



**2021/22 Integrated
ANNUAL REPORT**

An innovation leader in education and training



INNOVATING FOR IMPACT





VISION

To be an innovation leader in education and training.

MISSION

To facilitate skills development, education and training through innovative solutions for sustainable livelihoods.



Dr Blade Nzimande
Minister of Higher Education,
Science and Innovation



Mr Buti Manamela
Deputy Minister of Higher Education,
Science and Innovation

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METAVVERSE

PART A - GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

Registered name of the public entity	Chemical Industries Sector Education and Training Authority
Registration numbers and/or other relevant numbers	03/CHIETA/1/4/11
Registered office address	72 New Road, Glen Austin AH (Grand Central), Midrand
Postal address	PO Box 961, Auckland Park, 2006
Contact telephone numbers	011 628 7000
Email address	info@chieta.org.za
Website	www.chieta.org.za
External auditor's information	Auditor-General of South Africa, 4 Davenry Street Lynnwood Bridge Office Park, Lynnwood Manor, Pretoria, 0081
Banker's information	First National Bank 1 First Place, Simmonds Street, Johannesburg, 2001
Company secretary	Governance and Risk (Executive Manager)
ISBN	ISBN 978-0-621-50320-3
RP	RP 122/2022

2. SKILLS DEVELOPMENT RELATED ACRONYMS

ADAS	Advanced Driver Assistance Systems	GRAP	Generally Recognised Accounting Practice
AELC	Africa Energy Leadership Centre	GSC	Governance and Strategy Committee
AET	Adult Education and Training	GVA	Gross Value Add
AGSA	Auditor-General of South Africa	HEMIS	Higher Education Management Information System
APP	Annual Performance Plan	HET	Higher Education and Training
AQP	Assessment Quality Partner	HIV	Human Immunodeficiency Virus
ARC	Audit and Risk Committee	HR	Human Resources
ATR	Annual Training Report	HRD	Human Resource Development
ARPL	Artisan Recognition Prior Learning	HRDSSA	Human Resource Development Strategy of South Africa
BBBEE	Broad-Based Black Economic Empowerment	HSRC	Human Sciences Research Council
CBCs	Community Based Centres	HTFVs	Hard to Fill Vacancies
CBOs	Community Based Organisations	ICT	Information and Communications Technology
CHIETA	Chemical Industries Education and Training Authority	IoT	Internet of Things
Cobit 5	Control objectives for information and related technologies	IPAP	Industrial Policy Action Plan
COS	Centres of Specialisation	MG	Mandatory Grants
CSR	Corporate Social Responsibility	MoA	Memorandum of Agreement
DG	Director-General	MoU	Memorandum of Understanding
DG	Discretionary Grants	MTEF	Medium-Term Expenditure Framework
DHET	Department of Higher Education and Training	MTSF	Medium-Term Strategy Framework
DHEST	Department of Higher Education Science and Technology	NAMB	National Artisan Moderating Body
DPSA	Department of Public Service and Administration	NDP	National Development Plan
DQP	Development Quality Partner	NGO	Non-Governmental Organisation
dti	Department of Trade Industry and Competition	NP	Non Pivotal
EEA	Employment Equity Act	NQF	National Qualification Framework
ETDQA	Education Training and Development Quality Assurance	NSDS	National Skills-Development Strategy
ETQA	Education and Training Quality Assurance	NSA	National Skills Accord
EXCO	Executive Committee	NSF	National Skills Fund
FMCG	Fast Moving Consumer Goods	NYEA	National Youth Employment Accord
GDP	Gross Domestic product	PIVOTAL	Professional, Vocational, Occupational, Technical and Academic Learning

GENERAL INFORMATION

2. SKILLS DEVELOPMENT RELATED ACRONYMS

PSDF	Provincial Skills-Development Forum	SETA	Sector Education and Training Authority
PFMA	Public Finance Management Act	SETMIS	Skills Education and Training Management System
QA	Quality Assurance	SIPs	Strategic Infrastructure Plans
QALA	Quality Assurance of Learner Achievements	SLA	Service-Level Agreement
QAP	Quality Assurance Partner	SME	Subject Matter Expert
QCTO	Quality Council for Trades and Occupations	SMME	Small, Medium and Micro Enterprises
OECD	Organisation for Economic Co-operation and Development	SQMR	SETA Quarterly Monitoring Report
OHS	Occupational Health and Safety	SSDD	Skills Supply-side and Demand Database
RPL	Recognition of Prior Learning	SSP	Sector Skills Plan
RSA	Regional Skills Advisor	TERS	Temporary Employer/Employee Relief Scheme
RSF	Regional Skills Forum	TFAC	Technical Functional Advisory Committee
RSPC	Research and Skills Planning Committee	TVET	Technical Vocational Education and Training
SADC	South African Development Community	TUT	Tshwane University of Technology
SAQA	South African Qualifications Authority	UoT	University of Technology
SARChI	South African Research Chairs Initiative	VUCA	Volatile, Uncertain, Complex and Ambiguous
SDA	Skills Development Act	WEF	World Economic Forum
SDF	Skills-Development Facilitator	WIL	Workplace Integrated Learning
SDLA	Skills-Development Levies Act	WSP	Workplace Skills Plan
SDP	Skills Development Provider	4IR	Fourth Industrial Revolution

3. CHAIRPERSON'S FOREWORD

It is my honour and privilege to present the 2021/22 annual report for the Chemicals Industry Education and Training Authority (CHIETA) in line with the requirements of Section 55(1) of the Public Finance Management Act.

In spite of difficulties created by the sluggish economy and the impact of the COVID-19 pandemic, the CHIETA has performed well over the past year, as evidenced by the unqualified audit opinion received from the Auditor-General of South Africa (AGSA). We congratulate everyone in the organisation on their hard work and dedication in achieving this status.



Wezi Khoza

LOCAL AND GLOBAL ECONOMIC OUTLOOK

The stagnation of the economy for a long period, coupled with the impact of the Covid-19 crisis, has resulted in low levels of capacity utilisation in the various sectors of the South African economy. Some subsectors, such as the Petroleum Subsector, continue to be affected by uncertainty regarding the environment and tariff legislation, health and safety, waste management, and the fluctuating crude oil prices. In particular, the latter is placing severe financial pressure on companies in this subsector.

Nevertheless, the growth potential of the Chemical Industry in South Africa and Southern Africa remains undisputed, partly due to Africa's economy of scale. Skills development must continue to build the competencies and capacity to unlock this potential and in this respect, the CHIETA plays a crucial role.

In respect of local economic difficulties, Government has outlined an Economic Recovery and Reconstruction Plan (ERRP) for the country, and the CHIETA has responded with commitment and enthusiasm in adopting the plan as a strategic imperative. In particular, funding is being provided to support work based learning and alleviate historic student debt through the Lesedi Youth Fund, established in 2021. The centrality of the Chemical Industry in the economy means that we play a critical role in supporting economic recovery, and several initiatives are already underway.

RESEARCH

As the organisation responsible for the development of skills for the Chemical Industry, the CHIETA regards its research as being of critical importance in guiding its plans and investments to ensure that the current and future human capital needs of the industry are met. The CHIETA's Governing Board thus reviews and approves the Strategic Research Agenda and the Research Policy Framework on an annual basis. The main purpose of this is to guide research based on themes relevant to the sector. The CHIETA commissions research projects that look at specific skills issues in the Chemicals Industry that are aligned to the research agenda.

GENERAL INFORMATION

3. CHAIRPERSON'S FOREWORD

GOVERNANCE

The Board of the CHIETA has continued to provide strategic oversight of the organisation, through its meetings and deliberations and the diligent work of its sub committees. With its representatives from Organised Labour, Organised Employer, Government, Professionals and Community Organisations, the Board represents and provides a unique perspective of the Chemicals Industry from a broad range of stakeholders. This ensures that the voice of all stakeholders clearly informs the programme of activities undertaken by the CHIETA. The various committees – Exco, Grants Committee, Governance and Strategy Committee, Finance and Remuneration Committee, and Audit and Risk Committee – have each performed their specific duties with diligence during the year under review, which in turn has cascaded into the organisation being able to perform its duties seamlessly.

AUDIT

As mentioned above, we are proud that the CHIETA has achieved an unqualified audit report. This has not been without difficulty, however, as challenges with the initial findings of the Auditor-General of South Africa (AGSA) required a focused effort to address these. I am proud that we were able to do so to the satisfaction of the AGSA. Nevertheless, we will be giving attention to the matters raised in the initial findings, to ensure that future audits proceed smoothly and avoid findings that require attention.

APPRECIATION

The Board appreciates the efforts and dedication of management and staff in creating an impact in South African communities. We also acknowledge the efforts of our stakeholders and service providers in the continued improvement of the CHIETA.



Wezi Khoza

Board Chairperson

15 August 2022

4. CHIEF EXECUTIVE OFFICER'S REPORT

INTRODUCTION

As we present the annual report of the CHIETA for 2021/22, we are conscious of the challenges faced during the year emanating from a struggling economy on the one hand, and the lingering impact of Covid-19 on the other. In spite of this, the CHIETA has performed well, achieving both an unqualified audit opinion and meeting 94% of our targets.



Yershen Pillay

OVERVIEW OF PERFORMANCE

The CHIETA's performance 2021/22 in respect of learners, SMMEs, co-operatives supported and certificates issued, and its comparison to 2020/21, is summed up as follows:



During the year under review, several aspects of the CHIETA's overall performance are deserving of being highlighted. They are:

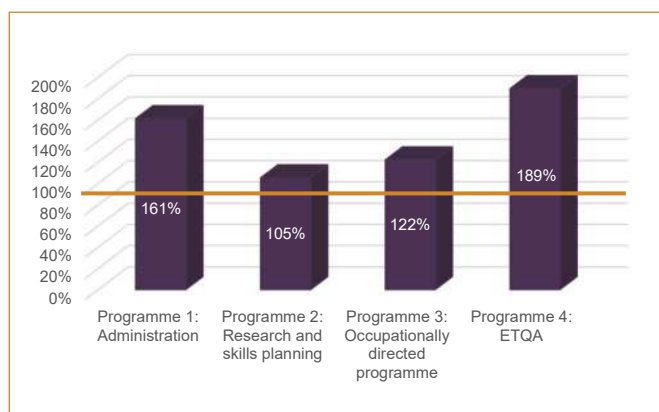
- Skills Development Levy (SDL) income of R595 million was more than the projected income of R518 million. This is largely attributable to more companies exceeding the SDL threshold and thereby becoming liable for payment of the levy. This augurs well for our planning for future skills development. In this respect, we pay tribute to those companies that continue to support us with generous levy contributions.
- As mentioned above, an unqualified audit opinion from the Auditor-General of South Africa.
- Strategic communication that has reached an audience through various media outlets of over 100 million during the year, with most media mentions being positive.
- The formation of an Ideation Committee (I-COM) that produces new innovative solutions for implementation.
- The development of a new integrated Risk Management Framework consisting of an updated CHIETA Risk Strategy which is used to guide the organisation's business operations.

GENERAL INFORMATION

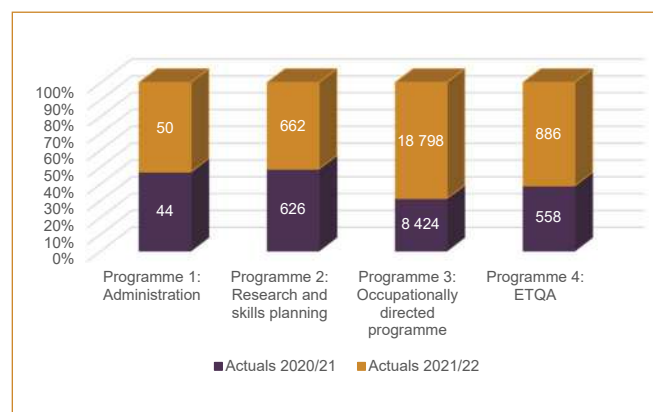
4. CHIEF EXECUTIVE OFFICER'S REPORT

- The CHIETA's response to the President's Economic Reconstruction and Recovery Plan (ERRP), an initiative to drive economic recovery following the Covid-19 pandemic. The CHIETA has created the Lesedi Fund towards this end, and will implement additional projects towards this plan during the year ahead.
- Organisational performance of 94%.
- Performance of 100% of all programmes of the Annual Performance Plan.
- The reduction in the issuing of backlog certificates for learners.
- The 105 employees of the CHIETA who contributed to the high performance achieved by the organisation as a result of their dedication and commitment.

A summary of the CHIETA's performance per programme this year is as follows:



A comparison to last year's baseline performance achievements is as follows:



Nevertheless, the year was a testing one for CHIETA, as the effects of the Covid-19 pandemic caused delays in the implementation of projects. In addition, certain programmes could not be realised to the scale that had been planned.

CHIETA'S STRATEGIC PILLARS

The organisation has given commendable attention to the achievement of its four strategic pillars of innovation, collaboration, transformation and digitisation. Staff members are to be commended on their efforts to implement these at all levels of the CHIETA. The process of innovation has been driven by the input of all business units to an ideation committee, headed by the CEO. Not only has the given rise to many innovative ideas or solutions to problems, it has also contributed to the units collaborating with each other, and bringing about new dimensions of digitisation.

On an external stakeholder level, collaboration has been aimed at amplifying stakeholder involvement in project implementation. Partnerships have been with other Sector Education and Training Authorities (SETAs), including a Memorandum of Understanding on digital transformation with the MICTSETA, with public companies, including with the Nuclear Energy Corporation on SMMEs, and Options in Personnel on reskilling of retrenched workers, and Universities, such as the Walter Sisulu University on research about Covid-19 and disease prevention.

Transformation has been pursued with the finalisation of the CHIETA's employment equity plan, which was approved by the management committee. Another way in which this pillar has been sought is a focus on female, youth and disabled learners in projects by the CHIETA to provide a pool of competent personnel ready for absorption into the Chemical Industry.

The CHIETA's Smart Skills Centres are aimed at bridging the digital skills divide between urban and rural communities by providing access to the internet, digital skills and capabilities. Through SMART Skills Centres, skills development and training will be taken directly to rural communities.

RESEARCH

Some of the key projects that had been initiated and were concluded and presented to stakeholders during the 2021/22 financial year are:

- Retrenchments in the chemical sector: Exploring CHIETA's role in re-skilling for a new digital and innovation driven workplace
- Green and sustainable chemistry
- SMMEs and start-ups
- Impact assessment of CHIETA Work Integrated Learner (Wil) programme 2022
- The hydrogen economy in South Africa and how the country's skills can be aligned with the specific needs and future opportunities that will be presented by the jobs of the future

THE FUTURE

Going forward, the CHIETA organisational structure and human resources planning is to be reviewed. This seeks to ensure a delivery mechanism that is relevant, sustainable and aligned to the 4IR strategic, innovative problem solving and operational objectives. Our focus will also be on the continued digitisation of the CHIETA in line with our Vision 2025.

The Smart Skills Centre project is part of a bigger plan to revolutionise digital skills development in South Africa. Through the SMART Skills Centres, the CHIETA will also cater for SMME development. The SMART Skills Centres will reconfigure the value delivery model by connecting skills services and data in innovative and collaborative ways to create new value. This project will be implemented across all nine provinces in South Africa. The expectation is to have three Smart Skills Centres launched in 2022/23.

We will also be implementing some of the most feasible solutions that have emerged from the ideation committee. These will affect not only the CHIETA, but other stakeholders in the sector as well.

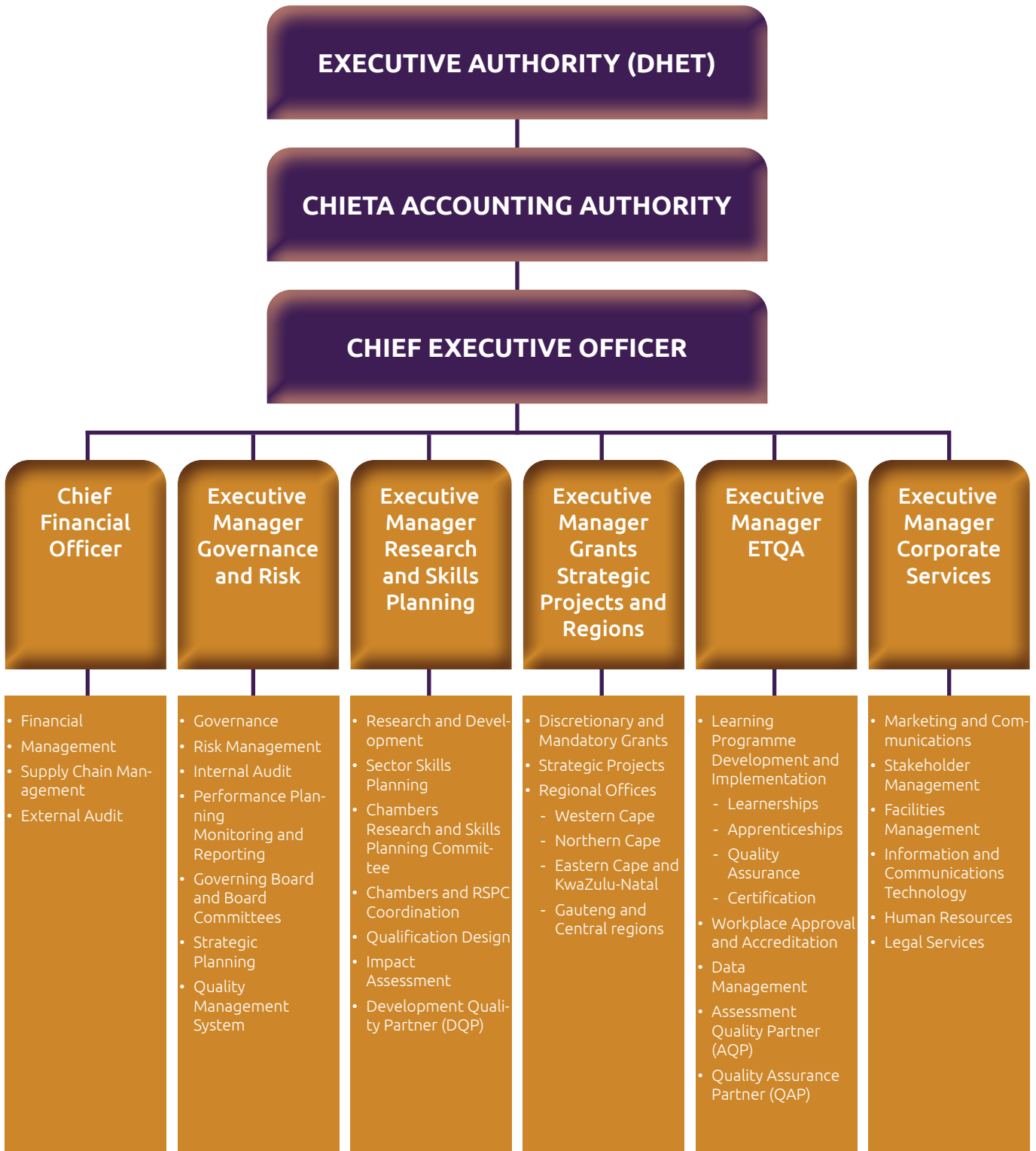


Yershen Pillay

Chief Executive Officer

15 August 2022

5. ORGANISATIONAL STRUCTURE



MEET OUR BOARD



Wezi Khoza
Board Chairperson



Mosehla Mampfo
Organised Labour



Adri Swart
Organised Labour



Gerhard Cloete
Organised Labour



Charles Phahla
Organised Labour



Steven Mahlangu
Organised Labour



Isaac Matji
Organised Employer



Sharmila Govind
Organised Employer



Geraldine Hewitt
Organised Employer



Dr Banothile
Makhubela
Organised Employer



Thabo Masombuka
Organised Employer



Edzisani Daniel Ndou
Government, Professional
and Community
Organisations



Karishma Ramcharan
Government, Professional
and Community
Organisations

GENERAL INFORMATION

MEET OUR EXECUTIVES



Yershen Pillay
Chief Executive Officer



Phetsile Magagula
Chief Financial Officer



Kedibone Moroane
Executive: Research
and Skills Planning



Trevor Channing
Executive: Governance
and Risk



Ashvir Isseri
Acting Executive:
Grants, Projects and
Regions



Jay Moodley
Executive: Corporate
Services



Thulani Shabalala
Executive: ETQA

MEET OUR MANAGERS



Glory Nyathi
Stakeholder Relations
Manager



Ncikazi Mlonyeni
Grants Manager



Roger Adriaanse
Regional Manager:
Western Cape Region



Princess Moumakoe
Strategic Projects and
WIL Manager



Munya Makota
Finance Manager



Rajen Naidoo
Regional Manager:
KwaZulu-Natal and Eastern
Cape Regions



Tshidi Magonare
Qualifications Design
and Development
Manager



Ronnie Naidoo
Monitoring and
Evaluation Manager



Joel Mmapulane
ETQA Manager



Lerato Ramahuta
Human Resources
Manager



Bennet Kamanga
Regional Manager:
Gauteng and Central
Regions



PART B - PERFORMANCE INFORMATION

1. SITUATIONAL ANALYSIS OF THE CHEMICAL INDUSTRY

INTRODUCTION

The Chemical Industries Sector Education and Training Authority (CHIETA) prepares the Sector Skills Plan (SSP) update annually in accordance with the requirements of the Department of Higher Education and Training (DHET). This plan assists in providing the situational context and sector profile. The policy environment for skills planning for the chemical sector includes the National Skills Development Strategy (NSDS) III, the National Skills Development Plan (NSDP), the National Skills Accord, the National Youth Employment Accord (NYEA), the White Paper for Post School Education and Training, the Quality Council for Trades and Occupations (QCTO) policies, and various regulations such as the grant regulations (released 3 December 2012, Gazette 35940).

