Department of Planning, Monitoring and Evaluation (DPME), a custodian of the government's planning policies and practices. It has also been aligned with the National Development Plan (NDP), the Medium Term Strategic Framework (MTSF) and the National Skills Development Plan (NSDP) 2030, as well as national strategies and initiatives such as the 4IR National Strategy, Economic Reconstruction and Recovery Plan (ERRP) and the Presidential Youth Employment Initiative.

Most importantly, this update marks the final year of the mid-term period for implementing the NSDP 2030, the final year of MTSF (2020/24) and the final five-year period for implementing the NDP. As we mark these critical milestones, we take pride as the Services SETA management in that many of the key achievements were realised over this period, and we remain humbled by the shortcomings we experienced.

Key achievements include the stability we brought about at the Services SETA in relation to the performance and financial viability of the organisation. We improved organisational efficiencies and effectiveness through a rapid business optimisation process we undertook early on to position the organisation on the right footing to perform optimally. This intervention resulted in incremental improvement in overall performance over the past three years,

culminating in an overall performance of 84% against predetermined objectives. This process is being strengthened by the organisational design process underway to ensure a proper alignment of the organisational structure with the overall strategy as informed by the new SETA landscape, NSDP 2030.

We are particularly motived by the progress we made concerning the quality assurance function within the organisation. We managed to address the backlog of the development of new occupational qualifications and alignment of key legacy qualifications with the new occupational qualifications' framework and review of occupational qualifications that were about to expire. More than 78 occupational qualifications and 38 learnerships have been registered with the South African Qualifications Authority (SAQA) and Quality Council for Trades and Occupations (QCTO), respectively. Turnaround time of printing certificates and/or statements of results has improved to more than 90%. These achievements place the Services SETA in a better position to fulfil its mandate.

We have stabilised organisational finances by maintaining a positive bank balance and significantly reducing commitments through interventions such as rationalising Discretionary Grant allocations and awards and cleaning up the commitment register. We have also restored our relationships with key stakeholders such as employers, labour, learners and service providers. More than 70% of stakeholders surveyed expressed satisfaction with our services, a vast improvement from the low 32% five years ago.

Notwithstanding these achievements, we are still worried about the adverse audit findings by the Auditor General South Africa (AGSA) over the past three years. These emanate primarily from the commitment register (financial statements) and data integrity (performance information). Working with AGSA and internal partners, we resolved to realise a clean audit by 2024/25. We also remain concerned about the low throughput rate of our enrolled learners, averaging 60%. Some contributory factors are outside our control, but we believe we can influence the outcome. In this endeavour, we are working hard to find and accredit workplaces for learners to find workplace learning opportunities to facilitate their successful completion.

We will devote the remaining one-and-a-half years of the MTSF 2019/20 - 2024/25 to deepen its impact. Alongside reaching out to many beneficiaries through skills development interventions, we want to ensure that our interventions transform the lives of the beneficiaries. We will strongly support entrepreneurship development to promote sustainable livelihoods, with a bias towards women, youth, people living with disabilities and rural areas. This will require a strong alignment with the government's District Delivery Model.

I wish to thank the DHET, National Skills Authority, and the Services SETA Accounting Authority for their guidance and oversight, as well as labour and business for actively participating in our learning interventions and strategic engagements, which shaped this SP update. I also want to thank the Services SETA staff for their devotion to its vision and mandate.

MR ANDILE SIPENGANE
Acting Chief Executive Officer

Official Sign-off

It is hereby certified that this Strategic Plan:

› Was developed by the management of the Services SETA under the guidance of Mr Stephen De Vries the Chairperson of the Services SETA Accounting Authority;

› Takes into account all relevant policies, legislation and other mandates for which the Services SETA is responsible; and

› Accurately reflects the impact and strategic outcomes which the Services SETA will endeavour to achieve over the period of 2020/21 – 2024/25.

Mr Andile Sipengane
Executive Manager: Strategic Partnerships and Collaborations

Ms Liesel Köstlich
Executive Manager: Core Business

Mr Sibusiso Dhladhla
Executive Manager: Corporate Services

Mr Tsheola Matsebe
Chief Financial Officer
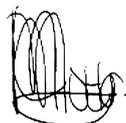
Ms Mamabele Motla
Executive Manager: Strategy & Planning

Mr Andile Sipengane
Acting Chief Executive Officer

Approved by:

Mr Stephen De Vries
Chairperson: Accounting Authority

Table of Contents

LIST OF TABLES

LIST OF FIGURES

GLOSSARY

4IR	Fourth Industrial Revolution
AA	Accounting Authority
AET	Adult Education and Training
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
AQP	Assessment Quality Partner
ATR	Annual Training Report
B-BBEE	Broad-Based Black Economic Empowerment
BUSA	Business Unity South Africa
CATHSSETA	Culture, Art, Tourism, Hospitality, and Sport Sector Education and Training Authority
CBO	Community-Based Organisation
CET	Community Education and Training College
CETA	Construction Education and Training Authority
COIDA	Compensation for Occupational Injuries and Diseases Act
COVID-19	Coronavirus disease
DDM	District Development Model
DHET	Department of Higher Education and Training
DPME	Department of Planning, Monitoring and Evaluation
DQP	Development Quality Partner
Dti	Department of Trade and Industry
ERRP	Economic Reconstruction and Recovery Plan
ERRPSS	Economic Reconstruction and Recovery Plan Skills Strategy
ETD	Education Training and Development
EXCO	Executive Committee
FoodBev SETA	Food and Beverages Sector Education and Training Authority
SETA	Sector Education and Training Authority
FP&M SETA	Fibre Processing and Manufacturing Sector Education and Training Authority
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
HEI	Higher Education Institution
HET	Higher Education and Training
HRD	Human Resources Development
HRDS	Human Resources Development Strategy
HRDC-SA	Human Resource Development Council of South Africa
ICT	Information and Communication Technology
IT	Information Technology
LMIS	Learner Management Information System
M&E	Monitoring and Evaluation
MICT SETA	Media, Information and Communication Technologies Sector Education and Training Authority
MPLS	Multiprotocol Label Switching
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework

NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NEET	Not in Employment, Education or Training
NGO	Non-Governmental Organisation
NGP	New Growth Path
NPO	Non-Profit Organisation
NPPSET	National Plan for Post-School Education and Training
NQF	National Qualifications Framework
NSA	National Skills Authority
NSDP	National Skills Development Plan
NSF	National Skills Fund
OD	Organisational Design
PESTEL	Political, Economic, Social, Technological, Legal, and Environment
PFMA	Public Finance Management Act
PIVOTAL	Professional Vocational Technical and Academic Learning
PSDF	Provincial Skills Development Forums
PSET	Post-School Education and Training
QCTO	Quality Council for Trades and Occupations
SARS	South African Revenue Services
SAQA	South African Qualification Authority
SCM	Supply Chain Management
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SETMIS	Sector Education and Training Management Information System
SIC	Standard Industrial Classification
SIP	Strategic Infrastructure Projects
SLA	Service Level Agreement
SME	Small and Micro Enterprises
SMME	Small, Medium and Micro Enterprises
SOE	State Owned Enterprise
SoNA	State of the Nation Address
SP	Strategic Plan
SSP	Sector Skills Plan
STATS SA	Statistics South Africa
SWOT	Strengths, Weaknesses, Opportunities and Threats
TVET	Technical and Vocational Education and Training
W&R SETA	Wholesale and Retail Sector Education and Training Authority
WBL	Workplace-Based Learning
WIL	Work Integrated Learning
WP-PSET	White Paper on Post-School Education and Training
WSP	Workplace Skills Plan

PART A

OUR MANDATE

OUR MANDATE

1. OUR MANDATE

Section 29 of the Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996) provides all South Africans with the right - *(a) to basic education, including adult basic education, and (b) to further education, which the state, through reasonable measures, must make progressively available and accessible.* To achieve Section 29, the Services SETA provides access to education for all South Africans through programmes such as Artisans, Learnerships, and Adult Education & Training (AET).

Furthermore, the Services SETA derives its constitutional mandate from the Bill of Rights (Chapter 2 of the Constitution of the Republic of South Africa, 1996) where it provides everyone with the right to Education (29), Access to Information (32), and Just Administrative Action (33)

2. LEGISLATIVE AND POLICY MANDATES

2.1. LEGISLATIVE MANDATES

2.1.1. SKILLS DEVELOPMENT ACT

Section 9 (1) of the Skills Development Act (Act No. 97 of 1998 as amended) empowers *"the Minister of Higher Education and Training to establish Sector Education and Training Authorities (SETAs) for any national sector economy"*. The Skills Development Act (SDA) mandates SETAs to:

› Develop and implement its Sector Skills Plan
› Promote occupation-based learning programmes that include work experience;
› Register agreements for learning programmes;
› Support and form partnerships with other agencies on matters related to skills

development; and
› Collect and disburse the skills development levies allocated to it in terms of sections 8 and 9 of the Skills Development Levies Act in the Education, Training and Development (ETD) Sector.

Key learning programmes for SETAs comprise on-the-job training/skills programmes, learnerships, internships, apprenticeships, and bursaries, focusing on the unemployed, women, youth and people living with disabilities. To strengthen accountability for the SETAs' performance, the Department of Higher Education and Training (DHET entered into a Service Level Agreement (SLA) with all SETAs.

2.1.2. SKILLS DEVELOPMENT LEVIES ACT

The Skills Development Levies Act (Act No. 9 of 1999), as amended, makes provision for the funding of SETAs through levies collected from employers. In terms of the Skills Development Levies Act (SDLA), employers are required to pay 1% of the payroll cost to the National Treasury through the South African Revenue Services (SARS). SETAs receive 80% of the funds to facilitate the training of employees and prospective employees, and a further 20% is allocated to the National Skills Fund (NSF), which provides funds to support projects that are national priorities in the NSDP.

SETAs distribute a portion of the funds back to employers upon receipt of WSPs and ATRs – the maximum amount reimbursable is 20%. The levy system creates an incentive for employers to train employees and to support training to drive the skills development programme of the government. SETAs are allocated 10,5% of the budget to cover administration costs. The remaining 49,5% is reserved for discretionary grants – 80% of which should

address Professional, Vocational, Technical, and Academic Learning (PIVOTAL) programmes, with the remainder reserved for other skills interventions.

Currently, the Grant Regulations determine that the skills levy is not the only source of funding for skills development in the sector. Many employers spend resources on training they do not report; learners often pay for their studies; and public providers such as TVET colleges and Higher Education Institutions (HEIs) receive funding independently. These resources do not fall under the managerial control of the Services SETA but are the basis for leveraging further investments in education, training, and partnerships. In addition, the Services SETA influences the expenditure of these resources through sector skills planning.

2.1.3. PUBLIC FINANCE MANAGEMENT ACT

The Services SETA is a national public entity established in terms of Schedule 3 (Part A) of the Public Finance Management Act (PFMA) (Act No. 1 of 1991). Therefore, the Services SETA must conduct its financial affairs in line with the PFMA. PFMA regulates financial management in the national government, provincial governments, and State-Owned Enterprises (SOEs) to ensure that all their revenue, expenditure, assets, and liabilities are managed efficiently and effectively. The PFMA provides for the responsibilities of persons entrusted with the financial management of those governments or entities.

2.1.4. BROAD-BASED BLACK ECONOMIC EMPOWERMENT AMENDMENT ACT

The Broad-Based Black Economic Empowerment Act 53 of 2003 (B-BBEE Act), as amended by B-BBEE Act 46 of 2013 and the Government's Amended Black Economic Empowerment Codes of Good Practice, aims to address inequities resulting from the systematic exclusion of black people from meaningful participation in the economy.

The Broad-Based Black Economic Empowerment Amendment Act 2003 (Act No. 53 of 2003), as amended by Act 46 of 2013, is a form of economic empowerment strategy initiated by by the South African government. It is a policy and legislative framework to distribute wealth to as broad a spectrum of the black South African society as possible. It is also the principal law governing B-BBEE in South Africa.

B-BBEE is a policy and legislative framework which seeks to redress the historic economic inequalities created primarily as a result of the implementation of apartheid in South Africa.

The B-BBEE Codes contain five elements against which the B-BBEE status of an entity will be measured (using the generic scorecard below), resulting in a B-BBEE score ranging from the lowest level being "Noncompliant" to the highest level, being "Level One".

Entities get measured through the B-BBEE Scorecard, a system comprising seven elements, each with a specific weighting (points) attached to it. The elements are ownership, management control, employment equity, skills development, preferential procurement, enterprise development and social-economic development.

Companies must comply with three priority elements on the B-BBEE scorecard for verification. However, the Services SETA is exempted from the Ownership element. These elements are:

› Ownership;
› Skills Development; and
› Enterprise and supplier development.

