OPENING REMARKS BY THE MINISTER OF HIGHER EDUCATION AND TRAINING, HON. BUTI MANAMELA, MP

BRIEFING ON THE 2025/26 ANNUAL REPORTS AND PROGRESS UNDER ADMINISTRATION OF THE CONSTRUCTION SETA AND SERVICES SETA

14 October 2026

Honourable Chairperson, Mr Walter Letsie,

Honourable Members of the Portfolio Committee,

Deputy Ministers, Director-General and senior officials,

Administrators and executives of CETA and Services SETA,

Representatives of the Auditor-General,

Ladies and gentlemen, good morning.

We appear before the Committee to account for the Construction Education and Training Authority and the Services Sector Education and Training Authority. Both were placed under administration in August 2025 following governance and operational difficulties, and both remain under administration until 31 January 2027.

We must therefore account for three matters: how these institutions performed in 2025/26; what progress administration has achieved, particularly in correcting the weaknesses identified by the Auditor-General; and whether they are ready to return to ordinary governance.

I want to approach these questions without defensiveness. We acknowledge the Administrators' efforts and will recognise demonstrable improvements. But we cannot confuse the existence of an administration with the achievement of institutional recovery.

Administration is an intervention. It is not an outcome.

Its success lies in whether the institution emerges with stronger governance, credible financial controls, capable leadership, improved service delivery and renewed public confidence.

1. Why these institutions matter

Chairperson, our country continues to confront unemployment, inequality, poverty and inadequate economic inclusion, and young people carry a disproportionate burden. Our skills system must do more than distribute grants. It must build the productive capacity of the economy.

CETA is central to our infrastructure ambitions. Services SETA can open opportunities for women, young people, township entrepreneurs and small businesses.

But potential alone is not enough. An institution may meet a large share of its annual targets and still leave unanswered questions about its developmental impact. We must ask whether training expenditure produces qualifications, competent practitioners, workplace experience, sustainable businesses and employment.

2. The audit outcomes require serious attention

Honourable Members, both CETA and Services SETA received qualified audit opinions for 2025/26. This is not the outcome we desire. A qualified opinion tells us that material matters remain unresolved.

We expect not merely better audit files, but the correction of the weaknesses behind unreliable records, irregular procurement, unsupported commitments and delayed delivery.

> **Audit findings must become management decisions. Management decisions must become corrective actions. And corrective actions must produce evidence that can withstand independent scrutiny.**

The Department has required both Administrators to prepare audit action plans with assigned responsibilities and timeframes. But a finding is not resolved merely because an official has been assigned to it. It is resolved when the weakness has been corrected and the evidence exists.

3. CETA: a difficult financial and institutional recovery

Chairperson, CETA achieved 58 of its 68 annual targets, approximately 85 per cent. The financial position, however, is substantially more concerning. Revenue of approximately R914 million against expenditure of R1.25 billion produced a deficit of approximately R336 million, and cash declined from approximately R1 billion to R607 million, while significant discretionary-grant commitments remain outstanding.

We cannot sustain an institution by drawing down its reserves without addressing the structural causes of the imbalance. Restraint on new commitments may be necessary, but it affects the training pipeline. Balancing financial stability with developmental responsibility requires stronger planning, earlier grant decisions, credible learner records and realistic schedules.

The Auditor-General’s findings must receive particular attention. CETA reports approximately R956 million in accumulated irregular expenditure and R44 million in fruitless and wasteful expenditure. These are accumulated, not current-year, balances, but they reflect serious historical control failures.

Two material irregularities are particularly troubling. In an artisan-development project, approximately R15.75 million was paid without the intended benefits being delivered.

For a learner biometric attendance and stipend-payment system, approximately R13.26 million was paid for a system never fully operationalised. Together, that is approximately R29 million in reported losses.

The principle is simple. When public money is spent on training, we must be able to identify what was delivered. Where losses occurred, we must determine responsibility and pursue recovery and consequence management. The reported prescription of the contractual claim against the artisan-project supplier raises serious questions about the timeliness of the institutional response.

The Department expects a complete account of investigations, legal steps, responsibility assessments and recovery options. I will not pre-empt any proceedings, but the passage of time must not become an excuse for institutional inaction.

4. Services SETA: converting resources into opportunities

Chairperson, Services SETA presents a different picture: revenue of approximately R2.5 billion, expenditure of R1.9 billion and a surplus of approximately R562 million, partly attributable to delays in programme implementation.

Money remaining unspent is not an achievement if eligible learners have not been trained, bursaries remain unpaid or employers cannot access support. I am particularly concerned about delayed bursary payments affecting students at universities and TVET colleges. Behind a delayed bursary may be a student unable to register or pay for accommodation.

The Administrator must give this Committee a clear account of the scale of outstanding bursary obligations, their causes and the timetable for resolution. Financial controls and learner delivery must reinforce, not undermine, each other.

5. The remaining period of administration

Honourable Members, the extension to 31 January 2027 was not intended to create a permanent alternative model of governance. It provides a defined opportunity to complete recovery: stabilising executive structures, appointing Accounting Authorities, strengthening controls, resolving audit findings and preparing handover reports.

I am concerned that governance appointments have not proceeded as quickly as required, given difficulties in attracting suitable chairperson nominations and completing organised-labour representation. This must be resolved lawfully and without delay.

We cannot have a cycle of governance failure, administration, a new Accounting Authority and then another intervention. The real test of administration is whether the improvements survive the Administrator’s departure. We will therefore require a

verified exit assessment covering governance readiness, financial sustainability, audit improvement, unresolved legal matters and outstanding commitments.

6. Wider priorities across the PSET sector

First, NSFAS applications for the 2027 academic year close on 31 October 2026. I encourage prospective students to apply before the deadline through official NSFAS channels. The stabilisation of NSFAS leadership and governance remains firmly on my agenda.

Second, we continue work on a credible and sustainable student-funding model that protects access while confronting fiscal pressures.

Third, learners in the Denel training programme recently raised serious concerns with me about delayed stipends, accommodation, transport, tools, safety and the completion of their training. The Department and the National Skills Fund must resolve these through proper reconciliation and clear timelines.

Fourth, we are considering broader reforms to the SETA landscape, subject to consultation, legal compliance and fiscal assessment.

7. The accountability we expect

Chairperson, I conclude with five expectations. A credible, time-bound plan for every outstanding audit finding. Transparent reporting on commitments, expenditure and financial sustainability. Lawful consequence management, including recovery where justified. Improved delivery of bursaries, apprenticeships and workplace learning. And a properly managed transition to stable, capable Accounting Authorities.

These must become measurable outputs, with responsible officials and dates against which Parliament can exercise oversight.

It is not enough to say that the sector needs a Skills Revolution. We must demonstrate it through institutions such as CETA and Services SETA.

> **Ultimately, we should judge our SETAs not by how much money they control, but by how effectively they turn that money into skills, opportunities and livelihoods.**

Chairperson, I thank you. I now invite the Department and the Administrators to take the Committee through the detailed reports.