Government policies and plans have been developed over the last ten years by various organs of state, many of them overlapping and some being absorbed by others. The two goals that all policies and plans have in common, however, are the stimulation of the South African economy and employment creation.

The National Development Plan (NDP 2030) provides the overall vision and framework for most of the other policies and plans. However, the Industrial Policy Action Plan (IPAP), projects steered by Department of Trade, Industry and Competition (dtic), the National Infrastructure Plan and the Strategic Integrated Projects (SIPs) have a direct bearing on the chemical sector. The NDP emphasises the importance of science and technology as the key to development, innovation being the most important driver of the kind of technology-based growth, associated with higher living standards. The chemical sector is at the forefront of the drive towards an innovation economy and the fourth industrial revolution (4IR), with the improvement of the skills of our workforce being imperative for its achievement.

The information presented in the SSP and the annual report has been drawn from a number of sources. The CHIETA has used the information from workplace skills plans (WSPs) and annual training reports (ATRs) to obtain data on the workplaces in the sector. The format used exceeds the minimum legislated requirements for labour market reporting. Since the 2012/13 mandatory grants cycle, employers have been submitting individual employee records against the organising framework for occupations (OFO) codes (referred to as source data).

The CHIETA adopted the source data approach as the information contained in the WSPs and ATRs is critical in providing detailed baseline statistical information on the sector. The WSPs and ATRs represent more than 70 per cent of employees in the sector. The detailed data submitted enables the CHIETA to undertake a more detailed and accurate analysis of the sector.

This source data was supplemented with other sector specific and national data, such as that from Quantec and the quarterly labour force surveys. Other national data sources used include employment equity reports published by the Department of Labour, the Higher Education Management Information System (HEMIS) and the Technical Vocational Education and Training (TVET) institutions maintained by the DHET.

In addition to the quantitative data sources outlined above, the CHIETA has also undertaken a range of research projects contributing to the overall understanding of the chemical sector. This research is augmented by that conducted by government departments, national research institutions and industry bodies.

More qualitative information used in the SSP update was obtained through consultation with sector stakeholders. The CHIETA has five chambers consisting of employers, trade unions, government departments and critical interest groups. These chambers meet quarterly and play a central role in updating the SSP, skills planning being a core constitutional function of these chambers and forming part of the agenda for regional skills forums. The regional skills forums meet quarterly in Gauteng (for Gauteng and the inland provinces), KwaZulu-Natal, the Eastern Cape and the Western Cape (including the Northern Cape). These regional skills forums are attended by employers, trade unions, private and public education and training providers, critical interest groups and the CHIETA staff.

The annual strategic planning workshop of the Governing Authority sets the organisation's objective and overall direction, where the board gives valuable input into the SSP, skills planning and the organisation's strategy. Specific skills needs, developed through the CHIETA's involvement with government departments, have been factored into the SSP. Over and above sector needs, these include skills needed to support the Department of Trade and Industry (dti), IPAP projects on pharmaceuticals and cosmetics and the hard to fill vacancies (HTFV) needs of the Department of Energy and those related to the chemical sector.

PERFORMANCE INFORMATION

PROFILE OF THE INDUSTRY

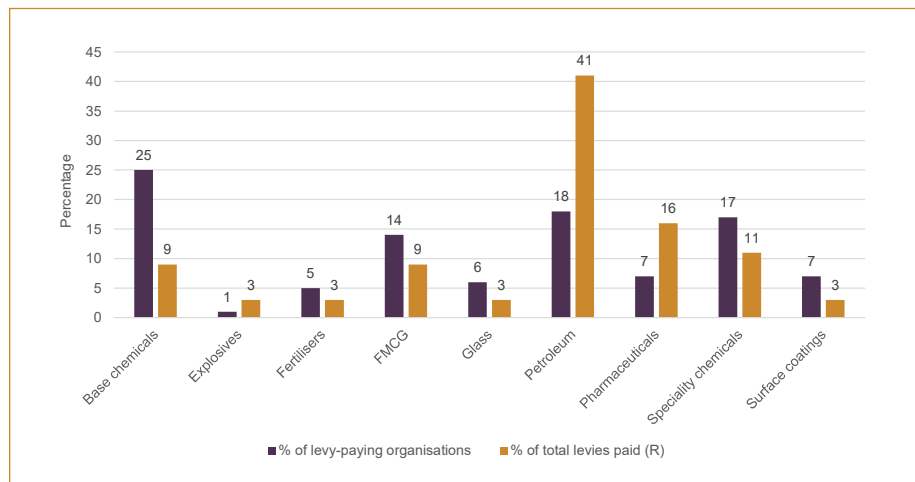
Table 1-1: Industrial coverage, subsectors, and chambers of the Chemicals Industry

SIC code	Scope of coverage/description	Subsector	Chamber
33410	Manufacture of basic chemicals, except fertilizers and nitrogen compounds	Base Chemicals	Petroleum and Base Chemicals
33430	Manufacture of plastics in primary form and of synthetic rubber		
34000	Manufacture of other non-metallic mineral products		
41210	Manufacture of industrial gases in compressed, liquified or solid forms		
33100	Manufacture of coke oven products	Petroleum	
33200	Petroleum refineries/synthesisers		
61410	Wholesale trade in solid, liquid, and gaseous fuels and related products		
87140	Industrial research, e.g., fuel research		
33501	Chemically based general household and personal care products	Fast-moving consumer goods	Fast-moving consumer goods and Pharmaceuticals
33541	Manufacture of soap and other cleaning compounds		
33543	Manufacture of beauty products		
33530	Manufacture of pharmaceuticals, medicinal chemicals, and botanical products	Pharmaceuticals	Pharmaceuticals
33592	Manufacture of explosives and pyrotechnic products	Explosives	Explosives and
11600	Production of organic fertilizer	Fertilizers	Fertilizers
33420	Manufacture of fertilizers and nitrogen compounds		
33421	Manufacture of raw materials and chemical compounds used in agriculture		
33502	Manufacture, sale and/or distribution of diversified speciality chemicals for industrial use	Speciality Chemicals	Speciality Chemicals and Surface Coatings
36400	Manufacture of accumulators, primary cells, and primary batteries		
33520	Manufacture of paints, varnishes and similar coatings, printing ink and mastics	Surface Coatings	
39005	Powder coating		
34110	Manufacture of glass and glass products	Glass	Glass
34112	Manufacture of glass containers, glass kitchenware and tableware, scientific and laboratory glassware, clock and watch glasses, and other glass products		

In 2021/22, 2 905 companies paid skills development levies to CHIETA. This was an increase of 75 from the previous financial year. This increase can mainly be attributed to very small companies that started to pay the SDL – possibly due to their payrolls exceeding the levy threshold of R500 000 per year - and companies transferring to CHIETA from other SETAs. The petroleum subsector contributed 41 per cent of the levies paid in 2021/22 although companies in this subsector only comprised 18 per cent of the total number of levy-paying companies in the chemicals industry (Figure 1-1). The reason for this is the presence of a few very large companies in this subsector.

The employers/entities in the sector include a few strategic state-owned companies. These companies play key roles in government strategies to stimulate the local economy. The majority (57 per cent) of the companies in the chemicals industry are classified as either micro or small, 24 per cent are categorised as medium and 19 per cent as large. The high prevalence of micro and small companies in the sector has major implications for the nature of the support which the CHIETA is required to provide to workplaces in relation to skills development.

Figure 1-1: Subsectoral distribution of levy-paying organisations and levy amounts paid: 2021/22



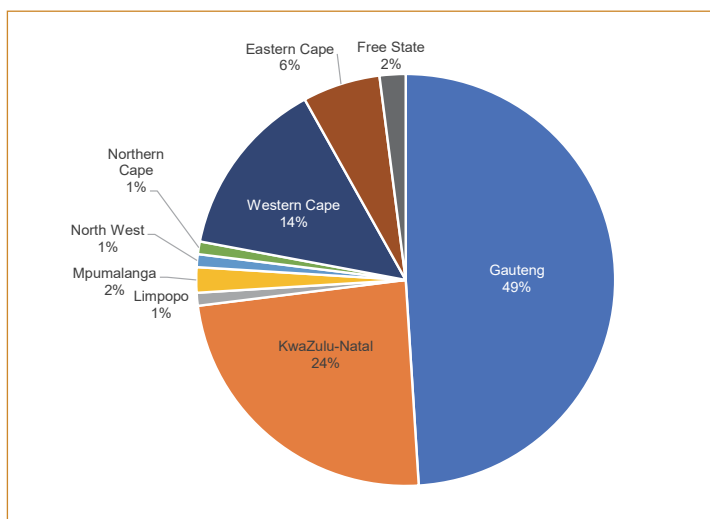
*Note: Due to rounding, percentages do not necessarily add up to 100.
Source: CHIETA's data system, extracted in June 2022¹*

Figure 1-2 shows that almost half of the companies that paid levies to CHIETA in 2021/22 were in Gauteng, followed by KwaZulu-Natal, the Western Cape, and the Eastern Cape. The rest of the provinces had around 1 per cent of companies. The companies in the Chemicals Industry are mostly located in urban areas.

¹ This categorisation is based on a combined methodology of employment size as well as the levy amounts paid by organisations in the sector. Micro organisations paid less than R10 000 or have less than 10 employees, small organisations between R10 000 and R99 999 or 10 to 49 employees, medium organisations between R100 000 and R999 999 or 50 to 149 employees, and large organisations paid R 1 mil and above or 150 and above employees or more.

PERFORMANCE INFORMATION

Figure 1-2: Provincial distribution of levy-paying organisations 2021/22



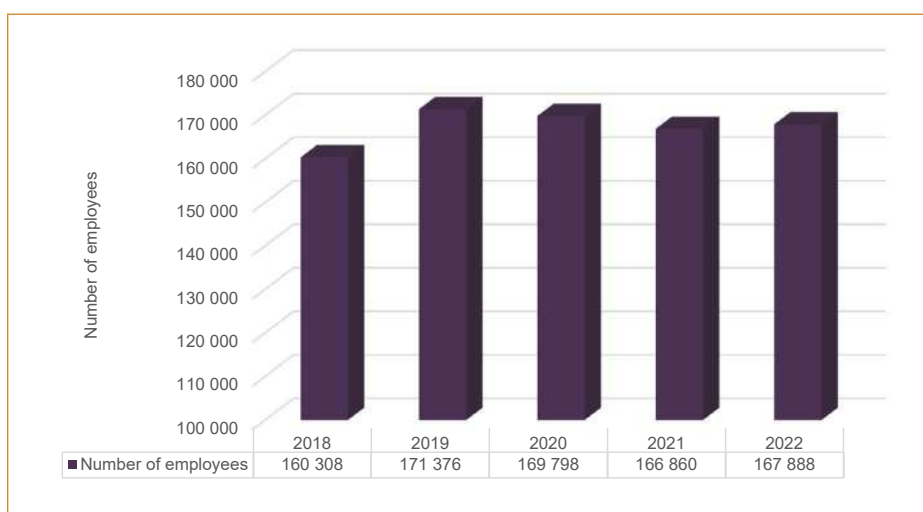
Source: CHIETA's source data system, June 2022
Note: Due to rounding, percentages do not necessarily add up to 100.

LABOUR MARKET PROFILE

EMPLOYMENT IN THE SECTOR

Estimates of total employment in the Chemicals Industry from 2018 to 2022 are shown in Figure 1-3. In 2022, employment increased by 1 028 from the previous year to estimated employment of 167 888. This affected the employment trajectory to a 1.2% annual average growth rate over the total period.

Figure 1-3: Estimate of total employment in the Chemical Industry: 2018 – 2022



Source: CHIETA source-data system June 2022

In 2022, the Petroleum Subsector employed the largest contingent of workers in the Chemicals Industry, representing about 24% of the total workforce. The Base Chemicals Subsector is the second largest subsector with 18%, followed by Pharmaceuticals (15%), Speciality Chemicals, FMCG (13%), Glass and Surface Coatings (5%) and Fertilizers (4%). The Explosives Subsector employs the lowest number of workers (3%).

PROVINCIAL DISTRIBUTION OF EMPLOYEES

Table 1-2: Provincial distribution of employees: 2018 – 2022

Province	2018	2019	2020	2021	2022
	%	%	%	%	%
Eastern Cape	7	8	8	5	7
Free State	6	6	6	3	6
Gauteng	42	40	42	50	44
KwaZulu-Natal	18	18	17	18	16
Limpopo	1	1	1	-	1
Mpumalanga	12	12	7	10	12
North West	3	3	3	1	3
Northern Cape	1	1	1	-	1
Western Cape	11	11	15	11	12
Total	100	100	100	100	100

Source: CHIETA source data system, June 2022

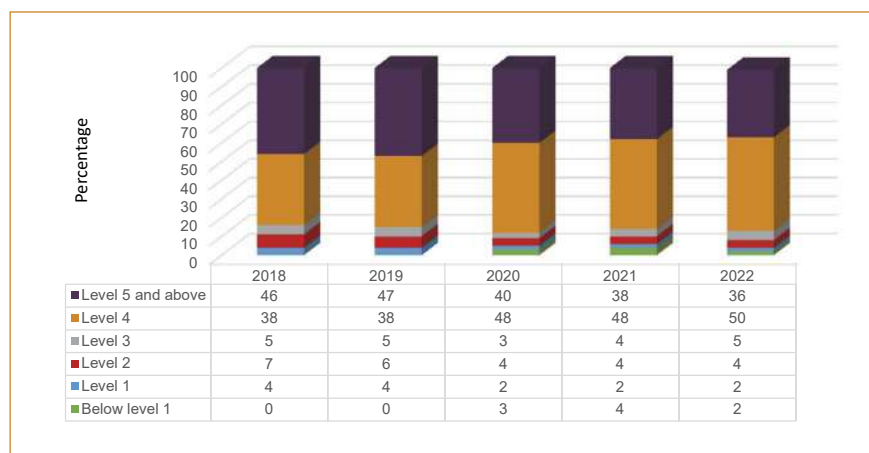
The provincial distribution of employees observed over the period 2018 to 2022 is shown in Table 1-2. In all five years, Gauteng was the province with the largest number of employees followed by KwaZulu-Natal.

PERFORMANCE INFORMATION

EDUCATIONAL QUALIFICATIONS OF EMPLOYEES

The qualification levels of employees in the Chemicals Industry are shown in Figure 1-4. In 2022, 36% of the employees in the sector had post-matric qualifications (National Qualifications Framework (NQF) Level 5 and above), while 50% held qualifications at NQF Level 4.

Figure 1-4: Educational qualifications of employees: 2018–2022



Source: CHIETA source data system, June 2022

OCCUPATIONAL DISTRIBUTION OF EMPLOYEES

Table 1-3 shows that the occupational distribution of employees remained more or less the same over the five years from 2018 to 2022 with the majority as technicians and associate professionals.

Table 1-3: Occupational composition of the chemicals industry: 2018 – 2022

OFO major group	2018		2019		2020		2021		2022	
	N	%	N	%	N	%	N	%	N	%
Managers	18 885	12	18 900	11	20 647	12	20 238	12	20 163	12
Professionals	19 794	12	21 375	12	21 432	13	21 470	13	20 794	12
Technicians and associate professionals	28 017	17	34 668	20	35 373	21	34 036	20	36 647	22
Clerical support workers	16 991	11	17 445	10	16 405	10	15 054	9	14 798	9
Service and sales workers	7 026	4	7 533	4	7 932	5	7 312	4	7 465	4

OFO major group	2018		2019		2020		2021		2022	
	N	%	N	%	N	%	N	%	N	%
Skilled and related trades workers	12 505	8	12 498	7	13 059	8	12 419	7	11 871	7
Plant and machine operators and assemblers	30 949	19	32 131	19	28 172	17	29 077	17	30 286	18
Elementary occupations	24 647	15	25 481	15	25 445	15	25 985	16	24 574	15
Learners	1 346	1	1 341	1	1 332	1	1 269	1	1 289	1
Unknown	148	-	4	-	-	-	-	-	-	-
Total	160 308	100	171 376	100	169 798	100	166 860	100	167 888	100

Source: CHIETA source data system, June 2022

Note: Due to rounding, percentages may not add up to 100.

AGE, POPULATION GROUP AND GENDER DISTRIBUTION OF EMPLOYEES

Table 1-4 shows the age distribution of workers in the Chemicals Industry. The youth make just over a third of the workforce in comparison to 7% of those approaching retirement. The youth are in various occupations with the top five being Chemical Production Machine Operator, Visual Merchandiser, Chemical Plant Worker, Chemical Plant Controller, and Packer (Non-Perishable Products). There is a small number (4%) of workers who continue to offer their knowledge and experience to the Chemicals Industry after retirement age.

Table 1-4: Age distribution of workers in the Chemicals Industry: 2018 – 2022

Age	2018		2019		2020		2021		2022	
	N	%	N	%	N	%	N	%	N	%
<35	61 648	38	64 805	38	63 038	37	58 485	35	50 287	30
36–54	78 472	49	85 313	50	86 248	51	87 588	52	100 170	60
55–59	11 414	7	12 105	7	11 406	7	11 628	7	10 913	7
60+	8 774	5	9 153	5	9 106	5	9 159	5	6 518	4
Total	160 308	100	171 376	100	169 798	100	166 860	100	167 888	100

Source: CHIETA source data system, June 2022

Note: Due to the rounding percentages may not add up to 100.

PERFORMANCE INFORMATION

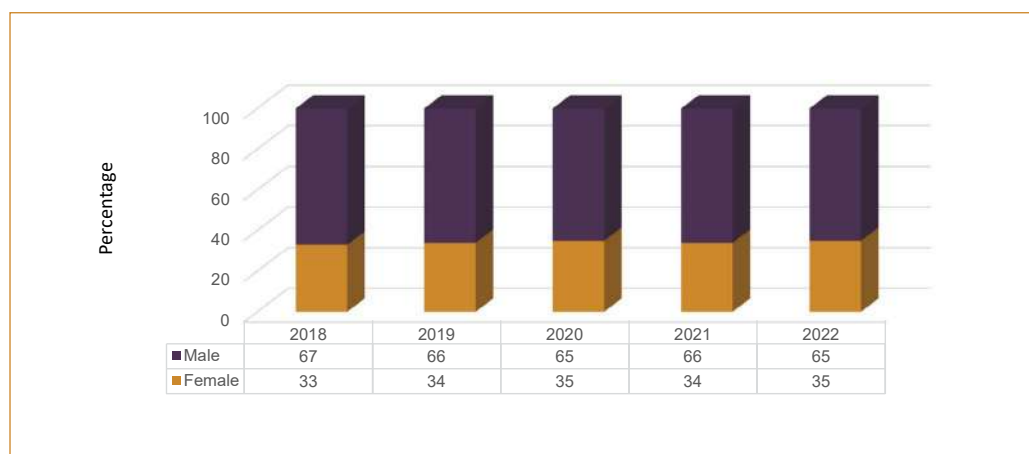
Monitoring of the population group and the gender distribution of employees is important to keep track of employment transformation in the sector. Figure 1-5 shows that the percentage of whites decreased from 23% in 2018 to 19% in 2022, while Africans' share in employment increased from 59% in 2018 to 63% in 2022. Indians' employment percentage remained the same from 2018 to 2022 and coloured's percentage decreased slightly in 2022 from 2021.

Figure 1-5: Population group composition of employees in the Chemicals Industry: 2018 – 2022



Source: CHIETA's source data system, June 2022

Figure 1-6: Gender composition of employees in the Chemical Industry: 2018 – 2022



Source: CHIETA source data system, June 2022

PEOPLE WITH DISABILITIES

Table 1-5 contains a profile of workers with disabilities according to population group, gender, and age. The proportion of workers with disabilities over the 2018 to 2022 period has been around 1%. In 2022, there was a 1.2% increase in workers with disabilities employed in the sector. Females only form approximately a third (35%) of the total workforce, but they constitute close to half (49%) of the workers with disabilities.