Skills development, as a priority element of the B-BBEE scorecard, measures the extent to which companies carry out initiatives designed to develop the competencies of black people internally and externally. The sub-minimum requirement for skills development is 40% of the total weighting points for skills development, which, on the generic scorecard, is 20 points. It is further required that black women should form between 40% and 50% of the beneficiaries of the relevant elements of the B-BBEE scorecard and that black people with disabilities, black youth, black people living in rural areas, and black unemployed people also form part of the beneficiaries.

The Services SETA is recognised as a Specialised Entity in the Codes and, therefore, exempt from the measurement of Ownership.

The B-BBEE Act has made it compulsory for certain entities to report their B-BBEE status to the B-BBEE Commission. The SETAs must submit Form B-BBEE 2, detailing compliance around skills spend and other criteria, within 90 days of the end of the financial year. If the SETA has included this report in its annual financial statements (AFS) and annual report, it may be submitted to the commission within 30 days of its approval of the AFS and annual report.

The Services SETA is committed to contributing towards B-BBEE through its Supply Chain Management (SCM) processes and enhancing access for black people. It also supports employers' levy and non-levy payers to gain efficiencies from investing in skilling interventions.

Socio-economic transformation is one of the key strategic focuses of the Services SETA. A dedicated Unit has been established to monitor transformation within the organisation.

2.1.5. OTHER KEY LEGISLATIONS

› South African Qualifications Authority Act, 1995 (Act No. 58 of 1995);
› The National Qualifications Framework Act (Act No. 67 of 2008);
› Employment Equity Act, 1998 (Act No. 55, 1998);
› Promotion of Access to Information Act, 2000 (Act No. 2 of 2000);
› Protection of Personal Information Act, 2013 (Act No. 4 of 2013); and
› Regulations Published in the Government Gazette, No. 35940, 03 December 2012 regarding Monies Received by a SETA and Related Matters.

2.2. POLICY MANDATES

2.2.1. THE NATIONAL DEVELOPMENT PLAN

The NDP aims to eliminate poverty and reduce inequality by 2030. It has identified the following nine key areas to achieve a developmental approach that is sustainable and inclusive: creating jobs and livelihoods; expanding infrastructure; improving education and training; transforming urban and rural spaces; transitioning to a low-carbon economy; fighting corruption and enhancing accountability and facilitate rural and urban development projects that foster social cohesion.

This SP and the Annual Performance Plan (APP) emphasise the priorities identified in the NDP. In the immediate future, by setting up the Skills Development Centres initiative, the Services SETA aims to address artisanal skills shortages identified by occupational teams established for the Strategic Infrastructure Projects (SIPs). In the medium term, in supporting the education agenda linked to this mandate, the Services SETA supports DHET's skills development and capacity-building initiatives, which prioritise

WBL through facilitating the placement of TVET College graduates.

2.2.2. MEDIUM TERM STRATEGIC FRAMEWORK

The MTSF 2019-2024 is the planned manifestation of the NDP and the Electoral Mandate of the governing party. It provides the framework for implementing the Seven Apex Priorities announced by the President in the SoNA in June 2019. These apex priorities, which will be achieved through the joint efforts of all government institutions, are as follows:

› **Priority 1:** A capable, ethical and developmental state;
› **Priority 2:** Economic transformation and job creation;
› **Priority 3:** Education, skills and health;
› **Priority 4:** Consolidating the social wage through reliable and quality basic services;
› **Priority 5:** Spatial integration, human settlements and local government;
› **Priority 6:** Social cohesion and safe communities; and
› **Priority 7:** A better Africa and world.

The DHET, and by extension SETAs, contribute to Priority 3. "Education, skills and health". This is implemented mainly through learnerships, internships, bursaries, skills programmes, artisanship, candidacy and adult education and training.

Due to the focused attention on youth unemployment, especially those not in employment, education or training (NEET) through the Presidential Youth Employment Initiative, the Services SETA has implemented measures to support this initiative with progress monitored through the Annual Performance Plan (APP). The APP 2024/25 updates achievements in this regard.

Additionally, the Youth Employment Initiative, the SSP and SP have identified the 4IR as a major driver of change for skills demand and supply. Implementation of learning interventions, monitored through APP, is aligned with the 4IR imperatives.

2.2.3. HUMAN RESOURCES DEVELOPMENT STRATEGY

Human Resource Development Strategy for South Africa (HRD-SA) 2010 –2030 has three clear goals to (i) reduce levels of poverty and unemployment in South Africa; (ii) promote justice and social cohesion through improved equity in the provision and outcomes of education and skills development programmes, and (iii) improve national economic growth and development through improved competitiveness of the South African economy.

2.2.4. WHITE PAPER ON POST-SCHOOL EDUCATION AND TRAINING

The Services SETA plays an intermediary role in facilitating the programmatic interventions of the strategy over the long, medium and short term. The aim is to ensure a coordinated and continuous dialogue with stakeholders to lay the foundation for collaboration to address scarce, critical and priority skills needed for the services sector. Through the Entrepreneurship and Cooperative Development Initiative, the Services SETA aims to support the growth and development of emerging and growing SMMEs and cooperatives with a specific focus on women, youth and people with disabilities.

The WP-PSET focuses on improving the quality of TVET colleges, which entails the development of appropriate programmes, upgrading of lecturer qualifications, capacity building for management and governance, improved learner support, utilising appropriate

information technology (IT) systems for learning and management, and building strong partnerships between colleges and employers in the public and private sectors. The Services SETA has established strategic partnerships and collaborations with TVET colleges, Community Education and Training Colleges (CET) and universities aimed at ensuring improved access to quality learning programmes, increasing the relevance of skills development interventions and building strong partnerships between stakeholders and social partners. The focus is on TVET colleges based in rural areas.

2.2.5. NATIONAL SKILLS DEVELOPMENT PLAN

The NSDP: 2030 is a 10-year plan that *"seeks to ensure that South Africa has adequate, appropriate and high-quality skills that contribute towards economic growth, employment creation and social development".* The NSDP time frames are aligned to the NDP's targets for 2030 and straddle two MTSF periods (2020/21-2024/25 and 2025/26-2029/2030). The NSDP contains eight outcomes that guide its implementation. In summary, the outcomes emphasise developing basic and technical skills, specifically focusing on historically disadvantaged individuals.

The NSDP implores SETAs to aim to facilitate and co-finance training for approximately 10% of the workforce annually. Crucially, the NSDP urges SETAs to forge close collaboration with employers to strengthen workplace learning. This Strategic Plan ensures alignment between the NSDP outcomes and the impact statement, outcomes, and outputs. Targets set directly address the NSDP outcomes and the NDP goals and are aligned to the government's five-year MTSF. There is also a strong emphasis on

promoting workplace learning to promote the quality throughput of graduates to support the sector. The APP targets provide the clearest indication of the alignment of the SP's outcomes to NSDP outcomes.

2.2.6. NDP FIVE-YEAR IMPLEMENTATION PLAN

The Services SETA, as an entity falling under the oversight of the DHET, supports the DHET in implementing its NDP Five-Year Implementation Plan: 2019-2024. The government has identified seven priorities derived from the Electoral Mandate and the SoNA, which informs the MTSF (2020/21-2024/25):

› **Priority 1:** Economic Transformation and Job Creation;
› **Priority 2:** Education, Skills and Health;
› **Priority 3:** Consolidating the Social Wage through Reliable and Quality Basic Services;
› **Priority 4:** Spatial Integration, Human Settlements and Local Government;
› **Priority 5:** Social Cohesion and Safe Communities;
› **Priority 6:** A Capable, Ethical and Developmental State; and
› **Priority 7:** A Better Africa and World.

Priority 2, namely, *Education, Skills and Health*, is relevant to the DHET. This priority contributes to the second NDP pillar, the *Capabilities of South Africans*. To implement these priorities, the DHET has identified five outcomes which have a direct bearing on the Services SETA:

› **Outcome 1:** Expanded access to PSET opportunities;
› **Outcome 2:** Improved success and efficiency of the PSET system;

> › **Outcome 3:** Improved quality of PSET provisioning;
> › **Outcome 4:** A responsive PSET system; and
> › **Outcome 5:** Improved employability of youth through skills training.

The Services SETA's impact statement and outcomes are closely aligned to this implementation plan, as will be illustrated in the ensuing section of this SP, with clear annual targets as expressed in the APP attached herein.

2.2.7. NEW GROWTH PATH

The New Growth Path (NGP) identifies five job drivers: infrastructure for employment and development, seizing the potential of new economies, improving job creation in employment, investing in social capital, and spatial development.

Services SETA's response to NGP is to identify skills development to support infrastructure for employment and development needs that provide opportunities for sector role-players, including learners, employment creation, small business expansion and rural development. The current focus of the Services SETA is entrepreneurship and cooperatives development. This is mainly because research indicates that small enterprises and the informal sector dominate the services sector. It is important to assist these enterprises to grow sustainably. A further intervention is the development of a suite of occupational qualifications to meet current industry needs to enable the services sector entrepreneurs to thrive.

2.2.8. NATIONAL SKILLS ACCORD

The National Skills Accord is the outcome of a dialogue between the government, labour, and business to support the NGP in speeding up the process of creating new jobs annually. The parties have identified eight commitments they can make on training and skills development. All eight commitments speak directly to the mandate of SETAs and form the key foundation of the Services SETA strategic intent, pursuant to the implementation of the NSDP 2030.

The Services SETA's contribution to the National Skills Accord is primarily through investment in artisanal training-related interventions, including funding provided to centres of specialisation and additionally through the placement of TVET learners on WIL in the public and private sector and the significant allocation of resources to artisan development.

2.2.9. ECONOMIC RECONSTRUCTION AND RECOVERY PLAN

In response to the continued decline in GDP growth and the debilitating impact of COVID-19 on the economy, the South African government instituted the ERRP. The plan aims to foster an economic rebound from the pandemic and build the future economy. The plan has identified key economic sectors likely to drive recovery faster. The Department of Higher Education, Science and Innovation has developed an Economic Reconstruction and Recovery Skills Strategy (ERRSS) to support this initiative. The Services SETA has identified scarce and critical skills prioritised by the DHET through the ERRSS for inclusion in the SSP 2024/25 with targets set out in the APP 2024/25 and the SLA signed between the Services SETA's AA and the Minister of Higher Education, Science and Innovation.

3. INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

3.1. INSTITUTIONAL POLICIES

The Services SETA has two broad policy approaches: (1) governance and (2) operational. The AA is responsible for governance policies that cover the governing body's vision and mission of the SETA, their accountabilities, attendance, codes of conduct, commitments, conflict of interest, decision-making, financial prudency, governance values, leadership, ethics, roles and responsibilities, and a range of related cultural matters. They also include policies on the governing body's delegations to top management and staff and interactions with the broader community and stakeholder base. Operational policies are delegated to the executive management. These include policies on:

› Discretionary Grants;
› Delegation of Authority and Approval Framework;
› Supply Chain Management;
› Human Resource Management; and
› Organisational Compliance and Enterprise Risk Management.

Management initially develops and oversees these policies, with the Governance, Risk and Compliance Committee reviewing and the AA finally approving them.

3.2. INSTITUTIONAL STRATEGIES

3.2.1. FUNDING STRATEGY

The Services SETA is committed to implementing NSDP 2030 and supporting the government's priority programmes while maintaining financial viability. There has been promising progress regarding the revenue and reserves status of the Services SETA, enabling the SETA to address the legacy of commitments. This is primarily due to the turnaround funding strategy, which includes a review of the delivery model, including the Discretionary Grant policy and business process optimisation adopted by the management of the Services SETA with the support of the AA. The goal is to ensure the successful implementation of the NSDP by supporting priority programmes whilst maintaining financial viability.

3.2.2. A RESPONSIVE STRATEGY IMPLEMENTATION PLAN

To adequately align the Services SETA's SP to its vision and mandate, the management, with the guidance of the AA, developed a responsive strategy implementation plan with a clear focus on organisational performance, finance, systems and business processes, people, stakeholder relations and governance. Summarised below are each focus area of the strategy and its description.

Table 1: Responsive Strategy

Focus Area	Description
Organisational Performance	Drive organisational performance to deliver effectively on NSDP 2030 mandate and ensure responsiveness to sector skills needs as informed by ongoing labour market research, the sector skills plan, strategic plan and the annual performance plan.
Finance	Strive for effective use of resources to ensure financial sustainability to meet the mandate through the improvement of financial controls and effective implementation and monitoring of commitments.
Business Processes, including systems	Improve and align business processes to ensure efficiencies in delivering the Services SETA strategic goals and enhance ICT infrastructure and systems, including integrating systems and platforms to optimise operational efficiencies.
People	Our people are central to achieving the desired performance. The Services SETA aims to invest in employees' capabilities to drive a culture of continuous personal development and high performance.
Stakeholder Relationship	A healthy working relationship is critical to the success of the Services SETA. The Services SETA will continue to build, strengthen and maintain a good relationship with its internal and external stakeholders.
Governance	Risk management and organisational compliance are critical governance functions. The Services SETA strives to promote good governance by early detection of strategic risks and mitigation thereof. Improved organisational compliance will ensure adherence to critical legislative prescripts.

3.2.3. SECTOR SKILLS PRIORITIES

The SP is informed by the following intervention areas as identified in the SSP:

1. **Foster Inter-SETA collaboration and industry partnerships to promote SMME development in the services sector –**

The South African Government's ERRP and NDP strongly emphasise developing small and medium enterprises. Point four of the Nine-Point Plan aims to *"[unlock] the potential of small, medium and micro enterprises, cooperatives and township enterprises"*. The Services SETA aims to work collaboratively with the Media, Information and Communication Technologies (MICT) SETA, Food and Beverage Manufacturing Industry (FoodBev) SETA, Fibre Processing and Manufacturing (FP&M) SETA, Construction, Education and Training Authority (CETA), Wholesale and Retail (W&R) SETA and the Culture, Art, Tourism, Hospitality, and Sport Sector Education and Training Authority (CATHSSETA) to support development and growth and SMMEs. Memorandum of Understandings (MoUs) have been concluded, and the relevant SETAs are working on a concept paper for implementation.

2. **Secure workplace training opportunities in collaboration with the industry, employers and the SETA.**

The Services SETA aims to work closely with industries to implement learning interventions. The priority is the mobilisation of industry to participate in WBL initiatives to ensure good quality of workplaces and improved throughput. Collaboration with other SETAs in this space is critically important and will be explored.

3. **Work with QCTO and industry role players to complete and implement registered occupationally directed qualifications.**

Several Services SETA qualifications are either outdated, have expired or are not aligned to the QCTO occupationally directed qualifications framework. Working with the industry and QCTO, the Services SETA will continue to update these qualifications and ensure alignment with the prescribed framework.

4. Strengthen alignment between industry needs and Services SETA supply through research, implementation, and structured monitoring and evaluation (M&E)

Rapid developments in the South African economy, as brought about by ICT and the COVID-19 pandemic, require SETAs to conduct regular and relevant research to inform decision-making processes and training interventions. The Services SETA will foster closer collaboration with industry partners, businesses, labour and university research institutions to conduct relevant, up-to-date research. Internal business operations will be streamlined to ensure efficient and effective implementation of learning interventions and timely monitoring and evaluation of impact.

5. Implementation of organisational-wide M&E Framework to improve performance management.

To inculcate a high-performance culture with impact, the Services SETA is developing an M&E framework to integrate management performance and institutional (delivery) per-formance standards. The framework will draw from the Government-Wide M&E system and frameworks for evaluation, performance standards (monitoring), and social, economic and demographic statistics. The Theory of Change will guide the M&E framework to adequately measure the impact of Services SETA's skills development interventions.

4. RELEVANT COURT RULINGS

Regulations on Monies received by SETAs and related matters were promulgated in July 2013. The Business Unity South Africa (BUSA) versus DHET court case is bound to impact the implementation of this plan. BUSA launched a court case against DHET on the *SETA Grant Regulations Regarding Monies Received by a SETA and Related Matters*, which was gazetted on 3 December 2012 and came into effect on 1 April 2013. In summary, BUSA did not agree with the decrease in the Mandatory Grant percentage from 50% to 20% and that unspent SETA funds are transferred to the NSF. The Court ruled in favour of BUSA. This ruling has significant financial implications for the Services SETA, especially if retrospective payment is awarded. The Services SETA will continue implementing the current grant regulation until a directive is received from DHET.
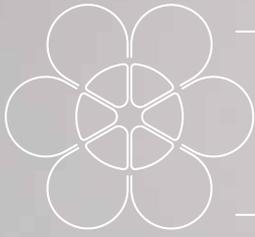
We will strongly support entrepreneurship development to promote sustainable livelihoods...

PART B

OUR STRATEGIC FOCUS

OUR STRATEGIC FOCUS

1. VISION

A flourishing services sector that creates economic growth and inclusive opportunities for all South Africans.

2. MISSION

Facilitation of quality skills development for employment and entrepreneurship in the services sector for national economic growth.

3. VALUES

› Accountability;

› Innovation;

› Integrity;

› Professionalism; and

› Responsiveness.

4. SITUATIONAL ANALYSIS

4.1. EXTERNAL ENVIRONMENT ANALYSIS

4.1.1. OVERVIEW OF THE SERVICES SECTOR

As demarcated by the DHET, the services sector refers to the 68 Standard Industrial Classification (SIC) Codes. The 68 industries have been divided into six chambers and 16 subsectors for operational purposes.

Figure 1. Services SETA Chambers and Sub-sectors

CLEANING & HIRING SERVICES

SUB-SECTORS
1. Hiring services
2. Household services
3. Cleaning services
4. Domestic services

LABOUR & COLLECTIVE SERVICES

SUB-SECTORS
1. Labour recruitment services
2. Collective services

PERSONAL CARE SERVICES

SUB-SECTORS
1. Hair care services
2. Beauty treatment services
3. Funeral services
4. Fashion services

COMMUNICATION & MARKETING SERVICES

SUB-SECTORS
1. Marketing services
2. Contact centre services
3. Postal services

MANAGEMENT & BUSINESS SERVICES

SUB-SECTORS
1. Business Services
2. Project Management Services

REAL ESTATE & RELATED SERVICES

SUB-SECTORS
1. Real estate services

The services sector is one of the leading sectors in South Africa in terms of GDP growth and employment. About 191,170 employers belong under the Services SETA services sector. Most employers are found in the Management and Business Services Chamber, followed by the Real Estate and Related Services Chamber.

In terms of geographic spread, employers of the services sector are found in all nine provinces of South Africa, but with a high concentration in three developed and industrialised regions of Gauteng, Western Cape and KwaZulu-Natal. Services SETA employers are based in Gauteng Province, with 117,362 employers stating that they are based in this province, followed by Western Cape and KwaZulu-Natal with 29,734 and 17,086, respectively. The persistent decline in economic growth has a correlation with jobs and employment levels.

The South African economy has not fully recovered from the effects of the COVID-19 pandemic. Despite the promising signs of recovery with the easing of lockdown regulations, economic growth as measured in GDP terms has not fully recovered. The South African economy grew by 0,4% in Quarter 1 of 2023, following a decline of -1,1% in Quarter 4, 2022. Recent global events such as high inflation rates and widespread increases in interest rates are the clearest indicators from the recovery perspective that the economy is in for a long ride.

In line with the falling economic growth, unemployment levels have persistently increased in the last two years. As illustrated in Figure 2, the expanded unemployment rate is higher than the official unemployment rate. The official unemployment rate increased by 0,2% to 32,9% in the first quarter of 2023 compared to quarter four of 2022. The expanded unemployment rate decreased by 0,2% in the first quarter of 2023 compared to quarter four of 2022. This trend contributes significantly to poverty and inequality. As Figure 2 illustrates, the levels of unemployment have witnessed an upward movement in the last five quarters. Unemployment levels among women remained constantly high relative to the total South African average and men, respectively.

Figure 2: Unemployment rates, Q1 2022-Q1 2023
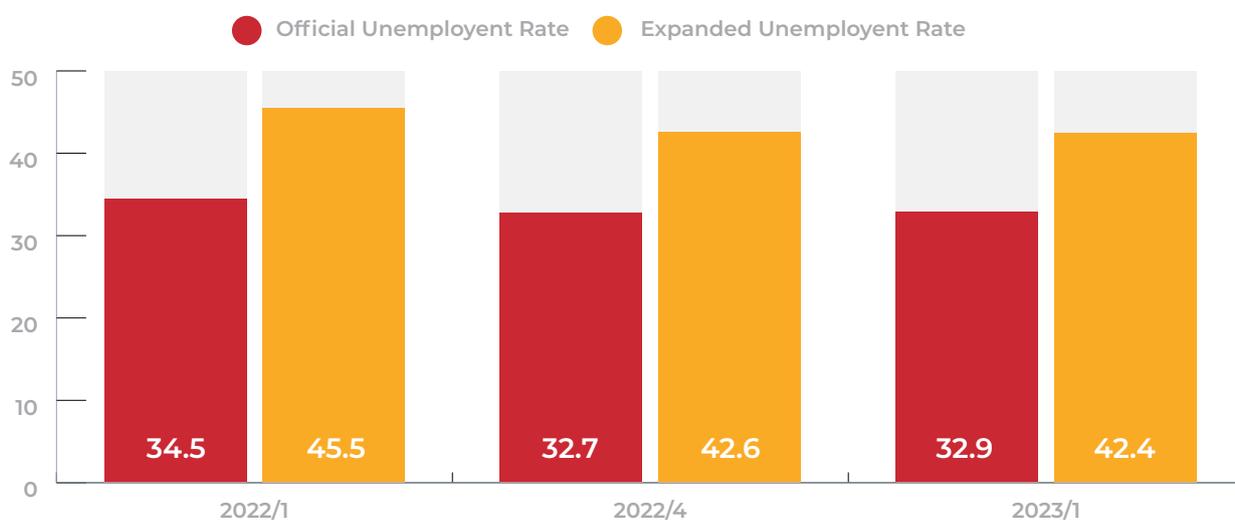
Source: Statistics South Africa (2023b)

As previously mentioned, GDP data indicates that the services sector is the largest industry in the South African economy and, as a result, is also the largest employer. Employment in the services sector labour force is mainly in the low-level, low-paying occupational categories, namely clerical, elementary and domestic, and is dominated by women. The implication for skills development is that the sector should strike a proper balance between training for productive industries in the manager occupational category and professional and technical occupations to support economic growth and the non-productive sector to promote transformation and equity by training the low-level labour force.

The Quarterly Labour Force Survey (Stats SA, 2020a) indicates that 56% of the labour force in the services sector is comprised of men. The labour force is also relatively youthful, with over a third of individuals below 35 – an official definition of youth in South Africa. According to Stats SA data, most employees in the services sector (57%) are aged between 35 and 54 years. Africans constitute nearly 76% of the labour force in this sector. The key role-players in the services

sector include the Services SETA AA, employers, trade unions, government departments, industry bodies and associations, TVET colleges, CET colleges, universities and service providers.

Along with major world economies, the South African economy faces a serious growth challenge. As pointed out earlier, the Services SETA's scope of coverage overlaps with several industries as defined by the World Trade Organisation and Statistics South Africa (Stats SA). Analysis of the service industries that fall under the Services SETA purview includes finance, real estate, business services and personal services.

Regarding the industry's performance, the manufacturing and finance sectors performed better, followed by trade, transport and personal services. The most significant decline was in the agriculture sector.

Regarding subsector contribution, the services sector contribution to the GDP by chambers shows growth from R1,129,555 million in 2021 to R1,303,306 million in 2022.

Figure 3: Unemployment by gender, Q1 2021-Q1 2023

	2021/1	2021/2	2021/3	2021/4	2022/1	2022/2	2022/3	2022/4	2023/1
Female	34,00	37,00	37,30	38,20	36,40	35,50	35,10	35,50	35,40
Male	31,40	32,40	32,90	32,80	33,00	32,60	31,00	30,40	30,70
Total (SA)	32,60	34,40	34,90	35,30	34,50	33,90	32.90	32,70	32,90
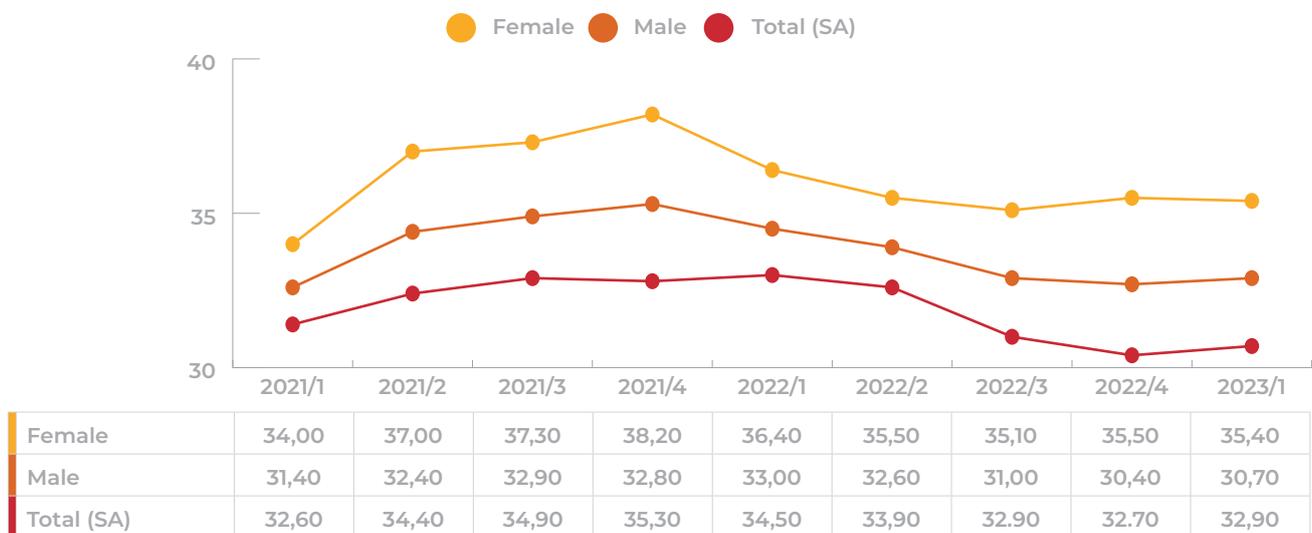
Source: Statistics South Africa (2023b)

4.1.2. SKILLS DEMAND ANALYSIS

Drawn from the Sector Skills Plan's research, this section reflects briefly on change drivers for skills demand in the services sector, skills scarcity and plans to address the skills demand and supply mismatch.