Table 1-5: Workers with disabilities according to population group, gender, and age: 2018 – 2022

Disabled workers		2018		2019		2020		2021		2022	
		%	No	%	No	%	No	%	N	%	%
Population group	African	875	56	853	56	1 032	58	1 103	63	1 251	63
	Coloured	203	13	223	14	231	13	218	12	193	10
	Indian	113	7	113	7	126	7	103	6	123	6
	White	365	23	343	22	406	23	318	18	405	21
	Total	1 557	100	1 541	100	1 795	100	1 742	100	1 971	100
		N	%	N	%	N	%	N	%	N	%
Gender	Female	664	43	668	43	785	44	809	46	965	49
	Male	893	57	873	57	1 011	56	933	54	1 006	51
	Total	1 557	100	1 541	100	1 795	100	1 742	100	1 971	100
		N	%	N	%	N	%	N	%	N	%
Age	16–34	552	35	510	33	571	32	739	42	847	43
	35–54	711	46	721	47	855	48	688	40	797	40
	55–59	174	11	193	13	192	11	176	10	202	10
	60–64	101	7	94	6	152	8	108	6	97	5
	60+	19	1	23	1	25	1	31	2	28	1
	Total	1 557	100	1 541	100	1 795	100	1 742	100	1 971	100
Percentage of total employment			1.0		0.9		1.1		1.0		1.2

Source: CHIETA data system, June 2022

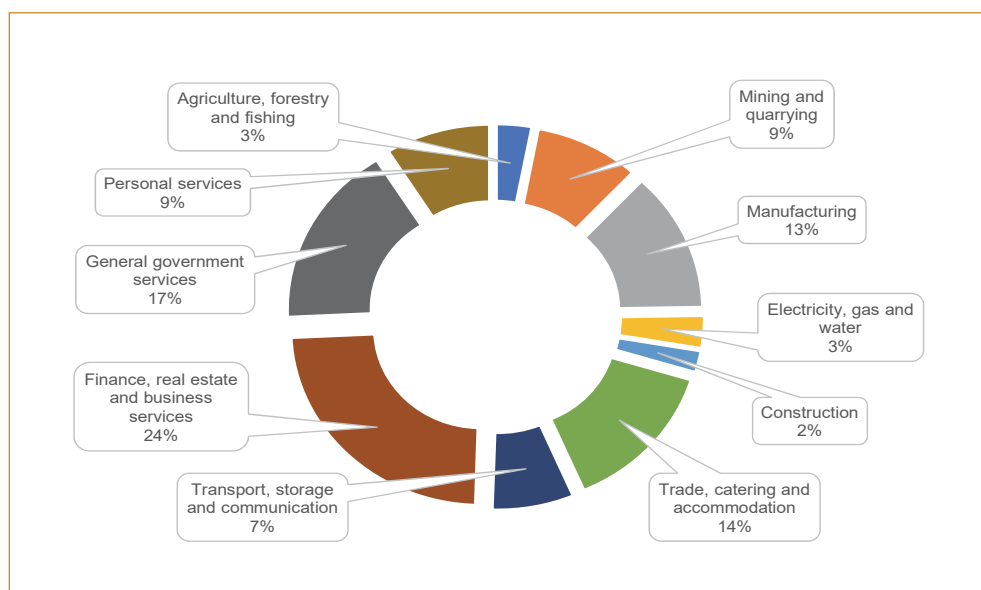
Note: Percentage figures have been rounded off to get to 100% totals.

PERFORMANCE INFORMATION

ECONOMIC PERFORMANCE

Figure 1-7 shows a comparison of South African industries' contribution to the gross domestic product (GDP) by looking at GVA at basic prices. In 2021, the Manufacturing Industry was the fourth-largest contributor to GDP. The largest contributor was the Finance, Real Estate and Business Services Industry.

Figure 1-7: Industries' share of GDP in 2021



Source: Statistics South Africa, 2021

In 2021, the Chemicals Industry contributed 3.0% to the total economy and 23% of total manufacturing GVA at basic prices. The Coke and Refined Petroleum Products Subsector contributed 1.5% and the Other Chemicals and Man-made Fibres Subsector contributed 0.4%. The industry was responsible for 18.7% of the country's imports. The Coke and Refined Petroleum Products Subsector was responsible for 8.1% of imports and the Other Chemicals and Man-made Fibres Subsector was responsible for 4.6%. At the same time, the Chemicals Industry contributed 7.6% to the country's exports.

The Chemicals Industry is capital intensive. In 2021, it accounted for 4.0% of the gross fixed capital formation, while contributing only 1.4% of total formal employment and 1.0% of total informal employment in the country, consisting mainly of high-level skills.

Table 1-6: The chemicals industry's contribution to the South African economy: 2021

Subsector	Gross value added	Imports	Exports	Gross fixed capital formation	Employment formal	Employment informal
Coke and Refined Petroleum Products	1.5%	8.1%	1.7%	1.7	0.2%	0.1%
Base Chemicals	1.5%	4.9%	3.2%	1.0	0.2%	0.1%
Other Chemicals and Man-made Fibres	0.4%	4.6%	2.3%	0.4	0.5%	0.3%
Glass and Glass Products	0.8%	0.3%	0.1%	0.4	0.1%	0.0%
Non-metallic Minerals	0.1%	0.8%	0.3%	0.5	0.4%	0.4%
Total Petroleum, Chemicals and Glass	4.3%	18.7%	7.6%	4.00	1.4%	1.0%

Source: Quantec 2022

THE DEMAND FOR SKILLS IN THE INDUSTRY

The skills requirements of the Chemical Industry have changed gradually over the last few decades. While the demand for low skilled and semi-skilled workers declined, the need for skilled workers has increased. The chemical sector employs people in 772 different occupations. The largest major group occupation was technicians and associate professionals (36 647), followed by plant and machine operators and assemblers (30 286), elementary occupations (24 574), professionals (20 794), managers (20 163), and clerical support workers (14 798). The rest were in occupations that made less than 9 per cent of the total employment respectively. These were skilled and related trades workers (11 871) and service and sales workers (7 465). Learners made up 1 per cent of the total employment.

THE SUPPLY OF SKILLS TO THE INDUSTRY

The supply of skills is split into two categories, namely new and current. New supply emanates from the output of basic education (TVET colleges and HET institutions) whereas current supply is sourced from the development of skills among those that are already employed in the chemical sector as well as people unemployed but available to work in the industry.

In respect of the new supply to the industry the growth rate is insufficient to meet the needs of the national economy in general, and the Chemical Industry in particular. To ensure future growth, it will be necessary to support higher education institutions through a variety of initiatives such as:

- Bridging programmes to promote access and success
- Increased physical and teaching resources to engineering departments
- Programmes that promote workplace training opportunities for students from the universities of technology.

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The output from the school system in terms of quantity and quality remains a concern, specifically with regard to school leavers with mathematics and physical science passes becoming engineers, technologists and technicians (at HET level) and artisans (at TVET level). Education levels of the general workforce who enter the chemical sector without previous training are also inadequate. The supply of newly skilled workers from TVET colleges into the Chemical Industry has traditionally been very limited; however, government's focus on increasing both the quality and quantity of output from these colleges may result in these institutions playing a more significant role in the supply of skills to the industry.

Current supply includes people who are currently employed in addition to those who are unemployed but are available for work. The training and development of the current workforce forms a critical aspect of skills supply and in the annual training reports (ATR) submitted to CHIETA. Employers reported that approximately over half of the employees in the Chemical Industry had received training in 2021.

Since its inception, the CHIETA has developed many interventions and mechanisms to address the skills needs of the industry and to overcome skills shortages. The skills development priorities and plans for the coming five years build on the work carried out in previous years. The CHIETA interventions span the full skills development pipeline and include:

- Interventions at school level, particularly in respect of mathematics and science teaching
- Support for TVET colleges
- Support for and co-operation with higher education and training institutions
- Artisan development
- Qualification development
- Quality assurance
- Institutes or centres for training excellence
- Chamber-specific responses to skills needs
- Partnerships with government departments
- Provincial engagements
- Support for rural learners
- Support for small and micro enterprises
- Recognition of prior learning and PIVOTAL programmes to address critical skills needs

The CHIETA has also made good progress in the development of a credible mechanism for skills planning. The skills planning processes in the industry include:

- various research projects
- the collection of WSP/ATR data according to individual employee records using CHIETA's source data platform.

The in-depth analysis of this data has yielded excellent time series data that is giving the CHIETA an opportunity to analyse trends and impacts a partnerships conference with the aim of expanding and deepening partnerships for the continued impactful skills development interventions for the Chemical Industry.

THE SKILLS NEEDS OF THE INDUSTRY

It is important for the CHIETA to monitor mismatches in the sectoral labour market on a continual basis by communicating with employers about the experiences with recruitment and finding the skills that they require. The annual mandatory grant applications (WSPs) provide the SETA with the opportunity to obtain this kind of information from employers across the whole sector in a systematic and consistent manner. For this reason, the grant applications include a table regarding hard to fill vacancies (HTFV) that employers need to complete. The methodology used in compiling the HFTV list is described in the research methodology section at the beginning of the SSP. As part of their WSP submissions, employers report on occupations for which they have difficulties finding suitable candidates and the number of vacancies that they find hard to fill.

In the WSPs submitted in March 2022, 23 per cent of employers reported that they experienced occupational shortages in that they could not find suitable people to fill positions in their organisations. The total number of vacancies reported was 3 042 equating to 2.0 per cent of the total number of positions in the industry.

The total number of HTFVs reported in the period 2018 to 2022 is shown in Table 1-7. The total number of vacancies increased by 1 per cent 2021 and 2022. The number of professional vacancies increased from 2021 to 2022 by 382. The number of vacancies for skilled craft and related trades workers increased in 2022 by 379 and the number of vacancies for elementary occupations decreased by 12. On the right-hand side of the table the HTFVs are expressed as a percentage of the total number of positions in the occupational group. The percentage vacancies for managers increased from 1 per cent in 2021 to 1.5 per cent in 2022. The vacancies for professionals increased from 1.2 per cent in 2021 to 3.1 per cent in 2021. The vacancy rate for skilled craft and related trades workers (mostly artisans) increased from 2.0 per cent in 2021 to 5.4 per cent in 2022.

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Table 1-7 Hard to fill vacancies reported by employers: 2018 - 2022

OFO major group	Number of vacancies					Vacancies as % of positions *				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Managers	468	338	213	189	296	2.4	1.8	1.0	1.0	1.5
Professionals	946	476	569	262	644	4.6	2.2	2.6	1.2	3.1
Technicians and associate professionals	512	326	395	229	1 282	1.8	0.9	1.1	0.7	3.5
Clerical support workers	89	62	91	33	109	0.5	0.4	0.6	0.2	0.7
Service and sales workers	202	87	101	44	35	2.8	1.1	1.3	0.6	0.5
Skilled and related trades workers	838	681	592	259	638	6.3	5.2	4.3	2.0	5.4
Plant and machine operators and assemblers	348	253	174	119	27	1.1	0.8	0.6	0.4	0.1
Elementary occupations	129	40	173	22	10	0.5	0.2	0.7	0.1	-
Total	3 552	2 263	2 312	1 156	3 042	2.2	1.3	1.3	0.8	1.8

**Note: The total number of positions is determined by the total employment plus the number of hard to fill vacancies reported.*

Source: CHIETA data system, June 2022

Although employers identified a total of 204 occupations in which they experienced hard to fill vacancies, the overall impression is that the Chemical Industry is currently not experiencing major occupational shortages. Occupational shortages are, however, experienced at the specialisation level within key occupations and in certain cases non-specialised occupations that require a certain level of experience. To prioritise the skills that are in short supply in the industry, a shortened list of hard to fill vacancies was developed.

Skills shortages were reported across all occupational categories, with subsectors common skills needs being:

- Management (financial resources, material resources, personnel resources)
- Complex problem solving
- System skills (determining how a system should work and how changes in conditions, operations, and the environment will affect outcomes)
- Coordination, negotiation, service orientation, negotiation, and management of personnel resources
- Trouble shooting and operation analysis
- Coordination and persuasion
- Operations (control, monitoring, and analysis)
- Learning strategies

- Critical thinking and monitoring
- Quality control analysis and equipment maintenance
- Equipment maintenance
- Mathematics

The industry has to compete for some of these skills with other sectors within manufacturing and is also affected by national skills shortages. Apart from skills shortages, other skills need to be addressed, including several cross-cutting and general skills (critical skills), many of which involve large portions of the existing workforce. These skills include:

- Core chemical skills including specialist/contextual knowledge, artisan, and management development particularly in relation to historically disadvantaged individuals (HDIs)
- Professional skills
- Environmental skills
- Health and safety
- Foundational learning
- Recognition of prior learning
- New and emerging skills
- New technology and research

It is important that the CHIETA and industry work together in solving the skills challenges of the industry. The CHIETA continues to support the development of artisanal and other skills related to the occupations identified for SIPS.

2. ORGANISATIONAL PERFORMANCE REPORT FOR 2021/22

1. BACKGROUND

The Executive Authority approved on the recommendation of the CHIETA Accounting Authority (Governing Board) the CHIETA Strategic Plan and 2021/22 Annual Performance Plan with clear performance targets defined into four specific Strategic Performance Programmes. In terms of governance and organisational performance management principles, CHIETA Management reports quarterly to the CHIETA Governing Board on the actual organisational performance against pre-determined targets to assist the Governing Board in discharging its oversight function in a responsible and pro-active manner. CHIETA has achieved an unqualified audit outcome on its performance information for the 2021/22 financial year from the AGSA.

2. ORGANISATIONAL PERFORMANCE REPORT

The performance report is structured in direct correlation with the approved Annual Performance Plan (APP) 2021/22. The report reflects four Strategic Performance Programmes with relevant performance indicators and performance targets within each Performance Programme. The CHIETA Organisational Performance Report has reports on the actual performance of **78 performance indicators**.

The detailed performance dashboard following this narrative indicates the status of each performance programme, indicator and annual target in the CHIETA APP 2021/22.

The detailed performance dashboard 2021/22 indicates actual performance against pre-determined targets on the undermentioned robot dashboard system namely:

2.1 An **amber robot** indicates movement on actual performance but is still below the annual target.

2.2 A **green robot** indicates achievement or the exceeding of the annual target.

Explanatory comments are also provided in the detailed performance dashboard against each reported performance indicator/target to provide further context to the reported organisational performance information.

All four Strategic Performance Programmes are in a  baseline status.

The CHIETA performed well in 2021/22 with an **overall CHIETA baseline achievement rate of 123 per cent over the four Strategic Performance Programmes.**






ANALYSIS OF LEARNERS PARTICIPATING IN LEARNING PROGRAMMES

A total of **18 322** learners participated in all learning programmes in 2021/22 demarcated as follows namely:

Demarcation / profile of learners	Total	%
Total employed learners	6 237	34%
Total unemployed learners	12 085	66%
Total number of male learners	11 180	61%
Total number of female learners	7 142	39%
Total number of youth	9 889	54%
TVET college learners	4 039	22%
Learners from rural districts	11 537	63%
SMMES supported	405	N/A
NGOs/CBOs and Coops	104	N/A

The table below provides an overview of the baseline status of the CHIETA Strategic Performance Programmes for 2021/22.

CHIETA Strategic programmes baseline performance dashboard comparative

Programme number	Strategic programme	Target 2021/22	Actual achievement 2020/21	Actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/22	Percentage achieved	Status 2021/22
Programme 1	Administration	31	44	50	19	161%	
Programme 2	Research and skills planning	632	845	662	30	105%	
Programme 3	Occupationally directed programme	15 390	8 366	18 798	3 408	122%	
Programme 4	ETQA	469	558	886	417	189%	
Total CHIETA baseline achievement		16 522	9 813	20 396	3 874	123%	



Green indicates actual achievement or performance exceeding the annual target.

PERFORMANCE INFORMATION

3. DETAILED STRATEGIC PROGRAMME PERSPECTIVE

PROGRAMME 1: ADMINISTRATION

This programme focuses on sound governance, risk and financial management in support of the execution of the CHIETA's skills development mandate in an accountable, ethical and transparent manner. Effective governance oversight from the CHIETA Accounting Authority impacted positively on the achievement of the targets, not only for this programme but on all four Performance Programmes of CHIETA. CHIETA achieved an unqualified audit opinion from the AGSA. The adjusted CHIETA Admin Budget has also been approved by the Minister of Higher Education, Science and Technology to deviate from the 10.5 per cent legislative administrative threshold and CHIETA sustained an effective Organisational Wide Risk Management Framework to pro-actively mitigate organisational risks preventing CHIETA from achieving its contracted organisational performance deliverables.

The CHIETA conducts risk assessments (both strategic and operational) on an ongoing basis to identify new and emerging risks that may impact negatively on service delivery capacity and the realisation of pre-determined objectives. These risks are monitored frequently to ensure the effective implementation of associated risk mitigation strategies.

The status of the programme is  **with a baseline achievement of 161 per cent.**

PROGRAMME 2: RESEARCH AND SKILLS PLANNING

This programme reports on performance indicators relating to specific research and skills planning interventions in support of the CHIETA SSP, track and trace system, research reports, industry and institutional research partnerships and one impact study as part of the Research and Skills Planning Agenda approved by the Accounting Authority. The following deliverables are highlighted under this programme namely:

- Three Research Reports inclusive of Research Partnerships formed:
- CHIETA partnered with research service providers focusing on the key strategic areas in line with the CHIETA Research and Skills Planning Agenda on Hydrogen Economy in SA, Green and Sustainable Chemistry and Retrenchments in the Chemical Sector
- One sector research agreement signed for TVET growth occupationally directed programmes focusing on capacitating TVET college lecturers with 4IR skills
- One research report on the emergent cooperatives and their skills needs
- One research report identifying the skills needs of small and emerging enterprises focusing on SMMEs and Start-Up Businesses
- One impact study to measure CHIETA's effectiveness focusing on WIL (Work Integrated Learning) within the chemical industries sector

This programme is currently in a  **status with a baseline achievement of 105 per cent.**

PROGRAMME 3: OCCUPATIONALLY DIRECTED PROGRAMMES

This programme reflects primarily the DHET skills education and training management system (SETMIS) / SETA quarterly monitoring report (SQMR) targets that CHIETA reports quarterly to the DHET. This is the largest CHIETA programme with recurring quarterly targets. This programme is designed to provide optimal access and delivery on occupationally directed programmes that will contribute to the production of high-level, intermediate, and elementary priority skills in support of the Chemical Industry and the entire skills development pipeline.

Recognising skills development as an essential enabler in support of the ERRP announced by the President of South Africa, the Department of Higher Education and Training has developed the ERRP Skills Strategy. In support, and as directed by the Minister of Higher Education, Science and Innovation, all SETAs were requested, as a collective, to support this strategic initiative by also focusing on the key developmental and occupational areas of the ERRP Skills Strategy.


The performance focus areas of this programme are categorised for employed and unemployed learners entered and certified in the following indicators:

- Learnerships
- Bursaries
- Internships
- Skills programmes
- Artisan development
- Centres of specialisation
- Candidacy programmes
- Recognition of prior learning
- TVET college / university programmes
- TVET and CET College Lectures support
- Support to CHIETA trade unions / worker initiated training programmes
- Youth and adult language numeracy skills
- Support to coops, small enterprises, NGOs, CBCs and CBOs
- Career and vocational guidance
- Medium term government strategic priorities and rural development projects
- Maintaining and operationalising the two CHIETA TVET college offices
- Entrepreneurial skills development for SMMEs
- Continuing support to science, technology, engineering and maths students (STEM)

Programme 3 also reports on SETA Funded Targets and Sector Funded Targets. The SETA Funded Targets are funded directly from the Discretionary Grant allocations and the Sector Funded Targets are Discretionary Grants allocated to the ETQA budget for ETQA quality assurance activities required by Skills Development Legislation with regard to specifically the learnerships and artisan targets.

The programme is currently in a  **status with a baseline achievement of 122 per cent.**

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The undermentioned five (5) indicators are in a  status within Programme three (3).

Indicators	Root causes
Employed learnerships entered	There was a lower intake from the industry due to Covid-19 workplace regulations, job losses and production constraints. Employers and employees chose to pursue unstructured learning programmes than a 12-month structured learnership.
Employed learnerships certificated	The Covid-19 workplace regulations, job losses and production constraints had a negative impact on the certification of learnerships and delayed the process of certification.
Employed bursaries complete their studies	Learners could not complete their qualifications timeously due to Covid-19 lockdown regulations.
Learners are certificated on completion of their Work Integrated Learning (HET) programmes	Learners could not complete their WIL timeously due to Covid-19 lockdown regulations.
Unemployed learners are certificated on completion of internships/workplace experience programmes	Learners could not complete their WIL / Workplace Experience timeously due to Covid-19 lockdown regulations.

PROGRAMME 4: ETQA

This programme focuses on workplace approvals, skills development provider programmes, registration of assessors and moderators, Assessment Sites approved, EISA tools to be developed and the review of qualifications and skills programmes that are developed.

The status of the programme is in a  status with a baseline achievement of 189 per cent.

CONCLUSION

In conclusion, CHIETA has performed well by **achieving 94 per cent** of its pre-determined Annual Organisational Performance Targets contracted with the Executive Authority in the approved CHIETA Strategic Plan and Annual Performance Plan for 2021/22. The CHIETA CEO, Management and staff want to place on record their sincere appreciation to the Executive Authority, Department of Higher Education and Training, CHIETA Accounting Authority, Accounting Authority Committees (with special reference to the Governance and Strategy and Audit and Risk Committees), Employers and Stakeholders for the assistance, leadership, and support during 2021/22 in contributing to the achievement of the CHIETA's organisational performance targets.