INFORMATION AND COMMUNICATION TECHNOLOGY

The impact of Information and Communication Technology (ICT) on the services sector transcends all industries in varying degrees. At the core of this impact is the need to do business differently, leveraging on opportunities presented by the technology. For employers, this means the possibility of a reduction in the cost of doing business and creating value for customers. For the workforce, this implies changes in occupations, jobs and tasks. Some jobs may become obsolete and can be replaced with new ones. This will require retraining the workforce to avoid possible job losses. Digital communication platforms, the growth of e-commerce, and global industry and customer access are some of the main trends driving the services sector. Technology has impacted the design, form, and nature of interaction between sellers and buyers. This impact traverses sub-sectors such as real estate, business, contact centre, recruitment, and postal services. In the main, companies are required to invest in ICT training for staff to avoid layoffs and improve operational and cost efficiencies.

GLOBALISATION

As higher levels of integration due to globalisation continue, businesses in most sectors are experiencing higher levels of competition. In addition, emerging and developing economies are seen as new engines of growth as companies continue to look for new locations for business investment.

It is further expected that the global services sector will continue to drive global trade (World Bank Group, 2016), where contact centres play a significant role in supporting business operations through global process outsourcing.

The Hair Care industry tends to be highly informal, and entry into the business is not controlled. Employers in this subsector stated that there were products being distributed in the African market that have been banned in Europe and North America. Trends observed in formal hair care companies have decreased the number of young new entrants, and there's an increase in the availability of consumer products and hair care practitioners from across the African diaspora operating in South Africa. Regarding implications for skills planning, there is a growing demand for qualified hairstylists in the Afro-hair industry.

CLIMATE CHANGE

Climate change may lead to job and work productivity losses because it increases the frequency of extreme weather events and, more generally, threatens the provision of ecosystem services. At the same time, it presents opportunities for new occupations in the services sector. Several electricity disruptions have affected the sector profoundly, making the cost of running a business slightly high as the sector seeks alternative power supply. The services sector has also been affected by the increase in fuel prices. As the International Labour Organisation (2018) notes, climate change and other forms of environmental degradation have already caused net negative impacts on jobs and work productivity. It is expected that these impacts are likely to become more pronounced in the coming decades (Ibid).

Pressures around protecting the environment, preserving natural resources, and energy conservation affect the personal care and real estate sectors. Green funerals are becoming the choice for most consumers (Lukstins, 2015). Local cemetery green burial policies are introducing local burial restrictions to citizens. The hair industry is under increasing pressure to use chemicals that are not harmful to the environment and users.

ECONOMY

The COVID-19 pandemic exacerbated an already bad situation. The services sector, which is the backbone of South Africa's economy, was disproportionately affected by the pandemic. This sector has not fully recovered from these setbacks, as demonstrated by the GDP figures of Q1 2022. The decline in economic growth has had a knock-on effect on employment as many companies closed or were forced to lay off staff to reduce expenditure. The current situation will require innovation to keep businesses afloat and grow the economy.

The ERRSS provides further clarity for alignment with skills planning initiatives of the Services SETA. Due to job losses during COVID-19, there is a need to develop other business streams that do not depend on face-to-face events, making room for innovative ideas. This will require retraining and/or upskilling of staff. With the country facing an intense energy crisis, the services sector has been impacted hard as alternative sources of acquiring energy had to be utilised to mitigate against business interruptions. Solar installation skills suddenly become a critical skill to learn.

4.2. INTERNAL ENVIRONMENT ANALYSIS

4.2.1. PESTEL AND SWOT ANALYSIS

In addition to considering major change drivers for skills demand and supply for the services sector, detailed Political, Economic, Social, Technological, Environmental and Legal (PESTEL) and Strengths, weaknesses, opportunities and threats (SWOT) analyses were conducted. These trends have informed the development of strategic goals and objectives to steer the Services SETA on its path to deliver on its mandate. PESTEL, Table 2, analysis points to a dire economic environment and its impact on skills development budgets. This will significantly impact the labour market as funding is reprioritised. This challenge is only partly mitigated by the confluence between decreased costs and increased accessibility associated with technology, the ever-increasing competency of Services SETA human resources and more flexible commuting and working practices, which are increasingly possible in a 'connected' world. The rapidly changing technology landscape, fuelled by the advances of 4IR, will mean an increasing urgency for the Services SETA to work proactively.

Table 2: PESTEL Analysis

Politics	Economic
› Legislative mandate – Skills Development Act, Skills Development Levies Act, the Constitution; › Policy mandate – MTSF (2019-2024), NDP, NSDP 2030, WP-PSET; › The transition from historical to occupational qualifications; and › The increased role of CET, TVET, and HEI in skills development provisioning	› Increase in costs of living and high inflation; › Low growth of GDP impacting on skills levies revenue; › Increase in business rescue and international benchmark/standards; › Alignment of skills development interventions to ERRP; and › Green economy – relevant training interventions to meet skills demand.
Social	**Technology**
› High level of unemployment at the national level; › Cumulative decline in employment rates in the services sector in the last two years; › Access to WIL for TVET graduates; › Ailing education and health systems; › High levels of social problems, i.e., poverty, crime, GBV, substance abuse, and teenage pregnancy; › Disproportionate access to learning: infrastructure and geographical spread; and › Collaboration and partnerships with other public entities may broaden access.	› Need to regularly update skills and re-train for the workforce replaced by technology; › 4IR presents opportunities for new businesses; › Cyber security and related digital skills; › Disproportionate access to learning: devices and data; › Low and variable speed/ bandwidth; › Opportunity to create a more equal society; and › Online and open education opportunities were created.
Environment	**Legislation**
› Climate change – impact on business operations – eco-friendly, adaptation environment legislation; › Environmental preservation - reduce carbon emissions – appropriate skills; › Climate change creates opportunities for entrepreneurship and innovation; and › Environmental, social, and corporate governance.	› Labour Relations Act – basic conditions of employment; National Minimum Wage Act; › COIDA; › Protection of Private Information; › B-BBEE; and › National Treasury Legislation and Regulations impede public-private partnerships.

The Services SETA's internal strengths and weaknesses and the external opportunities and threats referenced earlier were evaluated to provide a basis for re-aligning, re-prioritising and refining the NSDS's outcomes. The analysis aims for the Service SETA to optimise identified strengths, harness opportunities, offset identified weaknesses and mitigate threats. The SWOT analysis findings have been integrated into the Services SETA's strategic responses and are also addressed in more detail in our APP. There is a strong correlation between the SWOT analysis and our internal environment analysis.

Table 3: SWOT Analysis

Strengths	Weaknesses
› Stable leadership and Governance; › Committed stakeholders and employees; › Research capacity to guide towards relevance; › Investment in research to improve evidence-based planning with industry; › Strong brand – highly regarded by key stakeholders; › Enjoy legislative mandate to implement skills development; and › Regular performance monitoring and evaluation of impact to ensure alignment with the mandate.	› Integration of systems and business processes; › Inadequate delivery model – resulting in the slow implementation of learning interventions; › Centralisation of services and operations; › Ageing commitments with multi-year implementation; › Expired historical qualifications and transition to occupational qualifications, identification, and capacity to supply; and › Funding and implementation of occupational qualifications may result in a reduction in the number of learners enrolled.
Opportunities	**Threats**
› Organisational Design to ensure alignment of organisational structure, skills, and business processes with strategic objectives NSDP 2030 policy; › Improvement in automation of core business and support processes through system development, with partial deployment; › Improvement in system functionality and integration requiring deployment, training and skills transfer to embed usage; › Strong focus and presence in entrepreneurship and co-operatives development; and › Alignment of services sector skills in demand/needs with the implementation of the APP to ensure supply of critical, prioritised, and hard-to-fill vacancies; and › Decentralisation of services to reach remote areas.	› Negative audit outcomes; › BUSA court judgement – impact on available discretionary grants; › The high number of small and informal sectors – resulting in low revenue and participation in skills development; › Employers and Public Higher Institutions lack support to implement occupational qualifications; › Low rate of participation by employers in workplace training through WSP/ATR; › The decline in employment rates in the services sector in the last two years; › Increase in costs of living and high inflation; and › Persistent load shedding

4.2.2. COMPLIANCE WITH B-BBEE

The Services SETA considers B-BBEE and transformation vital in achieving its mission. The Services SETA is being measured on the Generic Specialised Scorecard as gazetted by the Department of Trade and Industry (Dti). One of the critical avenues through which B-BBEE is pursued is preferential procurement. Preferential procurement measurement is based on suppliers awarded via the tender or request for quotation processes. The Services SETA procures goods and services from Exempted Micro Enterprises (EME), enterprises that are 51% owned by black people and 30% enterprises owned by black women. In addition, the SETA received bonus points for procuring from designated group suppliers that are at least 51% black-owned based on the B-BBEE recognition level.

Services SETA has invested in a supplier development initiative to assist all SMME discretionary grantees in successfully completing allocated projects. The programme has gained traction and is ongoing when there is a new allocation. The initiative entails a comprehensive project management offering that a reputable service provider administers. The enterprise development approach is intended to feed into the value chain.

The Services SETA has contributed towards various initiatives aimed at improving Non-Profit Organisations (NPOs) and the well-being of the beneficiaries. These contributions align with the organisations' socio-economic

policy and the BEE Codes of Good Practice. The Services SETA's policy is broad and covers infrastructural developments of skills centres, skills development interventions and sponsorships. One initiative that stands out is the sponsorship of summits facilitated by the Disabled People of South Africa, which were successful and yielded positive outcomes.

4.2.3. TRANSFORMATION IMPERATIVES

In line with the government's transformation agenda, the Services SETA has targeted designated groups as outlined below. This performance will be maintained and even improved over the MTSF period.

As illustrated below, Services SETA's learning interventions enrolled increased from 14,269 in 2021/22 to 19,112 in 2022/23, recording a more than 30% increase. The majority of beneficiaries are unemployed learners, black, female and youth. This provides a healthy pipeline to supply a capable services sector workforce. More work needs to be done to expand access to education and training for people living with disabilities and those residing in rural areas. Skills development centres are primarily aimed at addressing these shortcomings. To date, seven skills development centres have been constructed in rural municipalities. An implementation strategy is being rolled out that will see the Services SETA collaborating with other SETAs to utilise these centres to address skills needs in rural areas. Regarding equity, 69% and 93% of beneficiaries are women and black, respectively.

Table 4. Services SETA and Transformation

Learning Intervention	Enrolment 2022/23	%	Employed	%	Unemployed	%	Female	%	Black	%	Youth	%	Rural	%
Adult Education & Training	450	100	450	100	0	0	279	62	420	93	219	49	30	7
Artisans	1,036	100	0	0	1,036	100	522	50	937	90	1,009	97	0	100
Bursaries	1,808	100	354	20	1,454	80	1,282	71	1,632	90	1,568	87	707	39
Candidacy	157	100	0	0	157	100	102	65	147	94	99	63	17	11
Learnership	6,736	100	1,019	15	5,717	85	4,738	70	6,274	93	5,918	88	1,087	16
Recognition of Prior Learning	190	100	0	0	190	100	114	60	188	99	101	53	0	0
Skills Programme	6,656	100	4,025	60	2,631	40	4,529	68	6,117	92	4,185	63	568	9
TVET Placemwent (NATED)	1,016	100	0	0	1,016	100	797	78	1,014	100	980	100	0	0
Unemployed Internships [NC(V)]	503	100	0	0	503	100	454	90	503	100	474	94	0	0
University Placement	560	100	0	0	560	100	379	68	515	92	491	88	0	0
TOTAL	19,112	100	5,848	31	13,264	69	13,196	69	17,747	93	15,044	79	2,409	13

Source: Services SETA Annual Report, 2022/23

## 4.2.4. SERVICES SETA OPERATING MODEL AND IMPLICATIONS FOR PLANNING

An operating model describes how the organisation creates, delivers, and captures value for its intended beneficiaries in line with its value proposition. The model further informs the Services SETA strategy and operations. Through an organisational design project underway, the Services SETA revisited its operating model to ensure alignment with the new SETA landscape and the NSDP 2030 mandate, as illustrated below in figure 4.