Programme 1: Administration										
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status 2020/21	Reasons for deviations
Sustaining and continually improve the culture of good corporate governance within CHIETA	CHIETA aligned to the key principles of Corporate Governance	1.1 Maintaining an unqualified audit report at the end of the financial year 2021/22	1	1	1	1	-	100%	😊	Target achieved
		1.2 Ensuring the effective functioning of the CHIETA 5 Governance and Constitutional structures	27	37	24	44	20	183%	😊	Target exceeded as per scheduled Governance Meetings and engagements. Special Governing Board and EXCO Meetings were arranged to further strengthen Governance oversight on key organisational areas

PERFORMANCE INFORMATION

Programme 1: Administration		Outcome	Output	Output Indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual 2021/2022	Percentage achieved	Status 2020/21	Reasons for deviations
				1.3 Ensuring the planned CHIETA annual admin budget not to exceed 10.5%	1	1	1	0	-1	0%	😊	Pending final audit report from the AGSA and based on the approval provided by the Executive Authority for CHIETA to deviate from the CHIETA 10.5% administrative legislative threshold
				1.4 Effective Functioning of CHIETA Risk Management Framework: One Framework	1	1	1	1	-	100%	😊	No deviation. Target achieved
				1.5 Providing 4 Governance Charter Reports	4	4	4	4	-	100%	😊	No deviation. Target achieved
				Baseline	34	44	31	50	19	161%	😊	Baseline target exceeded

Programme 2: Research and skills planning										
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual 2021/2022	Percentage achieved	Status 2020/21	Reasons for deviations
Resource ratios allocated for high, intermediate and elementary skills levels supported and focused targets for priority occupations, qualifications, and improved enrolment and completion	A credible institutional mechanism for research and skills planning	2.1 Providing annual WSP and ATR analysis and reporting	1	1	1	1	-	100%	😊	No deviation. Target achieved
		2.2 A total of 3 Research Reports inclusive of Research partnerships formed	6	2	3	3	-	100%	😊	No deviation. Target achieved
		2.3 Updating and maintaining of the nine Sub Sector Chamber Skills Plans	9	9	9	9	-	100%	😊	No deviation. Target achieved
		2.4 Number of learners in employment (Artisans) Tracer Study	1	1	1	1	-	100%	😊	No deviation. Target achieved
		2.5 The SSP is well researched for providing a credible institutional mechanisms for skills planning	1	1	1	1	-	100%	😊	No deviation. Target achieved

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Programme 2: Research and skills planning										
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual 2021/2022	Percentage achieved	Status 2020/21	Reasons for deviations
		2.6 Funding support to industry and university partnerships	4	-	3	4	1	133%		Target exceeded. Positive response received from stakeholders on the Research and Skills Planning Funding Window
		2.7 Number of sector research agreements signed for TVET growth occupationally directed programmes	-	-	1	1	-	100%		No deviation. Target achieved
		2.8 SETAs identify in their skills planning research, established and emergent cooperative and their skills needs	-	-	1	1	-	100%		No deviation. Target achieved
		2.9 SETAs through their skills planning research, identify skills needs of small and emerging enterprises	-	1	1	1	-	100%		No deviation. Target achieved

Programme 2: Research and skills planning										
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual 2021/2022	Percentage achieved	Status 2020/21	Reasons for deviations
		2.10 The number of WSPs from Large Firms	129	120	120	134	14	112%	😊	Target exceeded through the CHIETA Regional Skills Forums and marketing of CHIETA services contributing to good participation from large firms
		2.11 The number of WSPs from Medium Firms	245	170	170	170	-	100%	😊	No deviation. Target achieved
		2.12 The number of WSPs from Small Firms	439	320	320	335	15	105%	😊	Target exceeded
		2.13 One impact study to measure CHIETA's effectiveness	1	1	1	1	-	100%	😊	No deviation. Target achieved
		Baseline	836	626	632	662	30	105%	😊	Baseline target exceeded

PERFORMANCE INFORMATION

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations
Learning programme support for increased access for high and intermediate skills	Increased access and delivery on occupationally directed programmes	3.1	Percentage of discretionary grant budget allocated at developing high level skills	62%	62%	62%	-	62%	83%	83%	21%	134%	😊	Target exceeded. This was a result of the Budget Adjustment as approved by DHET
		3.2	Percentage of discretionary grant budget allocated at developing intermediate skills	37%	37%	37%	-	37%	52%	52%	15%	141%	😊	Target exceeded. This was a result of the Budget Adjustment as approved by DHET
		3.3	Percentage of discretionary grant budget allocated at developing elementary level skills	1%	1%	1%	-	1%	1%	1%	-	100%	😊	Target achieved
		3.4	200 Learners to be trained on entrepreneurial skills	-	40	200	-	200	206	206	6	103%	😊	Target exceeded

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations
		3.5 Enrolling 1500 Employed learners to enter learnership programmes (Non Artisan)	1 150	574	1 400	100	1 500	331	348	679	-821	45%	⚠️	Target not achieved. There was a lower intake from industry due to Covid-19 workplace regulations, job losses and production constraints. Workers chose to pursue unstructured learning programmes than a 12-month structured learnership
		3.6 Employed learners are certificated on learnership programmes (non-artisan)	509	415	700	50	750	65	352	417	-333	56%	⚠️	Target not achieved. The certification pipeline was insufficient

PERFORMANCE INFORMATION

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations
		3.7 Enrolling Employed bursary holders	109	24	50	-	50	75	-	75	25	150%	😊	Target exceeded due to greater participation from Employers insupporting their employees
		Continuing employed bursaries	-	38	51	-	51	75	-	75	24	147%	😊	Target exceeded due to greater participation from Employers for continuation of bursary support to employees
		3.8 Employed bursaries complete their studies	50	16	45	-	45	14	-	14	-31	31%	😊	Target not achieved. Learners could not complete their qualifications timeously due to Covid-19

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations
		3.9 Enrolling 1000 Employed learners on Skills Programmes	2 260	339	1 000	-	1 000	1 133	-	1 133	133	113%	🟡	Target exceeded due to positive responses from Industry/employers in CHIETA DGs Funding windows
		3.10 Employed learners are certificated on skills Programmes	1 020	241	500	-	500	1 083	-	1 083	583	217%	🟢	Annual target exceeded. Employers were able to certificate more of their employees through the accelerated ETQA certification processes

PERFORMANCE INFORMATION

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations
		3.11 Enrolling 620 Artisan programmes	1740	940	536	84	620	794	612	1406	786	227%	😊	Annual target exceeded due to the clearing of backlog of learners from Training Providers on artisan programmes primarily caused by Covid 19
		Enrolling 120 continuing learners on Artisan programmes for Centres of Specialisation	140	140	120	-	120	120	-	120	-	100%	😊	No deviation. Target achieved
		Enrolling 120 new learners on Artisan programmes for Centres of Specialisation (Second Cohort)	-	-	120	-	120	120	-	120	-	100%	😊	No deviation. Target achieved

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations
		3.12 413 learners are certified on completion of their Artisan qualifications	675	570	413	-	413	1272	-	1272	859	308%	😊	Annual target exceeded. This was due to the QCTO Acceleration of the certification process on artisans
		3.13 Enrolling Unemployed Bursary Holders	65	30	100	-	100	161	-	161	61	161%	😊	Target exceeded. This was due to the CHIETA support to the Lesedi Student Fund
		486 Continuing unemployed bursaries	-	444	486	-	486	549	-	549	63	113%	😊	Target exceeded. This was due to the CHIETA support to the Lesedi Student Fund which was a Ministerial priority

PERFORMANCE INFORMATION

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual	Percentage achieved	Status	Reasons for deviations
		3.14 Unemployed bursary holders are certificated on completion of their qualifications	35	34	40	-	40	168	-	168	128	420%	😊	Target exceeded. This was due to the CHIETA support to the Lesedi Student Fund which was a Ministerial priority
		3.15 Enrolling learners on RPL	605	78	250	-	250	394	-	394	144	158%	😊	Target exceeded due to the need from the Chemical Industry to prioritise RPL in the sector
		3.16 Learners are certificated on RPL	-	47	125	-	125	729	-	729	604	583%	😊	Target exceeded due to the need from the Chemical Industry to prioritise RPL in the sector

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations
		3.17 Number of SETA/ Employer partnerships established	145	85	85	-	85	85	-	85	-	100%	😊	No deviation. Target achieved
		3.18 Enrolling learners on Work Integrated Learning (HET) programmes	107	62	200	-	200	210	-	210	10	105%	😊	Annual target exceeded
		3.19 HET learners are certificated on completion of their Work Integrated Learning (WIL) programmes	50	105	100	-	100	32	-	32	-68	32%	😞	Target not achieved. Learners could not complete their WIL timeously due to Covid-19
		3.20 Enrolling unemployed learners to enter internships / workplace experience programmes	695	-	500	-	500	530	-	530	30	106%	😊	Target exceeded

PERFORMANCE INFORMATION

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations
		3.21	Unemployed learners are certificated on completion of internships / workplace experience programmes	345	-	250	-	250	87	87	-163	35%	🟡	Target not achieved. Learners could not complete their WIL / Workplace Experience timeously due to Covid-19
		3.22	Enrolling 1000 Unemployed learners on skills programme	1 015	154	1 000	-	1 000	1 008	1 008	8	101%	🟢	Target exceeded
		3.23	Unemployed learners are certificated on skills programmes	506	186	500	-	500	551	551	51	110%	🟢	Target exceeded

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations	
		3.24 Enrolling 2300 Unemployed learners to enter Learnships programmes (Non artisan)	3 032	1 958	1 900	400	2 300	1 359	1 118	2 477	177	108%	🟢	Target exceeded
		3.25 Unemployed learners are certificated (Non – Artisan) on Learnship Programmes	1 515	1 175	950	200	1 150	426	1 436	1 862	712	162%	🟢	Target exceeded. Outstanding Learnership agreements rejections were corrected and returned to CHIETA ETQA for certification through CHIETA Regional Offices

PERFORMANCE INFORMATION

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations
		3.26	Enrolling 30 learners on Candidacy programmes	31	22	30	-	30	66	66	36	220%	🟢	Target exceeded. More companies participated in the DG Funding Window for Candidacy Programmes
		3.27	15 learners are certified on Candidacy Programmes for completion after 3 years	16	7	15	-	15	20	20	5	133%	🟢	Target exceeded. A positive throughput rate from employers that were certificated through Engineering Council of SA
		3.28	2 SETA offices established and maintained in TVET colleges	2	2	2	-	2	2	2	0	100%	🟢	No deviation. Target achieved

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations
Improve capacity and quality of planning, support and resourcing of TVET and CET colleges	TVETs/ CETs to be utilised as the training provider of choice	3.29 Number of centres of specialisation supported	4	4	4	-	4	4	-	4	-	100%	😊	No deviation. Target achieved
		3.30 100 TVET lecturers enrolled on skills programmes	82	63	100	-	100	135	135	-	35	135%	😊	Target exceeded due to the increased number of TVETs participating in Skills Programmes for lecturers
		3.31 TVET managers receiving training on curriculum related studies	-	-	-	-	-	-	-	-	-	0%		No target
		3.32 Enrolling TVET College lecturers for bursaries	-	-	50	-	50	50	-	50	-	100%	😊	No deviation. Target achieved

PERFORMANCE INFORMATION

Programme 3: Occupationally directed programme															
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations	
		3.33 TVET College infrastructure development support (Equipment / Workshops)	-	-	50	-	50	55	-	55	-	-	-	No target	
		3.34 CET College lecturers enrolled on skills on skills programmes	-	-	50	-	50	55	-	55	5	110%	😊	Target exceeded	
		3.35 CET College infrastructure development support (Equipment / Workshops)	-	-	-	-	-	-	-	-	-	-	-	No target	
		3.36 CET learners enrolled on AET pro-grammes	-	-	1000	-	1000	1006	-	1006	6	101%	😊	Target exceeded	
		3.37 15 TVET College partnerships established	23	16	15	-	15	15	-	15	-	100%	😊	No deviation. Target achieved	
		3.38 HEI partnerships established	-	-	-	-	-	-	-	-	-	-	-	No target	

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations
		3.39 CET partnerships established	-	-	-	-	-	-	-	-	-	-	No target	
		3.40 TVET students requiring Work Integrated Learning	852	103	500	-	500	759	-	759	259	152%	😊	Target exceeded. A very positive response to CHIETA funding windows from TVET Colleges for WIL
		3.41 TVET students complete their Work Integrated Learning	547	209	250	-	250	256	-	256	6	102%	😊	Target exceeded
Expand worker education through federations/ trade unions to identify skills needs	Number of federation/ trade unions supported	3.42 Worker initiated training interventions are entered	6	2	5	-	5	5	-	5	-	100%	😊	No deviation. Target achieved

PERFORMANCE INFORMATION

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual	Percentage achieved	Status	Reasons for deviations
Establishment of new enterprises and cooperatives and with increased skills development support to entrepreneurial activities in the chemical and related sectors	Work based learning opportunities for Micro, SMMEs and cooperatives in support of growth and sustainability	3.43 Co-ops participating on learning programmes	46	-	50	-	54	54	-	54	4	108%	😊	Target exceeded
		3.44 Small business participating In learning programmes	121	10	75	-	105	105	-	105	30	140%	😊	Target exceeded. This was prioritised as part of the ERRP Skills Strategy
		3.45 NGO/ CBO's/ CBC enrolled on learning programmes	55	-	50	-	50	50	-	50	-	100%	😊	No deviation. Target achieved
		3.46 Learners trained on entrepreneurship supported to start their own business	-	32	100	-	104	104	-	104	4	104%	😊	Target exceeded

Programme 3: Occupationally directed programme															
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations	
Building career and vocational guidance	Prioritised career development services are accessible to learners on occupations of high demand	3.47 Career development event in urban area(4IR)	-	2	2	-	2	2	-	2	-	100%	🟢	No deviation. Target achieved	
		3.48 Career development event in rural area(4IR)	-	1	2	-	2	2	-	2	-	100%	🟢	No deviation. Target achieved	
		3.49 Career Development Practitioners trained	-	-	-	-	-	-	-	-	-	-	-		No target
		3.50 Capacity building workshops on Career Development Services	-	-	-	-	-	-	-	-	-	-	-		No target

PERFORMANCE INFORMATION

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual	Percentage achieved	Status	Reasons for deviations
Increased participation of workers in various learning programmes to address critical skills in the industry and related sectors to transform workplaces, improve productivity and economic growth	Diversity on all collective levels in support of the transformational profile of the Chemical Industry	3.51 Rural Development Projects planned and implemented	12	-	10	-	10	10	-	10	-	100%	😊	No deviation. Target achieved
		3.52 Learners in AET programmes	160	112	250	-	250	250	-	250	-	100%	😊	No deviation. Target achieved

Programme 3: Occupationally directed programme														
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2021/22	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status	Reasons for deviations
		3.53 Learners are certificated in AET programmes	87	86	125	-	125	155	-	155	30	124%	😊	Target exceeded. Positive response to CHIETA DG Funding window and AET Learners completed within the timeframes of their programmes
		3.54 STEM Learner Support	-	-	250	-	250	250	-	250	-	100%	😊	No deviation. Target achieved
		Baseline	17 812	8 366	14 556	834	15 390	14 932	3 866	18 798	3 408	122%	😊	Baseline target exceeded

PERFORMANCE INFORMATION

Programme 4: ETQA										
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual 2021/2022	Percentage achieved	Status 2020/21	Reasons for deviations
Increased access to Workplace-based learning opportunities	Accreditation, registration of Assessors and Moderators quality assurance of learner achievements, workplace approvals and monitoring of skills development	4.1 A total number of 85 workplaces to be approved	81	76	85	160	75	188%	🟢	Target exceeded. This is due to the backlog of workplaces that were affected during Covid-19 that were approved by ETQA
		4.2 200 Skills Development Providers are accredited, re-accredited and monitored and Quality Assurance of learners achievements conducted per learning intervention	393	266	200	456	256	228%	🟢	Target exceeded. This is due to the backlog of SDPs in the pipeline for accreditation that were affected during Covid-19 that were accredited by ETQA
		4.3 175 Assessors and Moderators registered	197	207	175	259	84	148%	🟢	Target exceeded. There were more Providers that requested to be registered as Assessors and Moderators with the CHIETA ETQA.

Programme 4: ETQA										
Outcome	Output	Output indicator	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement for 2021/2022	Percentage achieved	Status 2020/21	Reasons for deviations
		4.4	-	1	4	6	2	150%	😊	Target exceeded. ETQA accelerated the approval of assessment sites for the readiness of the implementation of learnerships and skills programmes at workplaces
		4.5	-	6	4	4	-	100%	😊	No deviation. Target achieved
		4.6	-	2	1	1	-	100%	😊	No deviation. Target achieved
		Baseline	671	558	469	886	417	189%	😊	Baseline target exceeded



PART C - RESEARCH AND SKILLS PLANNING

1. INTRODUCTION

The business unit (BU) contributes towards the CHIETA's overall objectives of mandatory skills planning, and development through research, and the matching of skills demand and supply. Since it encompasses the roles of research, development, planning, monitoring and evaluation, its objectives include:

- Development of a sector skills plan that guides the CHIETA's planning over a five-year period. The plan is reviewed and updated annually and guides the CHIETA's discretionary grant funding and interventions.
- Development of the CHIETA contextualized strategic plan and contribution to the annual performance plan by integrating and harmonizing the NDP and NSDP 2030 priorities with the CHIETA sector skills plan priorities into the CHIETA outcomes and outputs for maximum impact.
- Reporting on performance targets annually under programme 2 and 4
- Responsibility for developing occupational qualifications, skills programmes, and registration of learnerships that are relevant to the sector and driven by the sector's needs.

The BU has delivered on the CHIETA's strategic pillars as follows:

- The unit implemented virtual Chamber meetings from 2020, the **digitisation** and **innovation** of which has assisted the optimization of skills development.
- During the year under review, the BU **collaborated** with the Mining Qualifications Authority (MQA) to develop an occupational qualification, the Mobile Explosives Manufacturing Unit, which uses manufactured chemicals (explosives) in the mining and construction environments.
- The **innovation** strategic pillar was implemented in the pilot project in blended learning through a coded welding skills programme, when the project team designed and developed two aspects proactively to standardize the project and give it a unique status. These are the Assessment Framework (Qualifications Assessment Specification) and the External Integrated Summative Assessment (EISA) tools that will be used at the end of the project.

- The BU delivered on the research projects that were commissioned in 2021/22 that provided us with findings and recommendations and speak to the CHIETA's **four strategic pillars**. The next steps will be the implementation of research findings and recommendations following a peer-to-peer evaluation to vet the research reports, to establish which findings and recommendations that respond to the strategic pillars are implementable, and what actions are needed to respond to them.

HIGHLIGHTS OF 2021/22 AND NEW PROJECTS

Highlights and successes of 2021/22 include:

- Production of a credible 2021 SSP update approved by DHET and nine sub-sector reports.
- Production of a credible 2021 strategic plan approved by DHET articulating CHIETA's Vision 2025.
- Strategic partnerships with the Vaal University of Technology and Walter Sisulu University, through memoranda of understanding. The objective of the former is to alleviate youth unemployment and build research capacity, by exploring the nanotechnology industry opportunities and improve innovations that support emerging sectors, including renewable energy. The objective of the latter is to invest in much needed research and skills transfer in the development of vaccines and pandemic management interventions in Africa.
- Conducted an impact study on WIL that assessed the impact of the CHIETA's WIL efforts and determined the contribution the CHIETA has made towards employability/employment in the sector. The study found that 56% of learners that participated in the CHIETA WIL programme were unemployed, 43% were employed and 1% were self-employed.
- Designed, developed, and submitted key deliverables including assessment standards for three occupational qualifications, four sets of assessment (EISA) tools for the coded welding skills programme, designed and developed two occupational qualifications namely, MEMU Controller and Surface Coatings Processor as well as six learnerships for registration by DHET.
- Achieved 100 per cent targets set in terms of the annual performance plan.
- Conducted research in green chemistry, the hydrogen economy, retrenchments in the sector and in nanotechnology.

During 2021/22, three new projects were introduced:

- The first phase development of the Covid-19 vaccine was introduced to assist CHIETA to focus its strategic direction and support innovation, through the development of at least one vaccine candidate, which could lead to local manufacturing, expansion, distribution and/or supply.
- The hydrogen economy in South Africa project was introduced to identify key levers for the CHIETA to focus its strategy and support and identify growth areas that could be exploited for skills and economic development.
- The project on retrenchments in the sector was introduced to consider the changing workplace and jobs of the future, skills required and needed for digitisation and innovation, and the economic and skills development implications for the sector, to identify reskilling opportunities for ex-chemical sector employees.
- The projects produced empirical reports that contribute towards strategies and provide guidance for the sector and the CHIETA for skills planning and development.

RESEARCH AND SKILLS PLANNING

2. BACKGROUND

The introduction of the National Skills Development Plan placed greater emphasis on research and analysis and mandated SETAs to become authoritative voices on skills planning in their respective industrial sectors. As a result, CHIETA established its research and skills planning unit to ensure alignment to the strategic guidance document.

Research within CHIETA and the industry is critical in skills planning, stakeholder engagement, consultation, the identification of needs, and setting of priorities. One of the goals of the National Skills Development Plan (NSDP) is to ensure that South Africa has adequate, appropriate, and high-quality skills that contribute towards economic growth, employment creation and social development. Central to the realisation of this goal is the need for quality and timely data and information from the industry. This data can then be analysed and supplemented by credible research that will address skills needs and priorities, and a strategic direction for the sector. The research undertaken by CHIETA is guided by its research policy framework and strategic research agenda, which are approved by the Accounting Authority.