The operating model appreciates the fact that the Services SETA plays an intermediary role in skills development, including (1) connecting firms, education and training providers, government and other stakeholders;

(2) facilitating information flows among stakeholders; and (3) offering essential services that are not readily available in the system (e.g., training, accreditation for short courses, etc.). It then delivers value by facilitating learning interventions and administering grants. Value is delivered by contracting with different stakeholders, i.e., learners, employers, and service delivery providers.

The capabilities are enabled through governance, planning, employees, culture, systems, and the different physical resources of the Services SETA. The Services SETA works with service delivery partners to create and deliver value for its stakeholders.

Figure 4. Services SETA Operating Model
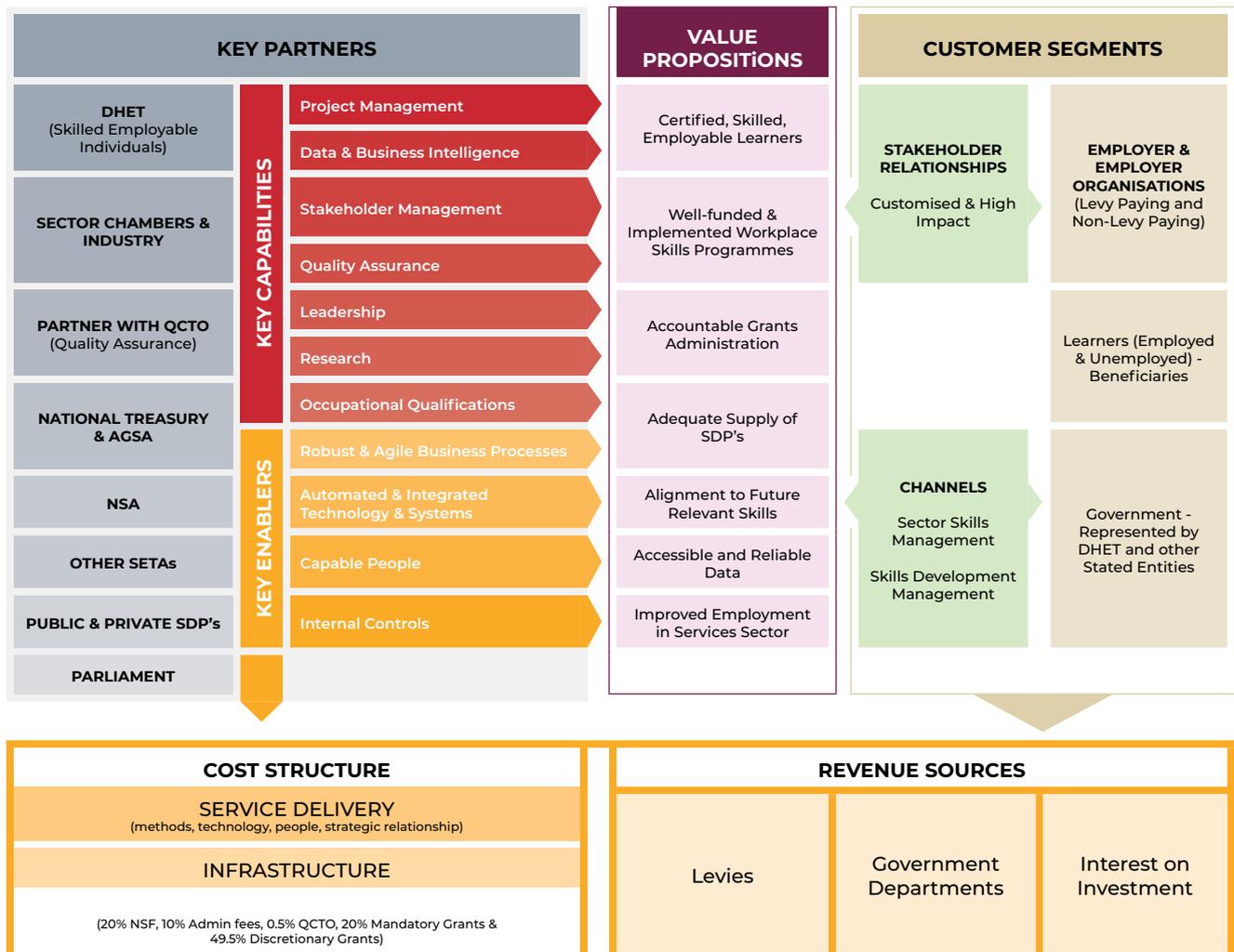
The value creation and delivery are funded through levies collected from employers and interest accrued from investments. The benefit of this value-add leads to the sustainable social impact of self-sustaining learners in the form of employment or entrepreneurship. As outlined in the subsequent sections, the operating model is intended to be realised by effectively implementing the Services SETA's strategy. It can be further clarified through the Services SETA's value chain described below.

4.2.5. THE SERVICES SETA VALUE CHAIN

Implicit to the value chain rationale is the recognition that organisations are best served by operating in sectors where they have a relative efficiency advantage. Given the Services SETA's regulatory foundations, this efficiency can be presumed. The value chain depicts the process through which the Services SETA creates and delivers a value-add to its stakeholders. The value chain clarifies the linkages between the different core Services SETA capabilities

in realising its value proposition. Although it is impossible to establish a direct link with a high level of certainty, the Services SETA's value chain reflects a logical model that embodies a plausible theory about the pathways through which the organisation's core functions produce the value envisaged for beneficiaries. The change is enabled by effectively implementing support systems such as human resources, finance, and information technology.

The diagram depicts the different components of the Services SETA's value chain based on input from the organisational design project. The value chain is adapted to the programmatic structure recommended by DHET. The value chain is premised on a strong instructional foundation informing the SSPs, SPs and APPs. The imperatives resulting from this planning process are subsequently translated through qualifications' design and learning interventions to address sectoral scarce and critical skills.

Figure 5. Services SETA Value Chain
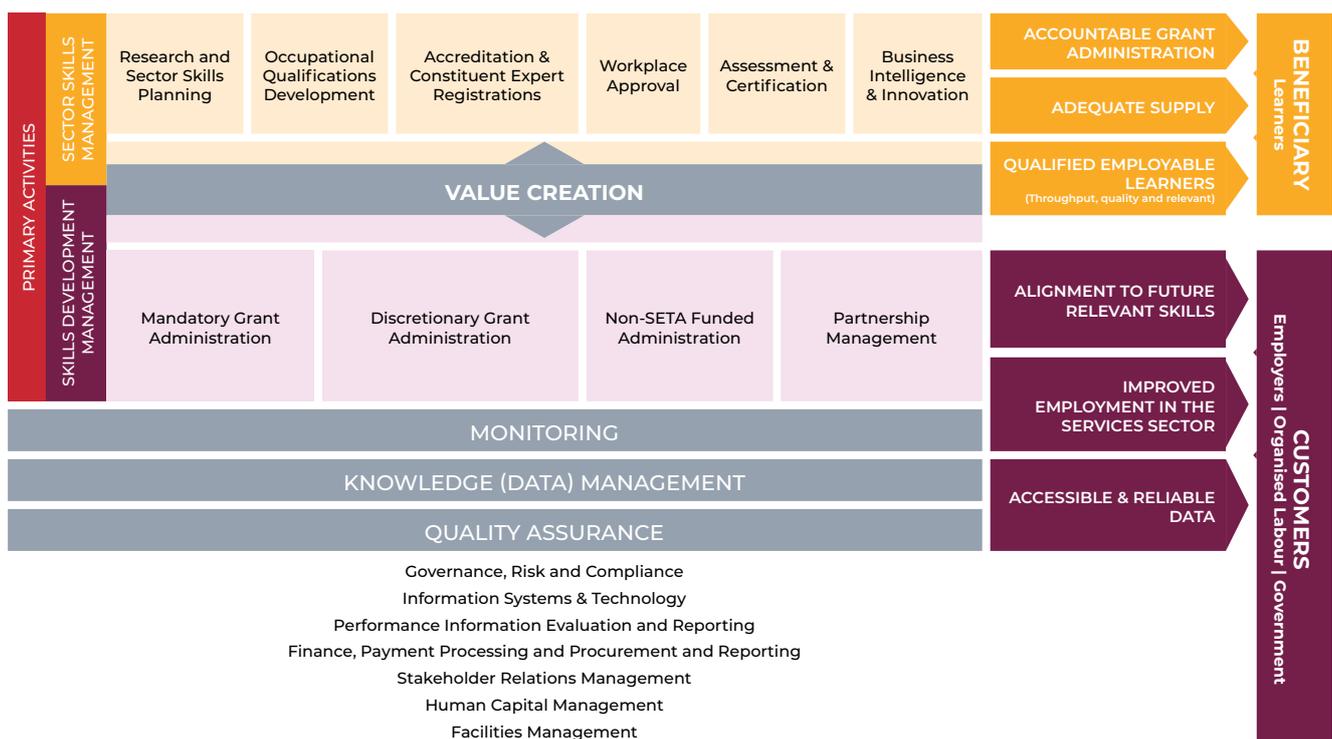
Through the accreditation and quality assurance of service delivery providers, capacity is built to ensure the delivery of training. Thereafter, the Discretionary Grant Funding process facilitates these learning interventions by ensuring adequate financial and human resources.

Quality assurance is carried out throughout implementation and at closeout to ascertain the value and guarantee that learners exit the system with qualifications. Throughout the process, stakeholder relations remain an anchor by ensuring the communication of key operational information, the data about these activities, and the understanding and revelation of it, which are equally important to the activities themselves. The Services SETA acknowledges that the activities in the value chain merge and take shape through integration and association with the organisation's operating model.

The associated skills development cycle mapped below depicts a systematised process through which priority scarce or critical skills identified in the SSP are delivered. Establishing the status of qualifications, learning programmes and provisioning capacity for each scarce and critical skill will indicate planned enrolment and duration of impact. The total cycle is estimated to take between 1½ to 5 years. The implication of the cycle timeframe is that achievements for many targets cannot be achieved within a single financial year, and the performance measurement, therefore, needs to reflect this appropriately.

Figure 6. Skills Development Cycle
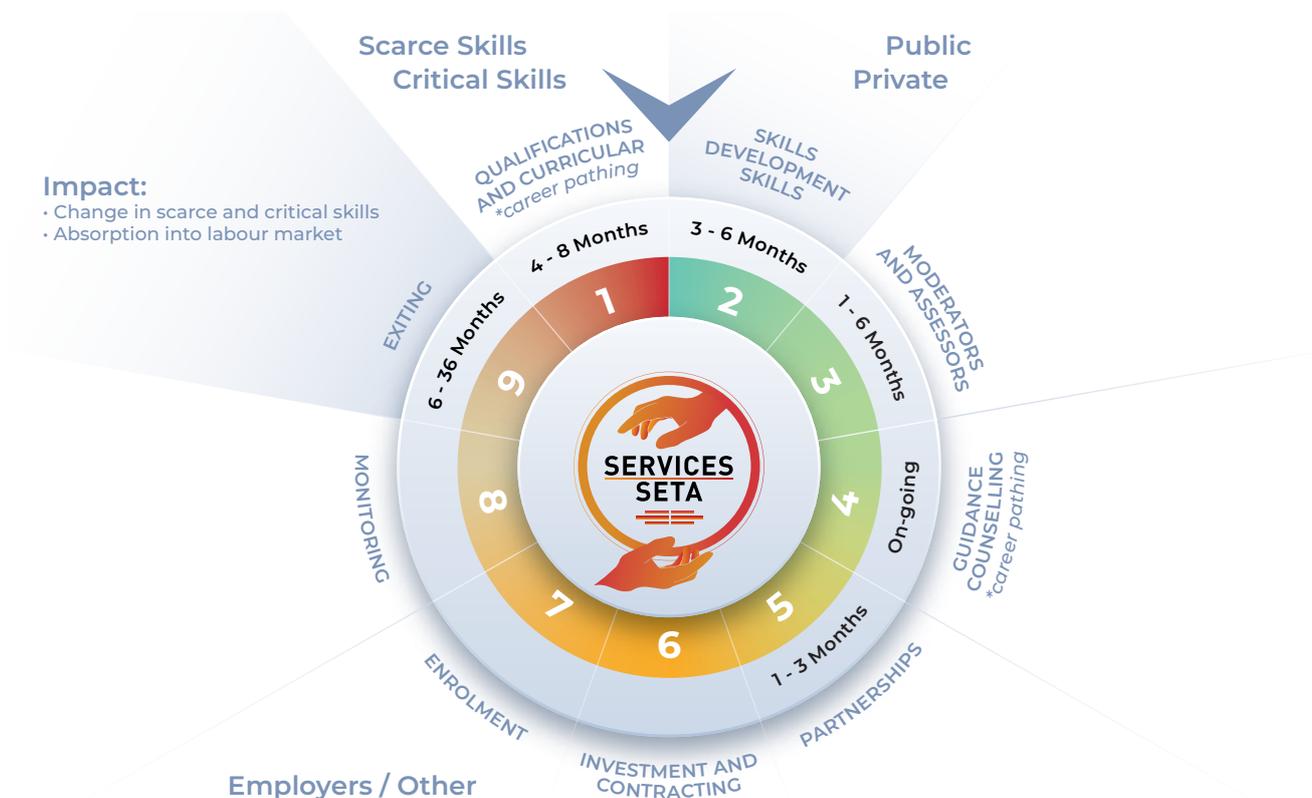
4.2.6. ORGANISATIONAL CAPABILITIES UNDERPINNING PERFORMANCE IMPROVEMENTS

Since its establishment, the AA has provided consistent oversight over the Services SETA affairs and guidance on its strategic direction, as highlighted above. The Board is fully functional, as demonstrated by the frequency of the scheduled meetings and the meeting attendance rate by members, 100% and more than 70%, respectively. Six sub-committees have been duly established to complement the work of the board: Audit Committee; Finance Committee; Governance, Risk and Strategy Committee; Human Resources and Remuneration Committee; Transformation Committee; and Executive Committee (Accounting Authority). In addition, six chamber committees have been established. The functionality of these committees is very effective, as illustrated by the frequency of meetings and attendance rates.

4.2.7. THE SERVICES SETA ORGANISATIONAL STRUCTURE AND STAFFING

The Services SETA organisational structure has not been reviewed to accommodate the new landscape. For this reason, the entity has embarked on an extensive organisational design exercise to ensure alignment with the new PSET landscape and financial sustainability. The current structure is outlined below.

The Services SETA aims to invest in its human capital as part of the turnaround strategy. The strategy includes reviewing the work environment, employee assistance programme, human resources development, and investment in mentoring, coaching and leadership development.

Figure 7. Governance and Executive Structure[2]

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[2] This organogram will be updated after the Organisational Design (OD) process currently underway.

PART C

MEASURING OUR PERFORMANCE

MEASURING OUR PERFORMANCE

1. INSTITUTIONAL PERFORMANCE INFORMATION

This section outlines the Services SETA's impact statements, outcomes, outcome indicators and risks.

1.1. IMPACT STATEMENTS

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

1.2. MEASURING OUTCOMES

MTSF PRIORITY	Priority 3: Education, skills and health.		
Outcome 1	**Outcome Indicator**	**Baseline 2019/20**	**5-Year Target**
Enhanced organisational capabilities to deliver the strategy (NSDP)	1.1. Quality of financial statements and reliable performance information submitted	Qualified	Clean Audit Outcome
	1.2. Staff complement maintained	70%	70%
	1.3. Alignment between business needs and ICT implementation plan in place	60%	80%
	1.4. Stakeholder satisfaction rating score	0%	75%
	1.5. Effective governance and assurance monitoring system	Good Governance Report	Good Governance Report
Outcome 2	**Outcome Indicator**	**Baseline 2019/20**	**5-Year Target**
Enhanced mechanism for effective skills planning through collaborative research and partnerships	2.1. Credible and integrated strategic plans developed	Approved SSP, SP and APP	Approved SSP, SP and APP
	2.2. Number of partnerships to broaden access to skills development opportunities	5	80
	2.3. Percentage increase in submissions of WSPs	(-3%)	5%
Outcome 3	**Outcome Indicator**	**Baseline 2019/20**	**5-Year Target**
Promote access to technical and professional skills for employment and entrepreneurship across the service sector	3.1. Number of learners enrolled in priority occupations	158,334	65,000
	3.2. Number of entrepreneurs and cooperatives supported	-	3,500
	3.3. Number of interventions embarked upon with employers to improve enrolment in and completion of priority occupations	-	150
Outcome 4	**Outcome Indicator**	**Baseline 2019/20**	**5-Year Target**
Enhanced quality assurance efficiencies to execute QCTO delegated functions	4.1. Percentage of external moderation and evaluation conducted within a reporting period	80%	85%
	4.2. Percentage of occupational qualifications aligned to priority skills	50%	60%

1.3. EXPLANATION OF PLANNED PERFORMANCE OVER THE FIVE-YEAR PLANNING PERIOD

Considerable progress has been made in realising the outcome indicators.

› **Outcome 1:** *Enhanced organisational capabilities to deliver the strategy (NSDP).* The Services SETA has performed well against outcome indicators related to this outcome, except for the Clean Audit. The Services SETA received a qualified audit outcome for the financial year 2022/23. The basis for the audit finding is the commitment register and misstatement of performance for some of programme 3: learning programmes. The management of the Services SETA, working with the AGSA, has developed an audit action plan that will be monitored monthly by the Executive Committee (EXCO) and quarterly by various AA and Audit Committee subcommittees. In addition, the management held an audit reflection session with their entire leadership to (i) sensitise the management about the factors contributing to an adverse audit outcome and (ii) develop a clear action plan. The action plan from this meeting is being developed and will incorporate elements of the agreed-upon plan with AGSA.

› **Outcome 2:** *Enhanced mechanism for effective skills planning through collaborative research and partnerships.* The Services SETA is doing well in relation to this outcome. A special focus is on increasing employer participation in WSP/ATR submissions to expand access to skills development using the workplace as a training place.

› **Outcome 3:** *Promote access to technical and professional skills for employment and entrepreneurship across the service sector.* A

concerted effort has been made to promote Small and Micro Enterprises (SMEs) growth, sustainability, and employers' participation in Services SETA learning interventions, including increased collaboration with TVET/CET college systems.

› The Services SETA is doing well in relation to **Outcome 4:** *Enhanced Quality Assurance efficiencies to execute QCTO delegated functions.* Due to improvements in internal processes, the turnaround time for issuing certificates has drastically improved, as demonstrated above. There is increasing progress concerning the development of occupational qualifications, but performance is still below expectations. It is for this reason that this indicator has been elevated to a strategic risk status that requires urgent attention.

1.4. PLANNED PERFORMANCE OVER FIVE-YEAR PLANNING PERIOD

The Services SETA has, over the last year, 2022/23, recorded a performance achievement of 84%. A key strategic focus will be to align the organisation's performance to the National Skills Development Plan and, ultimately the National Development Plan. The immediate focus will be to support the ERRP, which aims to boost economic growth following the long spell of negative growth exacerbated by COVID-19. The Services SETA has identified scarce and critical skills prioritised by the Department for inclusion in its skills development strategy over the next few years. These include call or contact centre manager, quality manager, contact centre resource planner, contact centre forecast analyst, call or contact centre manager, inbound contact centre consultant, outbound contact centre consultant, contact centre real-time advisor and call or contact centre agent. These lists of scarce and critical skills have

been incorporated into the lists of hard-to-fill vacancies, skills gaps, and priority lists for implementation in the APP.

The NDP 2030 forms the basis of all national policies and strategies. Education, training and innovation are key priorities to be supported by the PSET ecosystem. The Services SETA has, therefore, deliberately aligned its MTSF strategic interventions to aid this goal. Table 5 below summarises the tangibles to be delivered against the NDP 2030 deliverables.

As a skills development agency, the Services SETA's delivery is informed by the SSP, which informs the sector needs and response from training service providers. As such, the delivery model is demand-driven. The Services SETA interacts with Provincial Skills Development Forums (PSDFs) to ensure alignment with skills development players in each district. PSDFs were established in 2008 by the National Skills Authority through the Skills Development Act of 2008 to address specific provincial skills

requirements and bridge the NSA and the provinces.

The above objective is achieved by bringing various role players together, focusing on economic, social, environmental, infrastructural and other service delivery areas. Similarly, the District Development Model (DDM), first proposed by the President in 2019, is a district-wide approach towards the effective coordination of 'all-of-government' programmes and projects.

The implementation of the DDM will be done through a deliberate process of spatialisation of development priorities and objectives, followed by a review and reprioritisation of plans, budgets, and programmes across various spheres, sector departments, and state entities (RSA 2020a). This process of review and reprioritisation will evolve incrementally as the DDM becomes fully institutionalised, culminating in the formulation and adoption of the One Plan.

Table 5: Alignment to the NDP Deliverables

National Development Plan	Services SETA's planned intervention
1. The recommended participation rate in the TVET college sector of 25 percent would accommodate about 1,25 million enrolments.	The Services SETA plans to establish 23 partnerships with TVET Colleges to support skills development.
2. Provide 1 million learning opportunities through Community Education and Training Colleges.	The Services SETA plans to establish 9 partnerships with CET Colleges to support skills development.
3. Improve the throughput rate to 80 percent by 2030.	Working with employers and other key role players, the Services SETA aims to increase the throughput rate to 85% by 2024/25.
4. Produce 30,000 artisans per year by 2030.	The Services SETA aims to support 2,000 artisan programmes by 2024/25 (Women, 40%, Youth, 80%, people with disability 1% and Rural 6%).
5. Increase enrolment at higher education institutes by at least 70 percent by 2030 so that enrolment increase to about 1,62 million from 950,000 in 2010.	Services SETA plans to provide bursary opportunities to 6.000 university students in the next five years (Women, 50% and Youth, 70%).
6. Expand science, technology and innovation outputs by increasing research and development spending by the government and encouraging industry to do so, too.	The Services SETA is working with industry to address the challenges of the Fourth Industrial Revolution through research.

The 52 district or metro spaces have developed One Plans that guide investment, service delivery, and development in each district and metropolitan area. The cabinet has approved all the first rounds of One Plans. The One Plan details relevant activities, roles, responsibilities, ownership, and timelines that must take place during each stage.

The Services SETA has an office in each province, with two offices in the Eastern Cape province. This national footprint allows the Services SETA to coordinate with PSDFs effectively.

By their very nature, skills development interventions change every year, sometimes twice or thrice within a year, depending on the number of DG windows opened for employers and skills development training providers as informed by sector needs. This information is updated regularly and passed on to Provincial Skills Development Forums, which feed into the DDM for consolidation with various other interventions planned for each district.

The SETA will be supporting this model through our strategic projects' initiatives. Figure 8 below depicts the DDM linkages with other plans. Table 6 further indicates districts envisaged to be supported.

As a skills development agency, the Services SETA's delivery is informed by the SSP, which is informed by the sector's needs and responses from training service providers. As such, the delivery model is demand-driven. To ensure alignment with skills development players in each district, the Services SETA interacts with PSDFs. These forums were established in 2008 by the National Skills Authority through the Skills Development Act of 2008 to address specific provincial skills requirements and bridge the NSA and the provinces.

Figure 8 DDM Relationship with other plans
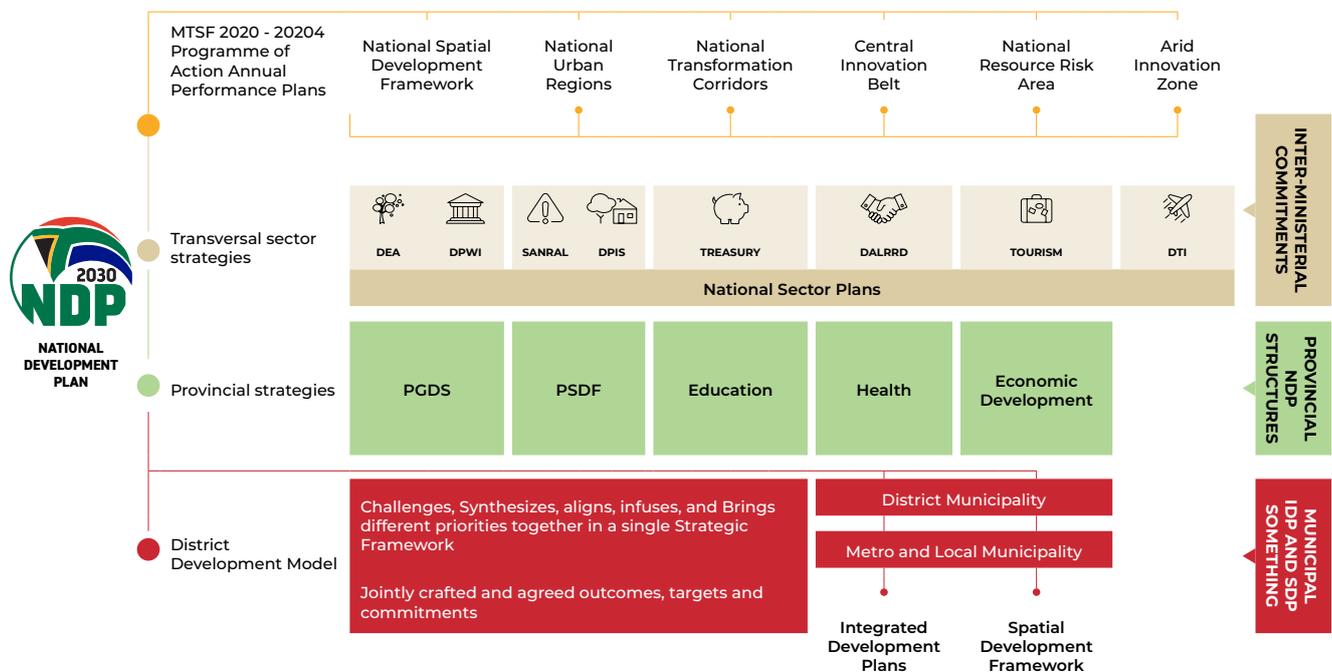
Source: COGTA

The above objective is achieved by bringing various role players together, focusing on economic, social, environmental, infrastructural and other service delivery areas. In a similar vein, the DDM, first proposed by the President in 2019, is a district-wide approach towards the effective coordination of 'all-of-government' programmes and projects.