The five research themes identified in the strategic research agenda are:

- Core labour market research
- TVET including work integrated learning (WIL)
- Impact assessment
- Sustainability and socio-economic development and
- Other

3. THE ROLE OF GOVERNANCE STRUCTURES IN SKILLS PLANNING

Skills planning, together with the development and finalisation of the sector skills plan (SSP) update, strategic plan (SP) and annual performance plan (APP) are key elements of the governance structures of CHIETA and its stakeholder constituencies. The strategic direction for CHIETA is set by the Accounting Authority, which provides effective leadership to ensure that CHIETA implements the goals/outcomes of the NSDP and its performance agreement with the Minister. The Accounting Authority's Governance and Strategy Committee (GSC) oversees the skills planning and reporting processes. The Accounting Authority has delegated the approval of CHIETA's SSP to the Chairperson of the GSC. Subsequent governing board meetings ratify decisions made in terms of this delegated authority. The functional work of the GSC is carried out by the research and skills planning committee (RSPC). This is a GSC subcommittee consisting of five chairpersons of the CHIETA chambers set up for this purpose. The core mandate of the RSPC is skills planning. The chambers represent all nine economic subsectors in the chemical sector.

The five chambers have played a central role in skills planning in line with their constitutional mandate. Nine subsectors are represented by these chambers. They are:

Chambers	Subsector
1	Petroleum
	Base Chemicals
2	Fast Moving Consumer Goods
	Pharmaceuticals
3	Explosives
	Fertilisers
4	Speciality Chemicals
	Surface Coatings
5	Glass

The chambers consist of employers, trade unions, government departments (the Department of Trade, Industry and Competition and the Department of Mineral Resources and Energy) and critical interest groups. They meet on a quarterly basis to carry out their mandate.

4. PLANNING, MONITORING, AND EVALUATION

STRATEGIC PLANNING

CHIETA bases its strategic focus areas on national priorities and its four strategic pillars of innovation, digitisation, transformation and collaboration. These areas provide an important compass in setting the organisation’s sectoral goals and objectives while reflecting on priorities emanating from research.

SECTOR SKILLS PLAN

The CHIETA’s SSP is the culmination of rigorous research processes, inclusive of several research projects that are conducted throughout the year in line with the research agenda. The CHIETA produces a well-researched SSP to enable effective skills planning for the sector. The SSP identifies employment growth trends, the skills requirements of the relevant sectors and prioritises these in terms of skills development. The process takes account of the environment, the nature of the sector and the demand and supply of skills.

Skills development initiatives in the Chemical Industry are based on guidance and information provided annually by the SSP. As part of its skills development planning function, CHIETA collects data annually from employers on occupations that they consider hard to fill (critical and scarce). The information on these vacancies is obtained by analysing the results set out in the HTFV table of the WSPs-ATRs submitted for 2022/23, and in discussion with the chambers.

RESEARCH AND SKILLS PLANNING

At the end of March 2022 the Chemicals Industry employed 11 871 people in 97 designated and related trades. The largest group of technicians and artisans was Quality Controller (Manufacturing), followed by Mechanical Fitter and Millwright. At the same time there were 11 322 employees in the Chemical Industry working in occupations identified on the OFO 2021 as 'green'. The largest occupational group is Chemical Production Machine Operator followed by Chemical Plant Worker.

Once shortages in skills have been reported and analysed, stakeholders are consulted to contextualise and triangulate the statistical analysis. CHIETA then develops a priority skills list that is submitted to the DHET.

MONITORING AND EVALUATION

Monitoring and evaluation play a critical role in planning and is used to strengthen partnerships and establish high-impact projects. CHIETA's M&E policy sustains and increases its effectiveness as a value-adding business partner to all its stakeholders. M&E focuses on programme implementation by reporting accurate, valid, and complete organisational performance information to CHIETA's governance structures and stakeholders. It furthermore ties the importance of a functional M&E framework with the delivery of CHIETA's mandate and strategic objectives to measure impact and return on investment.

RESEARCH

Research is the backbone of the CHIETA, as proper research contributes to effective implementation and impact and provides a better understanding of unknown and unforeseen features, necessary in government strategies, projects, and policies.

CHIETA uses the application of proper research in the formulation of development strategies to ensure that communities and targeted beneficiaries are afforded the best possible outcomes. CHIETA places great store in creating a comprehensive foundation for all its interventions. The research based SSP is the SETA's guiding document in focusing initiatives and implementation to produce the desired impacts. It is developed in consultation with stakeholders to develop a highly skilled workforce, improve firm-level productivity and increase the competitiveness of the sector through skills development. The SSP is guided by a framework that requires it to take heed of most of the research conducted at the SETA.

Year-on-year there has been a marked improvement in the overall quality and alignment of the CHIETA's strategic plan, annual performance plan and sector skills plan. These strategic documents are fully aligned to the core mandate and strategic objectives of the National Skills Development Strategy (NSDS), the 2030 vision of the National Development Plan (NDP), the key priorities of the Medium-Term Strategic Framework (MTSF), the Medium-Term Expenditure Framework (MTEF), the Human Resource Development Strategy of South Africa (HRDSSA) and the Industrial Policy Action Plan (IPAP).

Skills shortages are rated as one of the most central factors hindering the success, competitiveness, and sustainability of companies in the CHIETA sector. In the medium term, the CHIETA supports the growth of small, medium, and micro enterprises through skills development, improving access to quality and occupationally directed programmes, and ensuring that a pool of talent provides the sector with world-class chemical strategies. The advent of the 4th industrial

revolution with its unprecedented scale of disruption also requires understanding, planning and development of skills for the future for the industry.

In addition to its quantitative data sources, CHIETA undertakes a range of research projects contributing to the overall understanding of the chemical sector. This research is augmented by research conducted by government departments, national research institutions and industry bodies.

The research drivers and topics implemented in 2021/22 helped to develop a better understanding of the variables which affect the performance of the chemical sector and provided information to advise the CHIETA on the direction that should be taken in forecasting change that will ultimately see the sector benefit.

The research agenda is largely based on intensive efforts to address the country's skills development priorities from a research perspective through participation in and contribution to the academic and research community. This requires CHIETA to establish strong partnerships with the academic, research and development institutions that work in the skills planning and development fraternity. Due to the specialised and highly technical nature of the Chemical Industry, the need for knowledge-based workers with high-level skills and competencies has been highlighted as a priority. Research must thus also inform planning of skills for the next 30 years if the competitiveness and sustainability of the Chemical Industry is to be sustained in the long term.

The CHIETA's Governing Board reviews and approves the strategic research agenda and the research policy framework annually. The main purpose of this is to guide research based on themes relevant to the sector. CHIETA commissions research projects that look at specific skills issues in the chemicals industry that are aligned to the research agenda.

5. STAKEHOLDER ENGAGEMENTS AND CONSULTATION

The BU works with various stakeholders to deliver on its mandate. These include chambers, chamber chairpersons (RSPC) which are broken down into constituencies like employer organisations, labour unions and industry associations, subjects matter experts, the Department of Higher Education and Training, research partners, higher education institutions (HEIs) and further education and training institutions (FETs), government departments, SAQA and the QCTO.

PARTNERSHIPS

As partners, CHIETA's stakeholders play a key role in cooperating to advance their mutual interests. The NSDP suggests that SETAs should improve the linkages between themselves and universities, colleges, and employers. This includes promoting training to meet the needs of both public and private industry employers and increased university research collaboration with industry. Partnerships should also be extended to building international links as well as supporting the role of communities in planning and delivering local employment and skills support services.

CHIETA has fully embraced this partnership approach and has seen the value of implementing skills development projects and interventions as a result. The success of CHIETA can be largely attributed to its functioning and successful partnerships across the skills development value chain that emphasises a collaborative approach and engages stakeholders in many ways.

RESEARCH AND SKILLS PLANNING

The National Skills Development Plan (NSDP) 2030 affirms the role of SETAs as facilitators of both the supply and demand side of skills development. Outcome 2 maintains that SETAs should link education and workplaces. Core to the achievement of this objective is a collaborative or partnership approach that improves the linkages with universities, colleges, and employers.

Outcome 5 of the plan sees supporting the growth of the public college institutional type as a key provider of skills required for socio-economic development. The promotion of training to meet employers' needs at public institutions is therefore a priority. The chemical sector relies significantly on and uses artisanal and technical skills. The TVET and University of Technology (UoT) sector therefore remains a very important component of skills supplied to the sector.

CHIETA uses a structured approach that leverages the unique skills and expertise of each stakeholder. Stakeholders with shared interests and mutual benefits are brought together to achieve alignment while CHIETA acts as the coordinator, funder, and facilitator in the process. Evidence of this collaborative and consultative approach is seen in the establishment of task or steering committees for strategic projects. The advantage of the model is that it leads to the correct identification of supply and demand side needs and fit-for-purpose projects and project outcomes.

The role played by CHIETA's constitutional structures and stakeholders in the skills planning process and hard to fill vacancies identification forms part of the successful partnership model for skills planning.

The CHIETA continues to engage its stakeholders and explore various ways to address any challenges in partnerships. Some of the interventions put in place include the capacity building of new skills development facilitators, developing of relevant skills planning and implementation tools, continuous improvements on the credible system for skills planning and quality assurance and sharing best practices during regional skills forums.

The NSDP sees the core role of SETAs as linking the workplace and industry through collaborations and partnerships. Over the last few years CHIETA has continued to engender the partnership approach as its project delivery mode and achieved success in the implementation of its projects. New partnerships that innovatively advance the skills development mandate, take forward the objectives of the plan and enrich the post-school education and training sector were and continue to be prioritised.

QUALIFICATIONS DESIGN AND DEVELOPMENT

The skills planning processes in which the stakeholders within the chemical sector participate, culminate in the confirmation of a need for skills or training interventions to be developed to support socio-economic activities in the sector. Once such needs are identified and submitted to the CHIETA, they are deliberated on by chambers for alignment and relevance. Once applications to develop identified skills needs are approved by QCTO, they are subjected to the process of design and development of occupational qualifications and skills programmes.

During the year under review the quality partner of the QCTO, through the role of occupational qualifications design and development, has delivered on several outputs listed below in order to contribute towards skills development and quality assurance of learning in the chemical sector:

- Four sets of external integrated summative assessment (EISA) tools for the much-needed Coded Welding Skills Programme were developed for the pilot project on blended learning for the sector. About 115 learners were enrolled in this skills programme and will be assessed through these EISA tools at the end of the programme. The importance of coded welding skills for socio-economic development in the country, especially for youth empowerment, cannot be overemphasised.
- Two occupational qualifications, namely Mobile Explosives Manufacturing Unit (MEMU) and Surface Coatings Practitioner, were developed and approved by the QCTO. These qualifications are critical to prepare learners to operate as a Mobile Explosives Manufacturing Unit Operators in underground mining, surface mining or construction operations, as applicable. In addition, MEMU operators will be able to manufacture and place bulk explosive material using a mobile explosives manufacturing unit and perform related operations. The Surface Coatings Practitioner qualification will prepare learners to manufacture surface coatings and allied products that conform to required specifications in a safe and cost-effective manner.



PART D - ETQA

1. INTRODUCTION

The overall objective of the ETQA business unit (BU) is to implement the quality assurance activities as delegated to the CHIETA as a quality assurance partner (QAP) by the Quality Council for Trades and Occupations (QCTO). The BU works to create an enabling environment for the awarding of grants to fund learners and to use accredited skills providers (SPDs) and approved workplaces.

The BU's service level agreement (SLA) is based on the following domains:

- Accreditation of skills development providers (SDPs) for historical (legacy) qualifications
- Accreditation of Assessment Centers (ACs) for occupational qualifications
- Management of and reporting on external integrated summative assessments (EISA)
- Certification of learners for historical qualifications
- Registration and certification of constituent assessors and moderators
- Approval of workplaces for learning and development

In support of the pillars of **innovation** and **digitisation**, the BU introduced remote quality assurance of assessments to comply with Covid-19 protocols. Previously performed manually, the process was migrated to an electronic platform. A manual process was retained, however, to cater for stakeholders who did not have the necessary tools to do so electronically. The ETQA will continue with this hybrid model in the future and refine it.

During the year, the accreditation of some SDPs was due to come to an end. In **collaboration** with the QCTO, the BU extended these accreditations for purposes of continuity. At times, Covid-19 forced processes to be **transformed** to ensure they were aligned to the situation on the ground, introducing greater flexibility without compromising on quality.

DEVELOPMENTS IN YEAR UNDER REVIEW

Occupational qualifications have been developed for the sector whose implementation is different from that of historical qualifications. As a result, there was a need to establish accredited assessment centres for the occupational qualifications. An assessment centre has been established in Gauteng for the maintenance planner occupational qualification and the first external integrated summative assessment for this qualification was conducted. While this centre is physical, the unit is discussing the possibility of a digital platform as well as developing further centres in different areas. The aim is to see the establishment of as many assessment centres as possible for different occupational qualifications, so that learners don't have to travel long distances.

A scarcity of assessors and moderators exist in certain qualifications. To address this challenge, the CHIETA has opened an innovative and transforming alternate route for their registration based on experience in the industry rather than on formal qualification.

During the year, the CHIETA has also recommended the removal of dormant qualifications that have no uptake, or current skills development providers. These were removed in a cleaning up process.

HIGHLIGHTS AND CHALLENGES OF 2021/22

The closure of the certification backlog in the CHIETA was a highlight of the year. This was achieved through hard work on the part of the staff of the BU.

The biggest challenge during the year were the qualifications that do not have subject matter experts to assess them. This was one of the motivations for the alternate entry route that recognises people who have vast experience in the field, although they may not have formal qualifications. The BU is also in the process of building a database of subject matter experts to address the challenge of insufficient skilled experts in certain qualifications. This is an ongoing process.

STAKEHOLDERS

The BU is in frequent contact with the QCTO by providing quarterly reports of activities and the CHIETA's position as an assessment quality partner. Through this, matters of common concern are addressed. Interaction with SDPs is through quarterly regional skills forums where stakeholders are engaged. The BU also interacts with stakeholder support teams (SSTs) who are used to conduct quality assurance activities on behalf of the CHIETA and also monitor external integrated summative assessments (EISAs).

Plans for 2022/23 include the refining of the digital platforms and further development of the alternate route for assessors. The BU aims, where possible, to digitise internal process for better efficiency, although some will remain hybrid. Another plan is to create a new accreditation model for product specific training.

2. ROLE OF ETQA AS A QUALITY ASSURANCE PARTNER (QAP)

Five sub units perform the role of QAP on behalf of the CHIETA. They are:

- Centralised Administration sub unit: Receipts, captures and logs all documents submitted to the ETQA department for processing.
- Accreditation sub unit: Accredits and approves skills development providers (SDPs) for specific skills programmes and qualifications for artisan recognition of prior learning (ARPL) and trade tests, and monitors SDPs to improve the quality and relevance of education and training in the sector.
- Quality assurance of learner achievements (QALA) and certification sub unit:
 - o Vetos QALA endorsed by registered assessors in accordance with required standards and criteria.
 - o Establishes and maintains a database for the recording of learner achievements.
 - o Provides for the certification of learners and accredited skills development providers.
 - o Registers assessors and moderators for specific unit standards, skills programmes and qualifications.
 - o Certifies learners for skills programmes or qualifications achieved.
- Data management sub unit: Provides quality assurance of documents submitted, learner enrolments and verifications of competency to ascertain learner completions on NQF learnerships and skills programmes.
- Artisan development and workplace approval sub unit: Provides quality assurance on approval, monitoring and evaluation of workplaces, enrolment and completions on apprenticeship programme.

Stakeholder support teams (SSTs) consisting of subject matter experts (SMEs) evaluate whether SDPs have sufficient capability to provide learning interventions and whether workplaces are adequate to provide learning. They also act as external moderators to evaluate learners' achievements.

A technical functional advisory committee (TFAC) has been established whose role is to approve recommendations presented for accreditation, de-accreditation, suspension, appeals by organisations and monitoring and evaluation of providers' workplaces, decentralised trade test centres and training related matters pertaining to artisan and NQF training programmes. They also provide an advisory role in technical, strategic and policy related matters and activities with regards to artisan and NQF training programmes.

The strategic direction is set by the Accounting Authority who has delegated the Governance and Strategic Committee to oversee the implementation of the quality assurance functions.





PART E - GRANTS, STRATEGIC PROJECTS AND REGIONS

1. INTRODUCTION

Strategic projects are flagship organisational interventions that yield a significant and sustainable impact on all delivery areas of the CHIETA. These are funded through discretionary grant funding and are continuously monitored in terms of project and financial performance and reported on quarterly to the Accounting Authority. They cover a range of functional areas across the CHIETA business units, which assume accountability for the deliverables in line with the pre-determined performance standards.

Each strategic project is linked to the various goals, outcomes and outputs as defined in the NSDS III. This ensures resource and organisational focus as well as relevance to the skills development challenges and opportunities in the strategic framework. The strategic projects initiative has established key industry partnerships with all stakeholders.

Strategic projects are also implemented in rural areas. The role of the regional offices of the CHIETA is important, given the vast geographical areas some of them cover. For instance, the KwaZulu-Natal and Eastern Cape offices, in particular, cover large rural areas. The Western Cape office also covers the rural areas of the Northern Cape. The importance of these offices is self-evident given the need for training in outlying areas.

Discretionary grants continue to remain a priority to deliver on the SETA mandate. Since the call for free education, the CHIETA has been proactive in awarding bursaries for training learners in skills relevant to the chemical sector.

The discretionary and mandatory grants are overseen by the Executive Manager for Grants and Strategic Projects.

This division is made up of five units:

- Grants Management
- Strategic Projects and WIL
- KwaZulu-Natal regional office
- Western Cape regional office
- Gauteng and Central regional office.

Successful projects in 2021/22 implemented across all regions and their contributions to the CHIETA's four pillars of innovation, collaboration, digitisation and transformation were:

- **Economic Reconstruction and Recovery Plan (ERRP) – transformation and collaboration**

All SETAs were requested as a collective to support the ERRP strategic initiative by pledging financial resources in key developmental and occupationally areas. The CHIETA established the Lesedi Student Support Fund project and funded the following programmes in support of ERRP through discretionary grants:

- o Funding for missing middle learners who are in their final years of study or require fees for registration with qualifications aligned with the Skills Strategy of the Economic Reconstruction and Recovery Plan
- o Massification of internships and work integrated learning (WIL); and
- o Supporting the Centres of Specialisation (COS) projects linked to the ERRP.

- **Smart Skills Centres - digitisation**

The SMART Skills Centres project is aimed at bridging the digital skills divide between urban and rural communities, thereby building on the CHIETA pillar of **digitisation**. SMART Skills Centres will enable skills development for the future of work by providing access to the internet, digital skills and capabilities. Through SMART Skills Centres, skills development and training will be taken directly to rural communities. In this way, the cost burden placed on poor learners such as transport and data costs are eradicated, and learners are more engaged through the immersive skills experience. This project is part of a bigger plan to revolutionise digital skills development in South Africa.

Through the SMART Skills Centres, the CHIETA will also cater for SMME development. SMMEs will be able to utilise the SMART boardrooms and access markets via internet facilities. This project will have transformative effects on traditional business models. SMART Skills Centres will provide innovative ways for organisations to access work areas such as digitised boardrooms and connect to services using affordable or subsidised workspaces.

The SMART Skills Centres will reconfigure the value delivery model by connecting skills services and data in innovative and collaborative ways to create new value. Ultimately, the centres will provide a means for addressing the skills mismatch by ensuring that industry gets closer to talent in more digitised ways, and digital skills such as coding, software development, and data analytics are popularised and provided to community members from the convenience of their own communities. This project will be implemented across all nine provinces in South Africa.

GRANTS, STRATEGIC PROJECTS AND REGIONS

- **Centres of Specialisation (COS) – collaboration and digitisation**

A project that demonstrated collaboration and digitisation was the Centres of Specialisation (COS) programme. This is a DHET initiative designed to address the demand for priority trades needed for the implementation of government's National Development Plan and contribute towards the building of the capacity of the public TVET college system to deliver trade qualifications with employer partners. All the TVET colleges and many employers participated in the programme from 2019 to 2022. TVET colleges worked closely with employers via the newly established implementation and reference committees. These committees were used as spaces for collaboration and problem solving during the implementation of the project. Employers were excited about the positive results and could see the benefit for their businesses and impact on their bottom lines. They are eager to participate in the next COS programme during 2022/23.

The biggest challenge during 2021/22 was the impact of the Covid pandemic on the implementation of skills development projects. Many companies were not able to provide workplace experience opportunities for work integrated learning (WIL) because many of their employees had to work from home. However, companies were encouraged to coach learners via digital platforms in instances where this was possible.

Plans for 2022/23 include increasing the participation of companies in the COS occupational curriculum (OC) programmes. The new OC programmes offer a new perspective with increased employer participation and input throughout the implementation of the three-year programme. The impact is that apprentices are more easily absorbed into a business after they successfully complete the programme.

2. MANAGEMENT OF GRANTS IN 2021/22

From 1 April 2021 to 31 March 2022, **R196 911 315.45** was disbursed for discretionary grants and **R118 996 031.59** for strategic projects. As of 31 March 2022, the total CHIETA commitment based on contractual obligations was **R136 678 385.62** for discretionary grants and **R54 499 285.96** for strategic projects.