The DDM budget is aligned to Skills Development and Planning, programme 2, and Learning Programmes, programme 3. This information is updated regularly and passed on to PSDFs, who feed into the DDM for consolidation with various other interventions taking place or planned for each district.

Table 6 indicates current and planned interventions at districts for the 2024/25 financial years. This information is updated continuously and shared with relevant stakeholders as outlined above.

Table 6. District Development Model

Areas of Intervention	Project Description	District Municipality	Location: GPS Coordinates	Project Leader	Social Partners
Skills development	Various learning interventions	Amathole District Municipality - EC	32.5842° S, 27.3616° E	Multiple	Multiples
Skills development	Various learning interventions	Buffalo City Metropolitan Municipality - EC	32.9344° S, 27.6435° E	Multiple	Multiples
Skills development	Various learning interventions	Chris Hani District Municipality - EC	31.8743° S, 26.7968° E	Multiple	Multiples
Skills development	Various learning interventions	OR Tambo District Municipality - EC	31.4632° S, 29.2321° E	Multiple	Multiples
Skills development	Various learning interventions	Lejweleputswa District Municipality - FS	28.3991° S, 26.2305° E	Multiple	Multiples
Skills development	Various learning interventions	Mangaung Metropolitan Municipality - FS	29.1303° S, 26.2358° E	Multiple	Multiples
Skills development	Various learning interventions	Thabo Mofutsanyana District Municipality - FS	28.1270° S, 28.2994° E	Multiple	Multiples
Skills development	Various learning interventions	City of Johannesburg Metropolitan Municipality - GP	26.1704° S, 27.9718° E	Multiple	Multiples
Skills development	Various learning interventions	City of Ekurhuleni Metropolitan Municipality - GP	26.1777° S, 28.3462° E	Multiple	Multiples
Skills development	Various learning interventions	City of Tshwane Metropolitan Municipality - GP	25.6051° S, 28.3929° E	Multiple	Multiples
Skills development	Various learning interventions	Sedibeng District Municipality - GP	26.6833° S, 28.2059° E	Multiple	Multiples
Skills development	Various learning interventions	Amajuba District Municipality - GP	27.8036° S, 30.0665° E	Multiple	Multiples
Skills development	Various learning interventions	eThekwini Metropolitan Municipality - KZN	29.8120° S, 30.8039° E	Multiple	Multiples
Skills development	Various learning interventions	iLembe District Municipality - KZN	29.3830° S, 31.1710° E	Multiple	Multiples
Skills development	Various learning interventions	King Cetshwayo District Municipality	28.6192° S, 31.5370° E	Multiple	Multiples

Areas of Intervention	Project Description	District Municipality	Location: GPS Coordinates	Project Leader	Social Partners
Skills development	Various learning interventions	Ugu District Municipality - KZN	30.6218° S, 30.2513° E	Multiple	Multiples
Skills development	Various learning interventions	uMgungundlovu District Municipality - KZN	29.5101° S, 30.3436° E	Multiple	Multiples
Skills development	Various learning interventions	uMzinyathi District Municipality - KZN	28.5152° S, 30.6200° E	Multiple	Multiples
Skills development	Various learning interventions	uThukela District Municipality - KZN	28.6783° S, 29.6035° E	Multiple	Multiples
Skills development	Various learning interventions	Zululand District Municipality - KZN	27.8872° S, 31.4456° E	Multiple	Multiples
Skills development	Various learning interventions	Capricorn District Municipality - LP	23.6123° S, 29.2321° E	Multiple	Multiples
Skills development	Various learning interventions	Mopani District Municipality - LP	23.3089° S, 30.7160° E	Multiple	Multiples
Skills development	Various learning interventions	Vhembe District Municipality - LP	22.7696° S, 29.9741° E	Multiple	Multiples
Skills development	Various learning interventions	Waterberg District Municipality - LP	23.9748° S, 28.2994° E	Multiple	Multiples
Skills development	Various learning interventions	Ehlanzeni District Municipality - MP	25.3946° S, 31.2626° E	Multiple	Multiples
Skills development	Various learning interventions	Gert Sibande District Municipality - MP	26.5471° S, 29.9741° E	Multiple	Multiples
Skills development	Various learning interventions	Nkangala District Municipality - MP	25.9460° S, 29.6035° E	Multiple	Multiples
Skills development	Various learning interventions	Sedibeng District Municipality - MP	26.6833° S, 28.2059° E	Multiple	Multiples
Skills development	Various learning interventions	Dr Kenneth Kaunda District Municipality - NW	26.8618° S, 26.5138° E	Multiple	Multiples
Skills development	Various learning interventions	Frances Baard District Municipality - NC	28.4251° S, 24.3341° E	Multiple	Multiples
Skills development	Various learning interventions	Cape Winelands District Municipality - WC	33.4221° S, 19.7592° E	Multiple	Multiples
Skills development	Various learning interventions	City of Cape Town Metropolitan Municipality - WC	33.9143° S, 18.5701° E	Multiple	Multiples
Skills development	Various learning interventions	Garden Route District Municipality - WC	33.7042° S, 22.0476° E	Multiple	Multiples

1.5. KEY RISKS AND MITIGATIONS

Table 7. Key Risks and Mitigation

Outcome	Key Risks	Risk Mitigations
Enhanced quality assurance efficiencies to execute QCTO delegated functions.	› All qualifications expired in 2023, and QCTO granted no extension.	› Skills development needs and gaps are identified through research, WSP submission data, and stakeholder engagements.
	› Limited budget and capacity, which enables the development of a few qualifications at a time.	› Qualifications to be prioritised for development or realignment are identified and aligned to the PIVOTAL and Hard-to-Fill skills list.
	› Current Systems -Learner Management Information Systems (LMIS) are not compatible with new occupational qualifications. › Lack of control over accreditation of SDPs for new occupational qualifications - QCTO › function. › Delays in the setting up of the assessment quality partner to develop a bank of assessment tools due to budget constraints of already developed qualifications.	› Occupational Qualification Development is a focus. To promote efficient, effective processes within the organisation, established a Qualification Task Team consisting of Strategy and Planning, Planning as DQP, Core Business as Assessment Quality Partner (AQP), Corporate Services for support role: ICT, Communication, HRM&D and Assurance partners for ongoing monitoring. › Skills development needs and gaps are identified through research, WSP submission data, and stakeholder engagements. › Qualifications to be prioritised for development or realignment are identified and aligned to the Pivotal and Hard-to-Fill skills list. › Occupational Qualification Development is a focus and prioritised as a critical area in Planning. › Resources are employed to promote efficient and effective processes within the organisation established for a standard operating procedure for stakeholders. * Established Qualification Task Team, consisting of Strategic Planning as Development Quality Partner (DQP), Core Business as AQP, Corporate Services for support role: ICT, Communication; HRM&D and assurance partners for ongoing monitoring.
		› AA approves processes. › A manual process is in place to help with the accreditations. › A two-stage funding model is in place. › An evaluation committee will be appointed. LMIS: The project scope has been concluded; the project charter is in place. ICT is assisting with folders and email addresses. › DG policy is to be reviewed in the current quarter. › Change Management workstream to be implemented.
Enhanced organisational capabilities to deliver the strategy (NSDP)	› Inconsistent and Inadequate Information Security Awareness Campaigns.	› Include the current ethics process as the current control. › Investigate all data breach incidents. › Quarterly campaigns to communicate policies in the support divisions. › Privacy policy and Records Management policy approved. › Quarterly training sessions to create awareness of all support division policies and procedures. › Trend management was implemented for the movement of documents. › Endpoint encryption is in place.

Outcome	Key Risks	Risk Mitigations
Enhanced organisational capabilities to deliver the strategy (NSDP)	› Inconsistent and Inadequate Information Security Awareness Campaigns.	› Continuous awareness and training on Whistle blower facility Critical data identified by business and dealt with through the information management strategy. › Closely monitor traffic on all networks—Utilise encryption. › Lock down the network—endpoint security. Protect hard copies of packs at meetings. Investigate all incidents. › M365 Encryption protocols embedded for emails. › Monthly reports from the service provider on vulnerabilities and threats.
	› Lack of classification of documents	› Physical network encryption currently in place is the multiprotocol label switching (MPLS) encryption control provided by Vodacom. › Investigate all data breach incidents; * Quarterly campaigns to communicate policies in the support divisions. › Privacy policy and Records Management policy approved. › Quarterly training sessions to create awareness of all support division policies and procedures; * Trend management implemented for movement of documents. Endpoint encryption is in place. › Continuous awareness and training on whistle blower facility Critical data identified by business and dealt with through the information management strategy. › Closely monitor traffic on all networks. Utilise encryption. › Lock down the network—endpoint security. Protect hard copies of packs at meetings. Investigate all incidents; * M365 Encryption protocols embedded for emails. › Physical network encryption currently in place is the MPLS encryption control provided by Vodacom. Cybersecurity awareness training started on 06.02.23. › M365 Encryption protocols embedded for emails. › Physical network encryption currently in place is the MPLS encryption control provided by Vodacom. › Multi-factor authentication for strengthening security measures. › Cyber security insurance plans will manage the risk.
Enhanced mechanism for effective skills planning through collaborative research and partnerships and Promote access to technical and professional skills for employment and entrepreneurship across the service sector	› Prolonged BUSA case, set aside of the grant's regulation	› Prioritising expenditure critically needed expenditure. Cash in the bank is optimised. Monthly and bi-monthly pay runs. MG refunds quarterly. › Prioritising expenditure only addresses critical and needed expenditures. Cash in the bank is optimised by being left to accrue interest. Monthly and bi-monthly pay runs. MG refunds quarterly (Money earns interest in the bank when the process is in place). › Incurring expenditure that is critical and important. A working group is initiated to ensure that there is integration. › Reserves have improved from the previous financial year. › A new regulation has been issued for public comment. › Continuous engagement with DHET on the BUSA case. › Physical network encryption currently in place is the MPLS encryption control provided by Vodacom. › Multi-factor authentication for strengthening security measures. › Cyber security insurance plans will manage the risk.

Outcome	Key Risks	Risk Mitigations
Enhanced mechanism for effective skills planning through collaborative research and partnerships and Promote access to technical and professional skills for employment and entrepreneurship across the service sector	› Prolonged BUSA case, set aside of the grant's regulation	› Prioritising expenditure critically needed expenditure. Cash in the bank is optimised. Monthly and bi-monthly pay runs. MG refunds quarterly. › Prioritising expenditure only addresses critical and needed expenditures. Cash in the bank is optimised by being left to accrue interest. Monthly and bi-monthly pay runs. MG refunds quarterly (Money earns interest in the bank when the process is in place). › Incurring expenditure that is critical and important. A working group is initiated to ensure that there is integration. › Reserves have improved from the previous financial year. › A new regulation has been issued for public comment. › Continuous engagement with DHET on the BUSA case.
Promote access to technical and professional skills for employment and entrepreneurship across the service sector.	› DG policy is too generic. Our allocation process is flawed; non-levy payers get large allocations as opposed to levy payers having workplaces and getting smaller allocations. Our practices and business processes should be aligned, and stakeholders should not lose trust in us.	› Focus on the top 20 levy-paying members and form strategic partnerships and alignment. › Mapping of commitments, budgets and APP targets and alignment to the current skills needs of the sector. The adjustment period is locked in for allowable corrections on allocations to entities to free up funds quickly. › Balance implementation of pre-enrolments and create opportunities for new DG allocations. Alignment is in place with ERRP and scarce and hard-to-fill skills. › The adjustment period is locked in for allowable corrections on allocations to entities to free up funds quickly. › Balance implementation of pre-enrolments and create opportunities for new DG allocations. › Alignment is in place with ERRP and scarce and hard-to-fill skills—approval to support the levy paying to submit the WSP. › Stakeholders to open participation of stakeholders with internships supported by the WSP.