DG LEARNING AND STRATEGIC PROJECT SUPPORT SUMMARY FOR 2021/22

Table 1-1: Learning projects

Programmes	Total learners supported	Total amount approved (R)
AET Provision Incentive	341	R817 500.00
Artisans	1 802	R29 251 000.00
Bursaries	932	R12 675 648.00
Learnerships	6 269	R105 452 000.00
RPL	2 181	R14 792 874.00
Skills Programmes	3 843	R3 374 750.00
WIL - Workplacement for Employment	347	R10 559 000.00
Workplace Experience/WIL	1 727	R41 869 200.00
Total	17 442	R218 791 972.00

Table 1-2: Strategic projects

Projects	Budget approved by Accounting Authority 2021/2022
Career and Vocational Guidance Integrated Marketing and relationship management	R4 000 000.00
Regional Stakeholder Support	R2 850 000.00
Chemical Industry Stakeholder support (SST and M/E)	R18 000 000.00
Qualification development	R3 500 000.00
CET Projects	R7 053 602.00
Smart Skills Centres	R3 000 000.00
World Skills Competition	R1 500 000.00
Maths and Science Projects	R3 338 913.00
Rural and Cooperatives Development	R4 327 672.77
AET/Learners with Disabilities	R3 800 000.00
Institutional and Industry Partnership	R2 829 400.00
Public Sector Capacity	R2 069 845.00
Candidacy Project	R2 196 000.00
Trade Union Learning Practitioner Program	R2 415 000.00
Small Business Support (PIVOTAL)	R11 167 684.90
Programme 2 Research and Skills Planning (PIVOTAL)	R5 805 548.00
Strategic Infrastructure Projects (SIPs) - Centres of Specialisation	R15 578 000.00
Programme 2 Research and Skills Planning (NON-PIVOTAL)	R12 990 890.00
Technical and Vocational Education and Training (TVET) Support	R5 345 173.00
Career Guidance Projects	R16 100 000.00
Cooperatives, NGOs, CBOs, CBCs support	R1 562 100.00
Economic Reconstruction and Recovery Plan (ERRP)	R90 000 000.00
Total	R219 429 828.66

GRANTS, STRATEGIC PROJECTS AND REGIONS

MANDATORY GRANTS 2021/22

Figure 1-1: Total WSPs

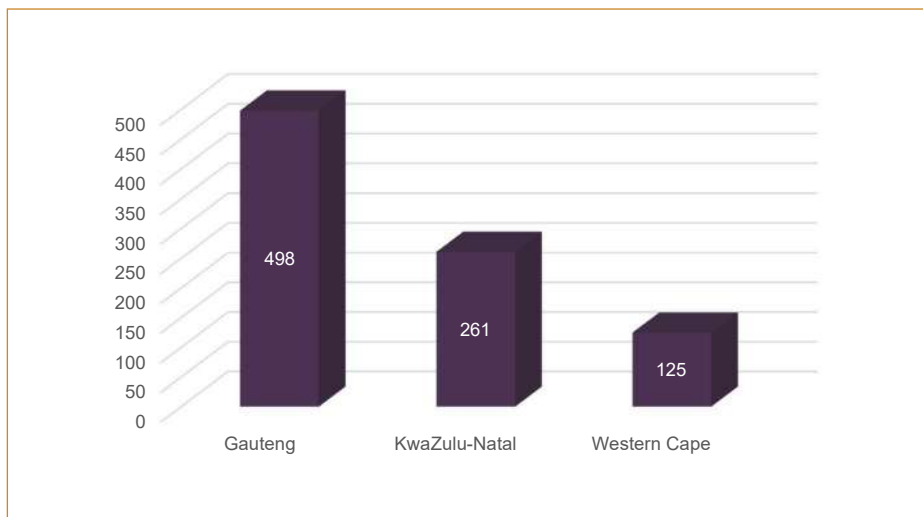
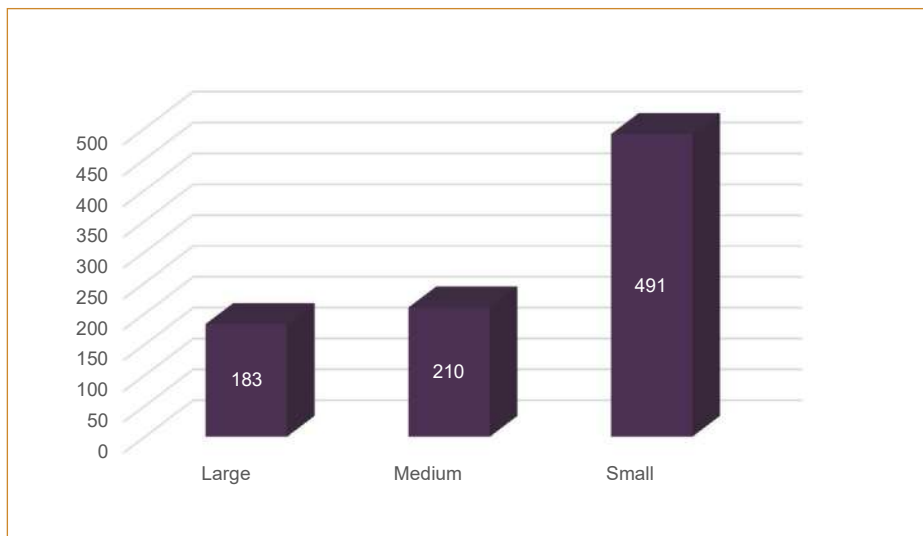


Figure 1-2: Total WSPs by size







PART F - GOVERNANCE

1. KEY ACHIEVEMENTS

In a challenging and difficult business environment primarily driven by the various Covid-19 lockdown regulations, the CHIETA nevertheless achieved a strong performance on governance and within a diverse range of governance activities. The highly efficient functioning of the CHIETA Governing Board and Board Committees remained a major governance asset for CHIETA in which oversight over a wide range of organisational activities was done with due care and diligence and the CHIETA Governing Board setting the appropriate tone at the top.

In the year under review CHIETA developed a new integrated Risk Management Framework consisting of an updated CHIETA Risk Management Strategy, Policy Framework, risk appetite statement and defined risk tolerance levels against each of the five strategic risks approved by the Accounting Authority, in support of higher levels of Risk Maturity within CHIETA.

Another significant governance achievement was the implementation of a new and updated integrated ethics management framework, which included the development of an CHIETA Ethics Strategy, CHIETA Ethics Policy Framework and a CHIETA Code of Ethics informed by the CHIETA value system for staff, governance structures and stakeholders. Awareness and training for staff and stakeholders in fraud and ethics was conducted in support of this critical organisational area defining how CHIETA execute its strategic mandate.

The year under review also saw the completion of a new organisational policy framework for the organisation with a defined and functional policy register capturing the CHIETA policy universe and respective maturity dates and accountability levels of policies, to ensure proper monitoring, regular reviews and compliance implementation.

The key deliverables were implemented in direct support to the CHIETA's four strategic pillar of collaboration, innovation, digitisation and transformation. The management and development of the stated risk and ethics management framework transpired within a strong **collaborative environment** with all CHIETA business units to ensure ownership and support. In the development of these governance frameworks **innovative practices** was introduced from defining behavioural ethical standards to new approaches to risk environmental analysis to gather business intelligence, defining risk tolerance levels and a new risk appetite statement for the CHIETA. Through various interventions, the unit demonstrated a better governance product to the CEO and Governing Board and starting to utilise the benefit of digitisation as a service delivery and support platform.

The unit is also an active participant in the CHIETA **digitisation** steering committee in developing the digitisation roadmap for CHIETA. The unit also collaborated with corporate services in a cyber security risk assessment in assisting to mitigate this single biggest risk in establishing a digitised organisational environment for CHIETA.

The unit has invested in the **transformation** of organisational behaviour by educating and creating awareness among staff and stakeholders with regard to the new approach on risk, ethics, policy and compliance.

Performance planning was also a key deliverable in that the unit lead the annual performance planning process of the organisation with the outcome of an Annual Performance Plan 2021/22 mandated and approved through the office of the CEO, Governing Board and the Executive Authority, which was successfully implemented as per the audited organisational performance report for the 2021/22 financial year.

The unit is also proud of the fact of achieving an unqualified audit outcome under leadership guidance from the Office of the CEO and in collaboration with our core business units in Research and Skills Planning, Grants and ETQA on performance information and good (green) ratings by the AGSA as it relates to the functioning of the CHIETA Governance framework and structures and the CHIETA Integrated Risk Management System.

The CHIETA's success in its performance is reflected in its green baseline scorecard and overall achievement of 94 percent of its annual performance targets, an excellent result in a constrained and challenging business environment.

2. CHIETA GOVERNANCE CONTEXT AND BACKGROUND

The Governance and Risk business unit is responsible for corporate governance, risk management, performance planning, monitoring and reporting, governance, and administrative support to CHIETA Board and Board Committees, Corporate Ethics and DHET liaison. Corporate governance embodies the processes and systems that hold CHIETA accountable as a public institution. Its corporate governance system occurs within a legislative environment and best practice governance frameworks as articulated In the King IV Code on Corporate Governance and CHIETA Constitution approved by the Executive Authority.

GOVERNANCE

The CHIETA's mandate is derived from the Skills Development Act, 1998 (Act No. 97 of 1998) and its responsibilities include:

- Developing a Sector Skills Plan (SSP) within the framework of the National Skills Development Plan (NSDP) 2030
- Establishing and promoting learnerships and learning programmes through:
 - Identifying the need for a learnership
 - Developing and registering learnerships
 - Identifying workplaces for practical work experience
 - Supporting the development of learning materials
 - Improving the facilitation of learning and
 - Assisting in the conclusion and registration of learnership agreements
- Collecting and disbursing the skills development levies in its sector, approving workplace skills plans, and allocating grants in the prescribed manner to employers, education and training providers, and workers
- Fulfilling the functions of an ETQA as delegated by the QCTO
- Monitoring of education and training in the sector.

The legislative and policy framework which directs and guides CHIETA's functions is:

- National Skills Development Plan 2030 (NSDP 2030)
- Skills Development Act, 1998 (Act No. 97 of 1998)
- Skills Development Amendment Act, 2003 (Act No. 31 of 2003)
- Skills Development Amendment Act, 2008 (Act No. 3 of 2008)
- Service Level Agreement Regulations under regulation No. R716 of 18 July 2005
- Skills Development Levies Act, 1999 (Act No. 9 of 1999)
- Regulations regarding the establishment of Sector Education and Training Authorities under Notice R106 of 4 February 2005 (SETA Establishment Regulations)
- Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended) (PFMA)
- Treasury Regulations issued in terms of the PFMA (Treasury Regulations) of 2005
- Public Audit Act, 2004 (Act No. 25 of 2004)
- Directive: Public Finance Management Act under GN647 of 27 May 2007
- Economic and Recovery Reconstruction Plan (ERRP)
- Constitution for the Chemical Industries Education and Training Authority (CHIETA)
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)
- Employment Equity Act, Labour Relations Act, Basic Conditions of Employment Act, and Occupational Health and Safety Act
- Tax laws
- Sector Education and Training Authorities (SETAs) grant regulations regarding monies received by a SETA and related matters (Government Notice R990) in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) dated 3 December 2012

- Protection of Personal Information Act, 2013 (Act No. 4 of 2013)
- Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003)
- Cobit 5 framework for the governance and management of enterprise ICT
- DPSA public services corporate governance ICT framework.

The CHIETA strategic plan, its annual performance targets for 2021/22, and the financial disbursement model is strongly aligned to achieving the intent and objectives of the December 2012 grant regulations to:

- Regulate the proportion of funds available for skills development spent on administration
- Provide for Sector Education and Training Authorities (SETAs) to contribute to the cost of the work of the Quality Council for Trade and Occupations (QCTO)
- Discourage the accumulation of surpluses and the carryover of unspent funds at the end of each financial year
- Improve the quantity and quality of labour market information received by the CHIETA in the form of workplace skills plans, annual training reports and PIVOTAL training reports, to inform planning
- Promote the National Qualifications Framework (NQF) and quality assured PIVOTAL programmes that address priority scarce and critical skills needs identified in sector skills plans, and
- Create a framework in which expanded use is made of public education and training providers for the provision of skills development programmes.

3. PORTFOLIO COMMITTEES

Parliament exercises its role through evaluating the performance of CHIETA by interrogating its financial statements, performance reports and other relevant documents that are tabled from time to time.

The Standing Committee on Public Accounts (SCOPA) reviews the annual financial statements and audit reports of the Auditor-General of South Africa.

The Portfolio Committee on Higher Education, Science and Innovation exercises oversight over the service delivery and performance of the CHIETA. It primarily reviews the non-financial information in the CHIETA's annual report and is concerned with service delivery and impact in support of the enhancement of socio-economic growth.

4. EXECUTIVE AUTHORITY

The Minister of Higher Education, Science, and Innovation is the Executive Authority of the CHIETA and exercises oversight on the prescripts of the PFMA and relevant skills development legislation.

The Executive Authority also appoints the CHIETA Accounting Authority in accordance with the approved CHIETA constitution and ensures that an appropriate mix of competency, skills, and experience exists in the Accounting Authority in order to disperse its fiduciary duties in an efficient, transparent, and value-adding manner.

GOVERNANCE

5. ACCOUNTING AUTHORITY

The CHIETA Accounting Authority appointed by the Minister of Higher Education, Science, and Innovation has oversight of CHIETA's activities to ensure the implementation of its mandate in performance and accountability-driven framework. It takes cognisance of sound corporate governance principles required in legislation and best practice.

The Accounting Authority is representative of government and stakeholders in the subsectors of the chemical industry, thus ensuring a sound and clear strategic direction for CHIETA.

The CHIETA Accounting Authority is responsible for the following:

- Govern and manage CHIETA in accordance with the PFMA, skills development legislation, and any other applicable legislation
- Ensure that CHIETA achieves the objectives contemplated in the approved CHIETA constitution
- Provide effective leadership and ensure that CHIETA implements the goals of NSDP 2030 and the performance agreement with the Minister of Higher Education, Science and Innovation as defined in the CHIETA strategic plan and predetermined performance targets.
- Provide strategic direction for CHIETA
- Liaise with stakeholders
- Ensure that CHIETA complies with all relevant statutory and CHIETA constitutional requirements.
- Manage institutional risk
- Monitor and support the organisational performance of the CHIETA
- Ensure that Accounting Authority members and the members of the committees, stakeholders, and employees comply with the CHIETA's code of conduct and ethical framework.

COMPOSITION OF THE ACCOUNTING AUTHORITY

The CHIETA Accounting Authority comprises members representing the following constituencies and stakeholders in the chemical industry:

- Organised labour
- Organised employers
- Relevant government departments

ACCOUNTING AUTHORITY COMMITTEES

In terms of the approved CHIETA Constitution and relevant Accounting Authority mandate, five Accounting Authority committees with specific terms of reference are functional in assisting the Accounting Authority with its oversight responsibilities. These are:

- EXCO
- Grants Committee

- Governance and Strategy Committee
- Finance and Remuneration Committee
- Audit and Risk Committee

6. RISK MANAGEMENT AND INTERNAL CONTROLS

Section 51(1)(a)(i) of the PFMA requires the Accounting Authority of a public entity to implement and maintain effective, efficient and transparent financial systems, risk management and internal controls. The CHIETA has developed detailed organisational policies and procedures, and a risk-based quality management system to guide internal processes. The CHIETA has implemented various measures to ensure that public funds are managed as required by the PFMA, Treasury Regulations, other applicable acts and regulations and internal and external auditors conduct regular compliance and internal reviews as part of combined assurance to the CHIETA Accounting Authority. The CHIETA Governing Board mandated a Strategic Risk Management Framework that is aligned to the principles of good corporate governance, relevant legislation and leading practice. Accountability as strategic risk owners is strongly vested with the Accounting Authority with management as the control owners at the operational risk levels of the organisation.

The CHIETA Strategic Risk Management process was implemented in a structured, consistent and integrated manner, that aligns and support strategic planning, organisational processes, people, technology and knowledge towards mitigating risks within the acceptable risk appetite and risk tolerance levels approved by the Accounting Authority. The CHIETA Risk Management Framework covers the full spectrum of organisational, emerging and opportunity risks management taken in pursuit of CHIETA's strategic outcomes, categorized into strategic and operational risks per the respective functional areas and business processes of the organisation.

Management and monitoring of the CHIETA Strategic Risk Management framework is facilitated through regular risk assessments and reporting by management into the Governance structures of CHIETA in terms of the organisational risk profile and risk mitigation.

7. AUDIT AND RISK COMMITTEE

Refer to the audit and risk committee report on page 101 of the annual report.

8. COMPLIANCE WITH LAWS AND REGULATIONS

CHIETA maintains a legal compliance risk register where CHIETA business units provide assurance on their respective compliance areas for reporting to the CHIETA Governance structures.

9. ETHICS, FRAUD AND CORRUPTION, CONFLICT OF INTEREST

The CHIETA has adopted a zero tolerance for fraud and corruption. A fraud hotline is operational and fraud hotline reports are provided on a regular basis to the CHIETA Audit and Risk Committee and reported to the Accounting Authority. Ethics and fraud awareness and training is regularly done with CHIETA staff and stakeholders. The CHIETA also maintains a fraud risk register with mitigating controls.

GOVERNANCE

CHIETA maintains a conflict-of-interest policy and code of ethics framework that defines the required organisational behaviour in respect of CHIETA's values. Governance and stakeholder structures and CHIETA staff defined as affected parties in the conflict-of-interest policy are required annually to provide a detailed declaration of interest. The responsibility is placed on each affected party to disclose accurately and ethically as well as update the conflict-of-interest declaration when relevant. At any Accounting Authority and Accounting Authority committee meetings, constitutionally approved stakeholder and management meetings, a declaration of private and personal interests pertaining to any agenda items under discussion is a standard item on the agenda of each meeting. As an additional control, CHIETA also conducts independent probity checks from independent service providers to determine if affected parties declared their respective interest accurately and correctly.

10. HEALTH, SAFETY, AND ENVIRONMENTAL ISSUES

In terms of the required business processes in the chemical industry, a strong focus on health and safety standards as part of an integrated training and development model is evident.

Ongoing research in terms of environmental issues relating to chemical production processes is done, in providing and assisting with integrated solutions on skills growth and environmental development interventions and captured and combined into the CHIETA skills planning processes which ultimately culminate in the CHIETA sector skills plan and annual pre-determined organisational performance targets.

The CHIETA worked closely with its stakeholders to comply with and exercise Covid-19 protocols while monitoring the implementation of skills development deliverables as defined in the CHIETA Annual Performance Plan. Internally, the CHIETA established a task team to monitor Covid-19 and recommend best operational procedures to mitigate the risk posed by the disease to the MANCO and CEO in the interest of business continuity and employee and stakeholder well-being. Regular awareness initiatives and safety protocols were established and implemented as part of this process.

11. COMPANY SECRETARY

Company secretary duties are performed in-house through the governance and risk business unit of CHIETA.

12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

CRITERIA	RESPONSE	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	100% bids awarded by the organisation relating to various awards included specific criteria that aimed to advance the requirements of preferential aspects. The aim was to advance Section 217 of the Constitution on principles of fairness and transparency. The organisation will continue to develop and implement measures that seek to support the requirements of B-BBEE.

CRITERIA	RESPONSE	DISCUSSION
Developing and implementing a preferential procurement policy?	Yes	The organisation continued to support the principles of advancing preferential procurement policy requirements. For the current year, CHIETA awarded 91 per cent of its procurement to businesses that advance the B-BBEE requirements and will continue to develop initiatives to further advance the B-BBEE requirements.
Determining qualification criteria for the sale of state-owned enterprises?	No	N/A
Developing criteria for entering into partnerships with the private sector?	Yes	A partnership/collaboration model is one of the strategic pillars of the CHIETA. Criteria will be developed to enhance our partnership / collaboration model
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	The awarding of Discretionary Grants is included in the CHIETA Grants Policy Framework

13. BUSINESS IMPACT

The CHIETA's business impact is manifested primarily in the execution of its performance targets and deliverables. In particular, the achievement of its strategic plan and performance targets contribute to sustainable livelihoods for South African citizens, thereby reducing poverty and unemployment. By facilitating competent skills development in the chemical industry, the CHIETA also mitigates the environmental risk of hazardous substances used by the industry.

The CHIETA engages in a range of socially beneficial activities in conjunction with such annual events as Women's Day and Nelson Mandela Day.

14. PLANS FOR 2022/23

In the coming year, the unit in collaboration with other relevant CHIETA Business Units plans to further improve on its performance impact reporting to go beyond the recording of pure performance numbers. The CHIETA under guidance from the office of the CEO will roll out a digitised dashboard to track the macro performance of 16 strategic indicators mandated by the Governing Board in pursuit of Vision 2025. This will include defining planned end states for each macro indicator for the next three financial years supported by quarterly milestones with clear accountability collectively and individually in each CHIETA business unit.

CHIETA is also planning new improved risk maturity interventions around risk management with more aggressive gathering of risk intelligence around existing risks, emerging and opportunity risks that will inform risk mitigation and strategic and performance planning processes going forward.

The unit is also planning to advance and support the very important digitisation agenda of the CHIETA through value adding service offerings to the unit's stakeholders internally and externally to the organisation.

PART G - CORPORATE SERVICES

1. OVERVIEW

The business unit has the following functionalities:

- Legal services
- Marketing and communications
- Stakeholder management
- Facilities management
- Information and communications technology (ICT)
- Human resources

The Corporate Services business unit continues to play a crucial role in supporting the other business units of the CHIETA. This enables them to perform their functions in fulfilling the organisation's objective efficiently and effectively. The unit could be viewed as the bedrock on which the organisation's four pillars – innovation, digitisation, collaboration, and transformation - are built, and its efforts are key to achieving Vision 2025.

In providing an overview of 2021/22, the human resources unit has played a key role in capacitating staff to achieve an **innovation** driven company through **collaboration**. This has primarily taken the form of four workshops through the year, focusing on innovation and ideation. During the year, the unit coordinated the formation of an ideation committee, headed by the CEO. The committee includes representatives of the staff of each business unit, who will present innovative ideas or solutions to problems. These are to be discussed and thoroughly assessed for their viability. This has contributed significantly to continuous collaboration across the organisation and ensured staff buy-in to new developments. In the year ahead, the suggestions that have been accepted will be implemented and executed. Key discussions in the committee have involved **digitisation** and information communications technology (ICT), and in this respect, the ICT specialist has provided invaluable input.

During the year, in fulfilment of the **transformation** pillar, the department finalised the CHIETA's employment equity plan with amendments in respect of gender and disability. This was accepted by approved by the management committee.

A major success this year has been the initiative to raise awareness among staff of cyber security threats. Through the roadshows, a good awareness has been achieved and the initiative will be continued in the year ahead. Another success for the unit was the strategic communication process begun in the previous year which continued and evolved further. The social media presence is increasing awareness of the CHIETA brand, with positive results from beneficiary profiling. In the year ahead, a collaborative communications plan across all projects will be established. The unit is confident that the outreach will achieve good momentum and increase the number of stakeholders.

Plans for 2022/23 are to bring an automated recruitment system on board. This may be extended to other areas, depending on available budget. The unit aims to complete the delivery of all MIS modules and overcome the challenges created by delays in the development of the management information system (MIS). A focus on facilities will start to interrogate the needs of the future in advance of the current rental arrangement coming to an end. The hybrid methodology of a combination of working from home and office will continue to be managed through schedules and policy development and implementation.

Corporate Services also provides administrative support to core departments aimed at improving service delivery and ensuring that compliance in accordance with the strategic objectives of CHIETA is achieved within all legal provisions. The unit promotes and provides sound governance administrative support to ensure that the applicable legislative mandate is adhered to with regard to labour practices, human resources, information management, amendments to policy, communication and technology as well as stakeholder management practices.

The following support services are provided to the organisation:

- Stakeholder management
- Marketing and communications
- Facilitating rapid response of the organisation
- Promoting the company's objectives and service offerings
- Building and strengthening stakeholder relationships
- Communicating and marketing the CHIETA's offerings to stakeholders and the public
- Building brand image, innovation and reputation
- Developing policies and procedures pertaining to the unit and abiding by them
- Developing and implementing the communication strategy of the organisation
- Managing CHIETA's external and internal events
- Developing and managing website
- Participating in exhibitions to showcase its offering including career guidance
- Responsibility for corporate identity
- Managing effective communication with external stakeholders.

CORPORATE SERVICES

2. LEGAL SERVICES

Legal services are procured from time to time by the CHIETA to assist with disciplinary and grievance procedures. Their advice is also sought when a legal opinion on a specific issue is required. Legal services are also used for amendments to organisational policies.

3. MARKETING AND COMMUNICATIONS

CHIETA has continued to entrench its position as a leader in skills development in South Africa. Through ongoing marketing and communications efforts, brand awareness around CHIETA's role in the chemicals sector has continued to grow. CHIETA is thus viewed as a leader in skills development in general and in the Chemical Industry in particular.

Public relations efforts have reached an estimated audience of over R100 million during the last financial year, with most articles being positive in sentiment. Contributing to this figure is coverage by media with significant audiences including Eyewitness News, IOL, Times Live, Sowetan Live and eNCA. Stakeholders are regularly informed about the CHIETA and its service offerings.

PROJECTS UNDERTAKEN

- Undertaking ongoing internal communications, including regular staff newsletters
- Compiling regular communication for the board and stakeholder in form of newsletters
- Issuing press releases to drive media awareness
- Facilitating media interviews to drive media awareness
- Developing a new CHIETA corporate identity and logo
- Developing a plan to acknowledge levy payers
- Supporting CHIETA stakeholder events, both internal and external
- Increasing social media following and engagement
- Updating the website

CAREER GUIDANCE

During the period under review, the CHIETA supported several Career Guidance STEM projects with a deliberate focus on female and disabled learners. Primarily the programmes were directed at rural communities, while a few targeted townships. These were aimed at ensuring that marginalised learners are exposed to the chemical sector offerings including career pathways. Additionally, the participating learners were exposed to the CHIETA's nine sub sectors and their respective offerings. The programmes targeted Grades 9-12 learners in the main. Tablets and hygiene supplies were distributed to the participants during these sessions as value adds. Some of our strategic partners and service providers complimented our efforts by supplying the participants with chemistry and laboratory kits.

The CHIETA will continue to support Career Guidance STEM Programmes in particular, focusing on under privileged rural communities. To ensure the success of these programmes, Track and Trace studies/analyses shall be added as

our major element in evaluating and measuring the effectiveness of the programmes. This will enable review of focus should there be a need. Additional to the Track and Trace, plans to develop a Career Development strategy that will not only target school learners but also focus on post-graduate students in Maths and Science, is envisaged.

4. STAKEHOLDER MANAGEMENT

Stakeholder engagement sessions in provinces give opportunity for two-way interaction between the CHIETA and industry players in all nine sectors. The sessions allow partnerships to be strengthened and renewed where applicable and open opportunities for new partnerships to be formed. The focus is on:

- Increasing access and participation in the CHIETA offerings
- Strengthening the CHIETA's supply capacity
- Gathering and disseminating information and intelligence
- Engaging skills development facilitators (SDFs) to encourage participation by member companies.

5. FACILITIES MANAGEMENT

Facilities management ensures the functionality, comfort, safety, sustainability and efficiency of the built environment, including buildings and surrounding infrastructure. The CHIETA's facilities management team has been operating since September 2019 in the current buildings. Its responsibilities include safety and security, provision of office space and the implementation of operating procedures.

Following the move of both head office and the KwaZulu-Natal region, a period of acquiring office furniture and ICT equipment enabled the staff complement to settle down in the new premises. The team continued to manage policy and protocols related to the Covid-19 pandemic, such as PPE and sanitizer use, communication of Covid-19 safety messages and the deep cleaning of offices. The maintenance of security, in conjunction with the landlord, remained a priority with the use of CCTV cameras and security officers and protocols.

6. INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

The ICT unit provides ICT infrastructure, computers, application software, mobile communication and first-line support in a robust, secure and flexible manner based on industry standards. Its activities are to manage current and future infrastructure capacity, and monitor the availability of corporate systems in line with business needs and agreed service levels.

The ICT strategy is aligned to the organisational strategy by:

- Ensuring security of the CHIETA information systems
- Employing ICT to develop and enhance service delivery to the CHIETA and its stakeholders
- Aligning the use of information and communication technology by staff to attain good service levels
- Providing reliable, secure, innovative, and cost-efficient ICT systems (the CHIETA Management Information System) in support of business operations and service delivery programmes

CORPORATE SERVICES

- Planning for system development and integration
- Providing effective project management and managerial support
- Offering timely and efficient technical support to end-users.

Actions undertaken in the period under review:

- Assisted and supported with SETMIS and national learner record database (NLRD) reporting, discretionary grants and mandatory grants windows queries and reporting, and/or maintained the following:
 - o Workplace skills plan/annual training report (WSP/ATR) submissions module
 - o Education and Training Quality Assurance (ETQA) and supply-side and demand database
 - o MG levy processing module
 - o Stakeholder queries for various DG/MG activities
 - o Continued programming/coding work for MIS, maintenance and development.
- Countering cyber security threats
- ICT policy and procedure updates
- Series of roadshows for staff capacity building
- Development of CHIETA intranet.

7. HUMAN RESOURCES

The CHIETA regards its people as its most important asset. Human resources (HR) assists in creating a work environment that is supportive and conducive to performance and delivery against the strategic objectives of CHIETA. The HR unit in CHIETA plays a vital role in developing, implementing and overseeing an integrated strategy in which all HR functions work together in a cohesive manner to create a positive work environment characterised by performance, cross functional teamwork and accountability.

The HR priorities for CHIETA are clearly defined. The focus is on effective organisational architecture management: people resourcing, people performance, people utilisation and people retention or conservation.

Workforce planning is an important area of HR management. This ensures that the organisation maintains and attracts the best possible talent to further strengthen the already highly competent and experienced business unit teams. Special care and attention are placed on effective recruitment and selection processes, career pathing and succession planning to ensure that staff capacity is optimised, competent and provides value for money.

CHIETA prides itself on its performance driven management culture. The strategic plan and annual organisational performance goals are clearly linked and aligned to business unit targets. These become individual performance agreements with staff. This framework provides the assurance that all activities performed by the CHIETA business units or staff members add direct value to the agreed delivery areas between the CHIETA Accounting Authority and Executive Authority. CHIETA rolled out the first ever recognition rewards for staff.

HR policy development is a continuous process of improvement. Its annual assessment is based on specific business needs. This is carried out by the executive management team with oversight from the CHIETA Finance and Remuneration Accounting Authority Committee and CHIETA Accounting Authority.

Some of the highlights for the year included:

- Positive performance profile of CHIETA staff culminating in effective business unit delivery, ultimately leading to the CHIETA meeting and exceeding all organisational performance targets agreed with DHET
- As a true South African organisation where diversity is celebrated and regarded as one of its key business assets, representation of designated groups in the CHIETA has advanced. Opportunities to enhance diversity were continuously taken
- Various successful employee wellness engagements with staff, during which staff is also supported on a physical and emotional level, were held. These had a direct positive impact on staff delivery and performance
- CHIETA employees continue to work from home and no challenges were encountered
- Twenty positive Covid-19 cases were reported from April 2020 to March 2022 and all employees have recovered from the pandemic.

The CHIETA has maintained its low staff turnover and vacancy rates which has strengthened organisational stability and business continuity. This is primarily due to the CHIETA's positive work environment, service conditions and retention management framework.

The CHIETA not only invests in Chemical Industry skills development, but also understands that training and development has an important and positive impact on staff. The organisation aims to strengthen its learning culture by exposing all employees to capacity building initiatives and interventions. Personal development plans are actively managed for all the CHIETA staff.

Sadly, the passing of three staff members were recorded during the year. Two of these staff members passed away during their employment, while the third passed away some months after leaving the CHIETA. Sincere condolences are expressed to their families.

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 1-1: Personnel cost by programme/activity/objective

Programme/ activity/objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure	Number of employees	Average personnel cost per employee
Administration	80 064	51 387	9%	61	842
Projects	469 504	22 258	4%	44	506
Total	549 568	73 645	13%	105	701

CORPORATE SERVICES

Table 1-2: Personnel cost by salary band for administration and projects programme

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost	Number of employees	Average personnel cost per employee
Top Management (Executives)	14 187 273	21%	6	2 364 546
Line Management (Managers)	13 586 060	20%	11	1 235 096
Professional Qualified (Specialists)	20 972 660	31%	21	998 698
Skilled (Practitioners)	7 887 775	12%	11	717 070
Semi-skilled (Administrators and Assistant Administrators)	9 704 218	14%	28	346 579
Unskilled (Cleaners and Interns)	615 058	1%	28	21 966
Total	66 953 045	100%	105	5 683 956

Table 1-3: Performance rewards for administration and projects programme

Programme/activity/objective	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost
Top Management (Executives)	1 200 691,19	15 387 965	8%
Line Management (Managers)	1453920	15 039 980	10%
Professional Qualified (Specialists)	2 174 189,72	23 146 849	9%
Skilled (Practitioners)	784 660,97	8 672 436	9%
Semi-skilled (Administrators and Assistant Administrators)	996 493,25	10 700 711	9%
Unskilled (Cleaners and Interns)	66 203,26	681 262	10%
Total	6 676 159	73 629 203	55%

Table 1-4: Staff establishment and staff complement for administration and projects programme (as at 31 March 2022)

Programme/activity/objective	2021/22 Number of employees (admin)	2021/22 Number of employees (projects)	2021/22 approved posts	2021/22 vacancies
Top management	5	1	7	1
Senior management	7	4	12	1
Professional qualified	9	12	24	3
Skilled	8	3	12	1
Semi-skilled	20	8	30	2
Unskilled	2	26	32	4
Total	51	54	117	12

The total CHIETA staff complement post establishment was 117 and the current staff complement is 105. Dedicated projects were worked on by 54 project staff members. These were funded from the CHIETA internship budget and the CHIETA project administration and management budget.



PART H - FINANCIAL INFORMATION

FINANCE OVERVIEW FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL PERFORMANCE OVERVIEW

The CHIETA continued to receive and utilise the Skills Development Levy Income received from industry to adequately fund the planned skills development activities for the chemical industries sector. The financial performance reflects a surplus of R55 million. This follows a slight increase of R6million from the prior year reported R49 million surplus. This is at a backdrop of an increase in revenue of 57% from R384 million to R605 million and increased expenditure of 64% from R335m to R550 million. The SETA has declared a cash surplus in terms of PFMA's National Treasury surplus retention instruction note 12 of 2020/2021 of R 100m compared to R43m in prior year. All un-utilised surpluses were duly transferred to the Discretionary grant reserve, as required by legislation.

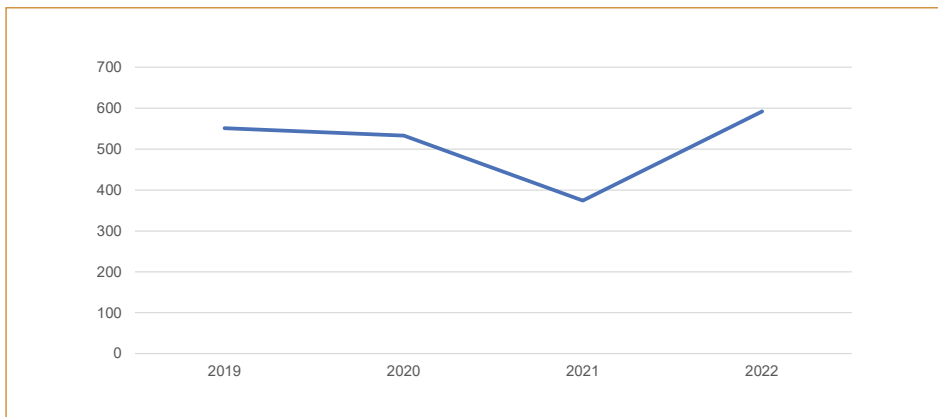
UNQUALIFIED AUDIT OPINION

The CHIETA obtained an unqualified audit opinion for the financial year ended 31 March 2022. This achievement confirms the high levels of integrity and commitment to sound financial management practices and accountability within the organisation. An unqualified audit opinion indicates that the financial statements submitted for audit were presented fairly, in all material respects, the financial position of CHIETA at 31 March 2022 and its financial performance and cash flows for the year then ended, in accordance with Standards of Generally Recognised Accounting Practices (SA Standards of GRAP), and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998).

REVENUE

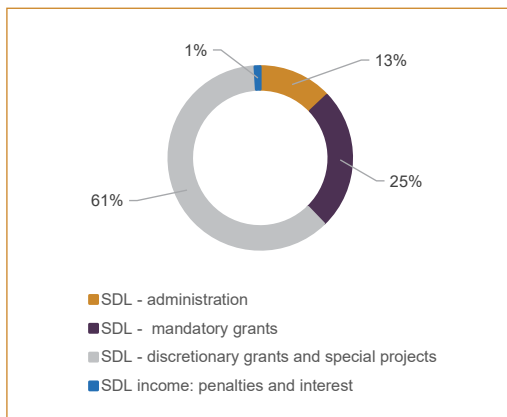
Skills development levy (SDL) income increased by 58% R592 million (2021: R374million). This as the economy recovered from the effects of Covid, which saw a plunge in the skills levy income contributions from industry. The recovering trend is as depicted in the SDL income trend below. The contribution of the return on invested funds to total revenue was R13million (2021: R10.3 million) as interest rates slowly recovered with the repo rate in the year.

SDL income trend

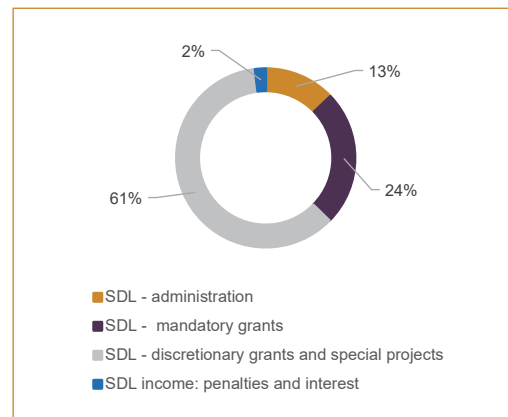


The SDL income split remains consistent year on year; with a reported slight 1% variance in penalties and interest and discretionary grant funding. Most of the skills levy funding (85%) goes towards funding employer grants and discretionary project spend whilst an average of 13% goes towards funding the administration of the SETA. This is as depicted below.

SDL income split 2022



SDL income split 2021



FINANCIAL INFORMATION

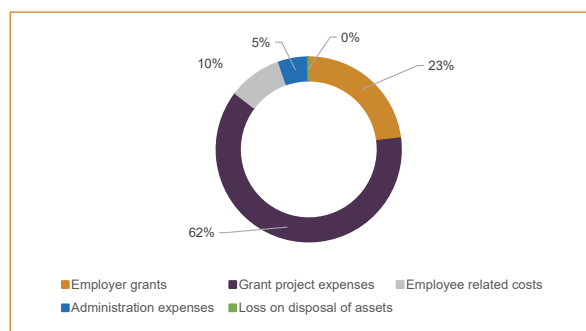
EXPENDITURE

Administration expenditure exceeded the 10.5% Skills Development Act legislated limit by 4% in the current year. However, prior approval to exceed the legislated amount was duly obtained from the Executive Authority. Employee costs at R51million (2021: R62million) contributed 64% (68%:2021) towards total expenditure. Administration expenditure also saw a decrease of 2% / R600k from prior year. This was as the CHIETA contained its employee costs by freezing vacant vacancies and reducing administration costs in a bit to cost contain towards spending within the legislated amount.

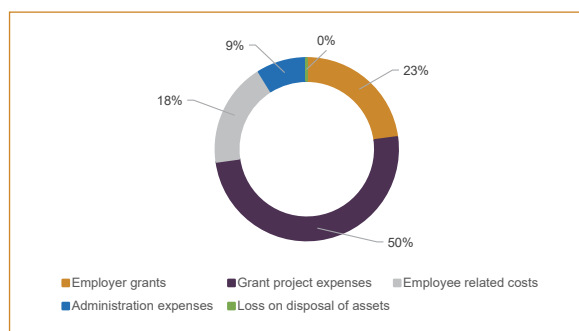
R470 million (2021: R244million) was expensed in grants and projects. Represented by R343 million (2021: R167 million) spending towards discretionary grant expenditure; constituting 95% (2021:74%) of SDL income received. Whilst mandatory grants spending of R127 million (2021: 77million) constituted 87% (2021:84%) of SDL income received for that purpose.

The CHIETA spending continues to align with the dictates of legislation. This as most of the spending goes toward funding Grant projects and employer grants. This is as depicted in the expenditure split below

Expenditure split 2022



Expenditure split 2021



COMMITMENTS

Total commitments of R137 million have been approved and allocated for discretionary grants commitments whilst R54m is committed to strategic sector projects. These commitments will be funded by the balance of R298 million available in the discretionary reserve for the year ended 31 March 2022. During the financial year an amount of R324 was utilised on contractual deliverables in discretionary grant programs (including project admin).

FINANCIAL VIABILITY AND SUSTAINABILITY OF OPERATIONS

The CHIETA continues to report a healthy financial position supported by healthy cash reserves R424 million (2021: 344million). These cash reserves are kept in the Discretionary reserve to fund future skills development initiatives. The recovery of the economy from the effects of the Covid pandemic is supporting the reported recovery in the performance. The CHIETA remains committed to prudently utilise funds received, to deliver on its mandate with improvement on its audit outcome.

AUDIT AND RISK COMMITTEE REPORT 2021/22

The report of the Audit and Risk Committee has been prepared in accordance with the Treasury Regulations for Public Entities 3.1; 27.1 issued in terms of the Public Finance Management (Act No. 1 of 1999) (PFMA), as amended by Act 29 of 1999.

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2022.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit and Risk Committee consists of the members listed hereunder and is required to meet at least once a quarter as per its approved terms of reference. The management team, representatives from the internal auditors and external auditors attended Audit and Risk Committee meetings. The committee also met with internal auditors, without management being present. The internal and external auditors have unrestricted access to the Audit and Risk Committee.

During the current financial year, eight meetings were held. The summary of meetings attended per Audit and Risk Committee member are:

Name	20 May 2021	26 May 2021	01 Jul 2021	17 Aug 2021	20 Sept 2021	28 Oct 2021	11 Nov 2021	11 Mar 2022
Nandipha Madiba (independent Chairperson up to 30 September 2021 and continues as an independent member from 1 October 2021)	√	√	√	√	√	√	√	√
Lerato Mothae (independent member up to 30 September 2021)	√	√	√	√	√	-	-	-
Mokgadi Olgar Morata (independent member up to 30 September 2021)	√	√	√	√	√	-	-	-
Thabo Masombuka	√	√	√	√	√	√	√	√
Gerhard Cloete	√	√	√	√	√	√	√	√
Zelda Tshabalala (independent Chairperson from 1 October 2022)	-	-	-	-	-	√	√	√
Portia Ravhuhali (independent member from 1 October 2022)	-	-	-	-	-	√	√	√

√ Attended meeting

X Apology

AUDIT AND RISK COMMITTEE RESPONSIBILITIES

The Audit and Risk Committee has adopted appropriate formal terms of reference as per its Audit and Risk Committee Charter, has regulated its affairs in compliance with this Charter as well as the recommendations of the King IV Code of Corporate Governance and has discharged all its responsibilities as contained therein.