PART D

TECHNICAL INDICATOR DESCRIPTORS

TECHNICAL INDICATOR DESCRIPTORS

Indicator Title	1.1. Quality of financial statements and reliable performance information submitted
Definition	This indicator refers to the Services SETA's compliance with its approved financial policies and practices, including applicable legislations; its ability to continually improve and reinforce compliance; and its ability to plan and report measurable and reliable performance. The Services SETA aims to achieve a clean audit opinion. **"Clean audit opinion"** refers to the AGSA concluding that the Services SETA's financial statements are transparent and compliant with generally accepted accounting principles (GAAP), annual performance reports are free from material misstatements, and they comply with applicable legislation. **"Misstatements"** refer to incorrect or omitted information in the financial statements and annual performance reports. **"Financial Statements"** refer to the organisation's financial performance information. **"Performance Information"** refers to information relating to organisational targets for a given year as contained in the Annual Performance Plan and Performance report. **"Submitted"** submitted to AGSA, DPME and National Treasury.
Source of Data	AGSA audit report supported by Services SETA's Annual Financial Statements and Annual Performance Report.
Method of calculation / assessment	The outcome of the audit for the financial year 2024/25
Assumptions	› There is a strong adherence to PFMA and accounting standards and principles at the Services SETA; and › There is adherence to National Treasury and DPME reporting requirements for performance information.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	Clean audit
Indicator responsibility	› Chief Financial Officer › Executive Manager: Strategy & Planning

Indicator Title	1.2. Staff compliment maintained
Definition	Measures the percentage of filled positions in the organisation relative to the total number of approved, funded positions on the organisational organogram. The Services SETA uses the data from this indicator: › to measure the level of filled positions against the approved funded organogram; and › as an output measure in calculating the efficiency and effectiveness of the Services SETA.
Source of data	› The Services SETA Organogram serves as a base source for all approved and funded positions; and › Placement report for filled positions.
Method of calculation / assessment	Total Number of Filled Funded Positions / Total Number of Funded Positions as per the Organogram multiplied by a hundred (averaged over the MTSF period)
Assumptions	There are no budget constraints.
Disaggregation of beneficiaries (where applicable)	› Women – 70% › People with disability – 3%
Spatial transformation (where applicable)	N/A
Desired performance	70% (MTSF period)
Indicator responsibility	Executive Manager: Corporate Services

Indicator Title	1.3. Alignment between business needs and ICT implementation plan in place
Definition	Corporate Governance ICT Framework is a government-requirements ICT Framework under the auspices of the Department of Public Services and Administration.
	The Corporate Governance of ICT is an integral part of the governance system at the Services SETA. The Corporate Governance of ICT involves evaluating, directing and monitoring the alignment of the ICT strategy with the SSETA Business Strategy and related strategies. It also involves monitoring ICT service delivery to ensure a culture of continuous ICT service improvements exists in the SSETA.
	ICT develop a strategy and implementation plan which the ICT Steering Committee approves to respond to business strategic needs, ensuring delivery of the strategic goals.
Source of data	› Services SETA Strategic Plan and Annual Performance Plan; and
	› ICT Strategy and Implementation plan with a list of approved plans/projects/programmes.
Method of calculation / assessment	› Assess the ICT strategy implementation plan against the business's strategic needs; and
	› Number of implemented ICT plans/ total number of approved ICT implementation plans aligned with business needs multiplied by one hundred (averaged over the MTSF period)
Assumptions	The ICT strategy implementation plan aligned with Services SETA's business needs to achieve strategic objectives.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	80% (MTSF period)
Indicator responsibility	Executive Manager: Corporate Services

Indicator Title	1.4. Stakeholder satisfaction rating score
Definition	This indicator measures the quality of support provided to key subsector stakeholders through capacity development, information sharing, customer service and technical support. The indicator also measures consultation with stakeholders on any policy and process development that will improve the SETA's service delivery to its subsector stakeholders. The outcome of the engagement contributes towards addressing key material issues that directly or indirectly impact the Services SETA's ability to create and preserve economic, social or environmental value for itself and its stakeholders.
	"Stakeholders" refers to paying and non-levy paying employers that do business within the scope of the Services SETA; training providers doing business in the services sector; government departments within the scope of the Services SETA; associations, professional bodies, a community of expert practitioners; as well as trade unions, community-based organisations (CBOs) and non-governmental organisations (NGOs) that are active in the services sector, and others. A stakeholder is any individual or group that affects or is affected by the organisation's activities. The Services SETA will prioritise and invest time in stakeholders identified as part of key material issues.
	"Satisfaction rating score" refers to the score as per the survey report. A survey is to be conducted considering research methodologies.
Source of data	Stakeholder relationship management survey report.
Method of calculation / assessment	Stakeholder relationship management survey report outcome (rating score over the MTSF period).
Assumptions	There is sufficient participation by Services SETA stakeholders and key partners.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A

Indicator Title	1.4. Stakeholder satisfaction rating score
Desired performance	Satisfaction rating score 75% (MTSF period)
Indicator responsibility	› Executive Manager: Corporate Services › Executive Manager: Strategic Partnerships and Collaborations › Executive Manager: Core Business › Executive Manager: Strategy and Planning

Indicator Title	1.5. Effective governance and assurance monitoring system
Definition	The indicator refers to good governance at the Services SETA organisational compliance, enterprise-wide risk management and sound/effective governance: **"Organisational Compliance"** refers to compliance with Services SETA legislative universe and policies. This is monitored through percentage action plans implemented quarterly, which refers to the proportion of the number of audit and compliance action plans implemented by the Services SETA in line with the audit reports and applicable laws and regulations. **"Enterprise-Wide Risk Management"** refers to effectively identifying and mitigating organisational risks. This is monitored through a percentage of risk action plans actioned, which refers to the process of executing risk mitigation actions as outlined in the action plans every quarter. Risk mitigation progress monitors the continuous process of tracking all identified risks, identifying new risks, and evaluating risk process effectiveness throughout the organisation's programmes.
Source of data	**"Governance"** refers to a report compiled and submitted by the board secretariat on the Accounting Authority's and its Committees' performance in carrying out its fiduciary duties and assessing effective oversight in line with KPAs in its Terms of Reference. In addition, it refers to the governance report compiled by organisational compliance and submitted to DHET.
Method of calculation / assessment	Assess the reports below to determine effective governance and assurance provided as at the 2024/25 financial year: › Quarterly Compliance remedial action report; › Quarterly Audit action plan reports; › Quarterly Combined risk register; › Quarterly Governance reports submitted to DHET; and › Annual governance reports measure performance against terms of reference of the Accounting Authority and its committees.
Assumptions	Good governance will be maintained throughout the MTSF period.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	Good Governance Report (MTSF period)
Indicator responsibility	Office of the Chief Executive Officer

Indicator Title	2.1. Credible and Integrated strategic plans developed
Definition	The indicator measures the process followed in developing the strategic plans: SPP, SP and APP. For the process to be credible, it must be evidence-based on research studies and findings, participatory and consultative. Consultations with Services SETA employers/industry role players, management, and members of the AA ensure an integrated approach. The outcome will be the approval of the strategic plans by the Executive Authority. **"Research Studies"** refers to deliberate research that assesses the processes and consequences of innovations and social policy programmes linked to skills development and entrepreneurship.

Indicator Title	2.1. Credible and Integrated strategic plans developed
	"Evidence based" refers to approved strategic planning documents based on consultation with the Services SETA management and AA and are informed by research.
Source of data	Research agenda and reports; and SSP, SP and APP.
Method of calculation / assessment	Letter of approval for SSP, SP and APP from DHET over the MTSF period
Assumptions	Letter of approval from DHET received by 31 March (year-end).
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	Approved SSP, SP & APP (MTSF period)
Indicator responsibility	Executive Manager: Strategy and Planning

Indicator Title	2.2 Number of partnerships to broaden access to skills development opportunities
Definition	The indicator refers to the total number of higher education institutions' partnerships established through formal agreements with the Services SETA.
	The outcome indicator measures various outputs fostering collaboration and partnership with PSET system role players to promote growth and strengthened alignment.
	"Partnerships" are regarded as formal written agreements between the Services SETA and institutions of higher learning/labour to share and contribute financial and/or non-financial resources, including grant funding, in order to facilitate post-school education and training intervention.
Source of data	› Signed Offer Letter of Intention to the intended partner; and/or
	› Signed memorandum of understandings (MoUs) between the Services SETA and the institution.
Method of calculation / assessment	A simple count of the following over the MTSF period;
	› Signed Offer Letters; and/or
	› MoUs or Agreements between the Services SETA and institutions of higher learning,
Assumptions	There will be no delays in the processes (engagements, contracting and signing).
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	80 (MTSF period)
Indicator responsibility	› Executive Manager: Strategic Partnerships and Collaborations
	› Executive Manager: Core Business
	› Executive Manager: Strategy and Planning

Indicator Title	2.3. Percentage increase in submissions of WSP/ATR
Definition	This indicator measures the rate of increase in the number of companies submitting WSP/ATR, which was informed by a low submission rate by Services SETA employers.
Source of data	The LMIS module for WSP/ATR that has been successfully submitted.
Method of calculation / assessment	Number of companies who submitted WSP/ATR in the period (minus) the number of companies submitting WSP/ATR in the period; (divided) by the number of companies who submitted WSP/ATR in the previous period; multiplied by one hundred.
	(Cumulative over the MTSF period)
Assumptions	Increase participation by member companies in submitting WSP/ATR.

Indicator Title	2.3. Percentage increase in submissions of WSP/ATR
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	5% (Cumulative over the MTSF period)
Indicator responsibility	› Executive Manager: Core Business › Executive Manager: Strategy and Planning

Indicator Title	3.1. Number of learners enrolled in priority occupation
Definition	The indicator refers to the total number of learners benefitting from Services SETA-funded learning interventions. Learners can benefit through learnerships, internships, skills programmes, AET, bursaries, trades, candidacy and/or RPL/ARPL.
Source of data	The Sector Education and Training Management Information System (SETMIS) and Survey hub listings supporting the APP.
Method of calculation / assessment	A simple count of learners benefiting from Services SETA-funded learning interventions over five years. (Cumulative)
Assumptions	Learners enrolled and reported on SETMIS and Survey Hub.
Disaggregation of beneficiaries (where applicable)	Women – 60% Youth – 80% People with disability – 3% Rural – 20%
Spatial transformation (where applicable)	N/A
Desired performance	65,000 (Cumulative over the MTSF period)
Indicator responsibility	Executive Manager: Core Business

Indicator Title	3.2. Number of entrepreneurs and cooperatives supported
Definition	The indicator refers to the total number of entrepreneurs and cooperatives supported by Services SETA. Support can be in capacity-building interventions based on specific needs, ranging from various SETA training interventions. "Supported" means beneficiaries participate in the learning opportunity and complete one or more units of learning aligned to one or more skills or behaviours as learning outcomes.
Source of data	Survey hub listing of entrepreneurs and cooperatives supported
Method of calculation / assessment	A simple count of the total number of entrepreneurs and cooperatives supported over the MTSF period.
Assumptions	Available database of entrepreneurs and cooperatives supported.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	3,500 (Cumulative over the MTSF period)
Indicator responsibility	Executive Manager: Strategic Partnerships and Collaborations

Indicator Title	3.3. Number of interventions embarked upon with employers to improve enrollment in and completion of priority occupations
Definition	This indicator measures employer training interventions to host and/or fund through collaboration with learners on Services SETA learning interventions of prioritised occupations.
Source of data	Listing of employers who implemented self-funded and /or funded interventions.
Method of calculation / assessment	Total number of interventions supported by employers.
Assumptions	Employers provide funding and participate in skills development interventions.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	150 (Cumulative over the MTSF period)
Indicator responsibility	› Executive Manager: Strategy and Planning › Executive Manager: Core Business

Indicator Title	4.1. Percentage of external moderation and evaluation conducted within the reporting period
Definition	The indicator refers to the external moderations conducted as skills development providers/ employers requested.
Source of data	› External moderation schedule lists › External moderation reports
Method of calculation / assessment	The number of external moderations successfully completed is divided by the total number of external moderation requests received, multiplied by one hundred. (Averaged over the MTSF period)
Assumptions	There are sufficient personnel to carry out external moderation.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	85% (Averaged over the MTSF period)
Indicator responsibility	Executive Manager: Core Business

Indicator Title	4.2. Percentage of occupational qualifications aligned to priority skills
Definition	This indicator measures the percentage of legacy qualifications aligned and/or reviewed to occupational qualifications.
	Legacy qualifications requiring alignment are those qualifications identified through research, WSP submissions, and government and chamber/industry engagements to build supply capacity for occupational programmes.
	"Priority skills" means the consolidated list of scarce, critical or pivotal skills or priority skills.
Source of data	› A list of legacy qualifications requiring alignment
	› A list of occupational qualifications reviewed/aligned/developed.
Method of calculation / assessment	The number of legacy qualifications requiring aligned/ total number of occupational qualifications reviewed/aligned/developed; multiplied by one hundred.
	(Cumulative over the MTSF period)
Assumptions	› There is sufficient participation from the industry.
	› Industry qualifications in need of development are aligned to priority skills.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	60% (Cumulative over the MTSF period)
Indicator responsibility	Executive Manager: Strategy & Planning

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Entrepreneurship development remains one of the critical tasks of the Services SETA, given the high prevalence of informal and precarious industries in this sector.

Training serves as the lifeline to the future of the services industry by equipping professionals with the essential skills and knowledge necessary to navigate evolving trends, embrace technological advancements, and deliver unparalleled excellence in an ever-changing landscape.

SERVICES SETA

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