FINANCIAL INFORMATION

AUDIT COMMITTEE REPORT 2021/22

EFFECTIVENESS OF INTERNAL CONTROL

The system of internal controls in the CHIETA is designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are properly managed in line with the PFMA and the protocol on corporate governance for public entities. This is achieved by means of the risk management process which includes the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the internal auditors, the audit report on the annual financial statements and the management letter of the Auditor-General of South Africa (AGSA), we concluded that the existing control environment during the year under review was adequate and effective and provided reasonable assurance that the organisation's goals and objectives are being achieved. However slight areas of improvement in internal controls are required.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed the unaudited annual financial statements, and, through internal audit, conducted a technical quality review of the financial statements prior to submission to the AGSA for audit
- Reviewed and discussed the audited financial statements and audited organisational performance report to be included in the annual report with the AGSA and the Accounting Authority
- Reviewed the AGSA's management report and management's response thereto
- Reviewed adjustments resulting from the audit
- Reviewed monthly and quarterly reports submitted by management.

The Audit and Risk Committee is also pleased to report that the CHIETA has received an unqualified audit opinion from the AGSA for the 2021/22 financial year, despite the abnormal and challenging environment in which CHIETA personnel operated, due to the impact of the pandemic and related government regulations which introduced various restrictions and economic recovery initiatives.

PERFORMANCE MANAGEMENT

The Audit and Risk Committee reviewed the entity's performance through the quarterly reports submitted by management and audited by internal audit. The Audit and Risk Committee acknowledged the achievement of 94 per cent of targets for 2021/22. The Audit and Risk Committee commends management on the actions taken to maintain the unqualified opinion on performance information.

RISK MANAGEMENT

The Audit and Risk Committee is responsible for overseeing the implementation of systems of managing risks within the entity, as required by the PFMA. The Governance and Strategy Committee (GSC) is a key assurance provider to the Audit and Risk Committee over the management of risk in the entity. Through the Governance and Strategy Committee, the Committee considered the entity's processes and systems of risk management.

The Audit and Risk Committee is satisfied with the level of effectiveness of the entity's risk management processes.

INTERNAL AUDIT

The Accounting Authority has, in terms of the PFMA, ensured that the entity has an effective system of internal audit under the control and direction of the Audit Committee. The Audit and Risk Committee is satisfied that internal audit implemented the approved annual internal audit plan accordingly without unjustified restrictions or limitations on work of the internal audit.

EXTERNAL AUDIT

The Audit and Risk Committee reviewed the AGSA's proposed audit scope and approach.

The Audit and Risk Committee will continue ensuring that:

- There is coordination of audit effort between external and internal audit
- It meets separately with AGSA to discuss any matters that the Audit and Risk Committee or auditors believe should be discussed privately.
- Corrective actions to the reports or findings of the AGSA are reviewed and significant progress is made on the implementation of corrective actions,

The committee concurs with and accepts the conclusions and the audit opinion of the AGSA on the annual financial statements and performance information and is of the opinion that the audited annual financial statements, read together with the performance information, be adopted.

APPRECIATION

The Audit and Risk Committee would like to express its appreciation to the entity's Accounting Authority, Accounting Officer, management, internal audit, the AGSA and all other role players for the robust and constructive engagements held during the period under review.



Zelda Tshabalala

Independent Chairperson
Audit and Risk Committee
31 August 2022

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CHEMICAL INDUSTRIES EDUCATION AND TRAINING AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Chemical Industries Education and Training Authority (CHIETA) as set out on pages 115 to 170, which comprise the statement of financial position as at 31 March 2022, the financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of CHIETA as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for opinion

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the public entity for the year ended 31 March 2022.

Responsibilities of the accounting authority for the financial statements

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

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity's enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the public entity's annual performance report for the year ended 31 March 2022:

FINANCIAL INFORMATION

AUDITOR'S REPORT

Programme	Pages in the annual performance report
Programme 3: Occupationally directed programme	44 - 61

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the performance information of the selected programme:
- Programme 3: Occupationally directed programme

Other matters

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 44 - 61 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

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

Annual Financial Statements

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA. Material misstatements were identified on the following components which were subsequently corrected resulting in the entity receiving an unqualified opinion. Statement of Comparison of Budget and Actual amounts, Prior Period Error, Payables Non-Exchange, Mandatory Grants Expenditure, Statement of Cash Flows, Irregular Expenditure, SDL Levy Income, Segment Reporting, Discretionary Grant Expenditure and Related Parties.

OTHER INFORMATION

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report
23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

26. I considered internal control relevant to the audit of the financial statements, reported performance information and compliance with applicable legislation; however, the objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report
27. Management did not implement effective review controls to ensure that the amounts disclosed in the annual financial statements are accurate and complete. This resulted in material misstatements identified during the audit which were subsequently corrected.



Auditor General
Pretoria
31 July 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

FINANCIAL INFORMATION

AUDITOR'S REPORT

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected programme and on the public entity's compliance with respect to the selected subject matters.

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

AUDITED

The Annual Financial Statements for the year ended 31 March 2022, set out on pages 115 to 170, have been approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999, as amended, on 28 May 2019.

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ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

DHET	Department of Higher Education and Training
PFMA	Public Finance Management Act 1 of 1999
SETA	Skills Education and Training Authority
SDA	Skills Development Act of 1998
GRAP	Generally Recognised Accounting Practice
CHIETA	Chemicals Industries Education and Training Authority
QCTO	Quality Council for Trades and Occupations
PIVOTAL	Professional, Vocational, Technical and Academic Learning programmes
SARS	South African Revenue Services

The annual financial statements set out on pages 115 to 170, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:



Yershen Pillay
Chief Executive Officer
31 July 2022



Wezi Khoza
Chairperson of Accounting Authority
31 July 2022

1. General review of the state of affairs

Services rendered by the public entity and tariff policy

The Chemical Industries Education and Training Authority (CHIETA) is a PFMA schedule 3A public entity enacted by the Minister of Higher Education and Training in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) and governed by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), as amended. The CHIETA facilitates skills development in the Chemical Industry sector. No tariff is charged for services rendered. The CHIETA is funded through skills development levies contributed in terms of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) (SLA) by employers in the Chemical Industry sector.

2. Capacity constraints

While the CHIETA experienced minor capacity constraints for the year under review, these did not impact on the CHIETA's service delivery to its stakeholders, nor was the achievement of the CHIETA's strategic objectives or service level agreement (SLA) targets compromised.

3. Utilisation of donor funds

No donor funds were received or expended by the CHIETA for the period under review.

4. Controlled entities and public entities

The CHIETA does not exercise control over any other entities, agencies, organisations or public entities.

5. Re-licensing

The CHIETA was re-established by the Minister of Higher Education and Training for a further 10-year period ending on 31 March 2030.

6. The Accounting Authority of the CHIETA takes pleasure in presenting its report for the year ended 31 March 2022 to the Executive Authority, provincial legislature and Parliament of the Republic of South Africa. The 2021-22 financial year has successfully built on prior year achievements and has again exceeded key requirements of the Sector Education and Training Authorities (SETAs) grant regulations in relation to SETA finances, financial management, mandatory and discretionary grants. This is complemented by the achievement and exceeding of all expanded CHIETA SLA targets as agreed with our Executive Authority for the financial year ended 31 March 2022.

FINANCIAL INFORMATION

REPORT OF THE ACCOUNTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2022

The SETA's grant regulations resulted in a number of positive changes in the overall strategy and fostered an accelerated delivery model designed by the CHIETA to ensure that the CHIETA achieves and exceeds financial management and performance targets outlined in the grant regulations and the National Skills Development Plan (NSDP). A summary of the key requirements in the area of SETA finances, financial management, discretionary and mandatory grants are, inter alia:

- a) A SETA is required to allocate a minimum of 80 per cent of its available discretionary grants in a financial year to professional, vocational, technical and academic (PIVOTAL) programmes. (PIVOTAL programmes result in occupational or part qualifications whereas non-PIVOTAL programmes are not credit-bearing qualifications).
- b) A SETA may allocate a maximum of 20 per cent to funding of programmes, other than PIVOTAL ones, to develop the sector in accordance with the priorities outlined in the Sector Skills Plan (SSP).
- c) A SETA is required to annually set out the amount of discretionary funds available for the ensuing financial year in the Annual Performance Plan (APP) and indicate the programmes (PIVOTAL and non-PIVOTAL) that will be funded through discretionary grants and sector projects as well as indicate the impact of these interventions and how this impact will be measured.
- d) A SETA must, on an annual basis, and in accordance with any guidelines issued by the Department of Higher Education and Training (DHET), approve a discretionary grants policy, specifying how the SETA discretionary funds will be allocated to meet sector needs as set out in the SSP.

In order to obtain discretionary grant funding for PIVOTAL programmes from a SETA, a legal person employing more than 50 employees must complete and submit a PIVOTAL training plan and report.

An application for a mandatory grant must be submitted by 30 April of each year.

The key achievements within major segments of the CHIETA are summarised below:

6.1 Revenue

During the period under review the CHIETA received R585.6 million in SDL income and realised a 60 per cent (R219.3 million) increase in comparison to the levy income earned for the year ended 31 March 2021. SDL income: penalties and interest decreased by 21 per cent from R7.1 million in 2020/21 to R5.5 million for the current period. Return on invested funds of R12.9 million represented 2 per cent of total revenue. Total revenue increased by 57 per cent from R384.5 million in the prior financial year to R605 million for the year ended 31 March 2021. SDL income exceeded approved budget by 17 per cent (R88.2 million) while total revenue exceeded the approved budget by 16 per cent (R87 million).

6.2 Expenses

6.2.1 Administration expenses:

CHIETA administration expenditure was 25 per cent lower than the budget in the current year and thus within the 10.5 per cent limit prescribed by the Skills Development Levy Act.

6.2.2 Employer grants and project expenses:

Employer grant and project expenditure was 14 per cent higher than budget. Mandatory grants disbursement exceeded budget due to higher company participation. Discretionary and project expenditure exceeded budget due to early relaxation of Covid-19 restrictions which enabled free movement and project closures.

6.2.3 Discretionary grants and commitments:

The CHIETA expensed over R342.6 million in discretionary grants and project expenses for 2021/22, representing 94 per cent of the SDL income received for discretionary grants and project purposes. During the financial year under review, the CHIETA continued its drive to optimise service delivery by expanding and further integrating platforms, systems and processes, thus allowing for a greater focus on monitoring and evaluation, strategic review and analysis of performance targets and related grant disbursement targets. A strong focus was also placed on expanding existing partnerships and promoting new partnerships with stakeholders to achieve the highest return on investments and to deliver the substantially expanded SLA targets with the DHET. This approach has once again reduced the overall cost and the unit cost of training in the various projects and programmes without compromising the achievement of and exceeding all CHIETA SLA targets for 2021/22.

The objective was also to ensure optimal service delivery and disbursement of discretionary grants and projects expenses during the financial year. Discretionary grant allocations and funding priorities were interrogated, ranked and aligned against the priorities of the NSDP and the SSP.

During the year under review, applications for discretionary grants and projects were once again oversubscribed. After evaluation according to the established criteria, awards of over R218 million were approved for discretionary grant learning programmes and a further R219 million was approved and allocated for strategic sector projects during the financial year. The nature of initiatives supported included:

- a) Programmes supporting learners on registered learnerships and workplace experience.
- b) Supporting of scarce and critical skills as identified in the SSP.
- c) Honouring apprenticeship and artisan training commitments and prioritising new apprenticeship programmes.
- d) Supporting partnerships and training initiatives in further education and training, higher education and training in partnership with the Chemical Industry.

FINANCIAL INFORMATION

REPORT OF THE ACCOUNTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2022

- e) Providing incentives for workplace experience and employment creation.
- f) Assisting graduates in entering the workplace and enhancing employability through further graduate development programmes and Work Integrated Learning (WIL).
- g) Promoting recognition of prior learning (RPL) and facilitation of strategic research programmes.

It is the opinion of the Accounting Authority that the expenditure incurred during the year under review has been properly accounted for and that the projects and programmes undertaken have considerably benefited the Chemical Industries sector as a whole, as well as providing support and funding towards national priorities and the achievement of national skills development imperatives.

6.2.4 Mandatory grant

Mandatory grant participation was above anticipated projections during the financial period. The mandatory grant expense increased by 65 per cent from R76.7 million for the financial year ended 31 March 2021 to R126.8 million for the financial year ended 31 March 2022. The mandatory grant disbursement represented 86 per cent of mandatory grant levy income received for the financial year ended 31 March 2022. Unclaimed mandatory grants of R19.5 million were transferred to the discretionary reserve and allocated to prioritised discretionary grants and projects as per the requirements of the SETA grant regulations.

6.2.5 Net surplus for the year

The CHIETA incurred a net surplus of R55.4 million for the year ended 31 March 2022. This was the third time in the last six years that the CHIETA had a surplus. The incurring of a surplus in the SETA environment is seen as a negative outcome in respect of sound financial management since the impact is an increase of funds available in the discretionary grant reserve. While the CHIETA Accounting Authority promotes the strategy of reducing discretionary grant reserves to an optimum level in order to allow the CHIETA to deliver on its mandate and agreed SLA targets annually, this was difficult under Covid-19 environment.



Ms Wezi Khoza

Chairperson of Accounting Authority

24 August 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note(s)	2022 R '000	2021 Restated* R '000
Assets			
Current assets			
Cash and cash equivalents	3	424 070	343 960
Receivables from non-exchange transactions	4	6 120	2 993
Receivables from exchange transactions	5	423	701
Inventories	6	72	30
		430 685	347 684
Non-current assets			
Property, plant and equipment	7	4 353	2 801
Intangible assets	8	5 102	5 796
		9 455	8 597
Total assets		440 140	356 281
Liabilities			
Current liabilities			
Accounts payables from exchange transactions	9	11 530	10 532
Accounts payable from non-exchange	10	113 544	84 779
Provisions	11	7 986	9 365
		133 060	104 676
Total liabilities		133 060	104 676
Net assets		307 080	251 605
Reserves			
Administration reserve		9 454	8 597
Discretionary reserve		297 626	243 008
Total net assets		307 080	251 605

FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
	Note(s)	R '000	Restated* R '000
Revenue			
Revenue from exchange transactions			
Investment income	12	12 895	10 377
Revenue from non-exchange transactions			
Taxation revenue			
Skills development levy: income	14	585 592	366 213
Skills development levy: penalties and interest	14	5 562	7 123
Other income	13	973	801
Total revenue from non-exchange transactions		592 127	374 137
Total revenue	14	605 022	384 514
Expenses			
Employee related costs	17	(51 387)	(61 530)
Employer grant and project expenses	15	(469 504)	(244 004)
Administration expenses	16	(28 531)	(29 170)
Loss on disposal of assets		(146)	(382)
Total expenses		(549 568)	(335 086)
Surplus for the year	2	55 454	49 428

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2022

	Administration reserve R '000	Employer grant reserve R '000	Discretionary grant reverse R '000	Surplus R '000
Balance at 01 April 2020	2 533	-	199 644	-
Surplus / (deficit) for the year	-	-	-	46,900
Allocation of net surplus/(deficit)	(44 678)	9 973	81 605	(46 900)
Prior Period Error adjustments	-	-	-	2 528
Allocation of prior period error to reserves	1 765	4 770	(4 007)	(2 528)
Transfer to Discretionary reserve	48 977	(14 743)	(34 234)	-
Balance at 01 April 2021 - Restated	8 597	-	243 008	-
Surplus/(Deficit) for the year	-	-	-	55 454
Allocation of net surplus/(deficit)	(3 087)	19 523	39 018	(55 454)
Transfer to discretionary reserve	3 944	(19 523)	15 579	-
Balance at 31 March 2022	9 454	-	297 626	-

FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	Note(s)	2022 R '000	2021 Restated* R '000
Cash flows from operating activities			
Cash received from stakeholders			
Levies, interest and penalties received		589 054	374 418
Interest income		13 119	10 377
		<u>602 173</u>	<u>384 795</u>
Cash paid to stakeholders, suppliers and employees			
Compensation of employees		(50 876)	(57 898)
Grants and project payments		(440 729)	(207 596)
Cash payments to suppliers and others		(27 458)	(24 410)
		<u>(519 063)</u>	<u>(289 904)</u>
Net cash flows from operating activities	18	83 110	94 891
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2 839)	(1 530)
Proceeds from sale of property, plant and equipment		77	12
Purchase of other intangible assets	8	(239)	(5 879)
Net cash flows from investing activities		(3 001)	(7 397)
Net increase/(decrease) in cash and cash equivalents		80 109	87 494
Cash and cash equivalents at the beginning of the year		343 960	256 467
Cash and cash equivalents at the end of the year	3	424 069	343 961

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2022

Budget on Accrual Basis

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Statement of Financial Performance						
Revenue from exchange transactions						
Investment income	14 500	-	14 500	12 895	(1 605)	Note 29
Revenue from non-exchange transactions						
Skills Development Levy: Income	583 080	(87 205)	495 875	585 592	89 717	Note 29
Skills Development Levy: penalties and interest	8 025	-	8 025	5 562	(2 463)	Note 29
Other income	-	-	-	973	973	
Total revenue from non-exchange transactions	591 105	(87 205)	503 900	592 127	88 227	
Total revenue	605 605	(87 205)	518 400	605 022	86 622	
Expenditure						
Employee related costs	(46 225)	(19 760)	(65 985)	(51 387)	14 598	Note 29
Employer grant and project expenses	(532 936)	120 714	(412 222)	(469 504)	(57 282)	Note 29
Administration expenses	(26 444)	(13 749)	(40 193)	(28 531)	11 662	Note 29
Total expenditure	(605 605)	87 205	(518 400)	(549 422)	(31 022)	
NET DEFICIT FOR THE YEAR	-	-	-	55 600	55 600	
Loss on disposal of assets	-	-	-	(146)	(146)	Note 29
Surplus before taxation	-	-	-	55 454	55 454	
Net surplus /(deficit) for the year	-	-	-	55 454	55 454	

FINANCIAL INFORMATION

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance and in compliance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in line with Section 91(1) of the PFMA. Accounting policies are in accordance with the Skills Development Act, 97 of 1998 as amended and the Skills Development Levies Act 9 of 1999 as amended.

The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise stated.

The financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost basis.

1.1 Presentation currency

These financial statements are presented in South African Rand as this is the currency in which the entity's transactions are denominated. Figures have been rounded off to the nearest thousand (R'000).

1.2 New accounting pronouncements

An entity shall apply Standards of GRAP for Annual Financial Statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the PFMA.

Standards issued and relevant but not yet effective.

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the SETA and may have an impact on future financial statements.

Statement	Standard	Effective date
The effect of past decisions on materiality	iGRAP 21	Not yet determined
Employee benefits	Amended iGRAP 25	Not yet determined
Financial instruments	Amended iGRAP 104	Not yet determined

Entities apply the accounting policies set out in the Standard of GRAP, except when the effect of applying is immaterial. This interpretation explains the implications of adopting accounting policies for material items based on Standards of GRAP as well as applying alternative accounting treatments for immaterial items.

1.2 New accounting pronouncements (continued)

This interpretation applies to accounting policies and alternative accounting treatments related to the recognition and measurement of items. The presentation and disclosure of items dealt with in the Standard of GRAP on Presentation of Financial Statement (GRAP1).

1.3 Going concern assumption

The financial statements have been prepared on the going concern basis, as the CHIETA does not see any reason to significantly curtail its operations in the foreseeable future and the entity will continue to operate as a going concern.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions which may be material to the financial statements. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates in the annual financial statements. Judgements include:

Useful life property plant and equipment and intangibles

Management will increase the depreciation charge where useful lives are less than previously estimated.

CHIETA re-assesses the useful lives and residual values of property, plant and equipment on an annual basis. In re-assessing the useful lives and residual values of property, plant and equipment management considers the condition and use of individual assets, to determine the remaining period over which the assets can and will be used.

Impairment testing

Management had to make the following judgement in applying criteria to designate assets as non-cash generating assets or cash generating assets. Cash generating assets are used with the objective of generating a commercial return. CHIETA assets are non-cash generating assets.

If the recoverable service amount of a non-cash generating assets is less than its carrying amount, the amount of the assets shall be reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss shall be recognised immediately in the statement of Financial Performance. The entity reviews and tests the carrying amount of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared in cashflows for each group of assets.

FINANCIAL INFORMATION

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.4 Significant judgements and sources of estimation uncertainty (continued)

Receivables from non-exchange transactions

CHIETA pays mandatory grants to its sector levy-payers based on information from South African Revenue Services (SARS). Where SARS retrospectively amends the information on levies collected, this may result in grants that have been paid to affected levy-payers being in excess of the amount CHIETA would have granted to those levy-payers had all information been available at the time of payment of those grants. A receivable relating to the overpayments made in prior periods is recognised at the amount of the grant overpayment, net of irrecoverable debts and allowance for irrecoverable amounts.

Receivables from exchange transactions

The entity assesses its trade receivables for impairment at the end of financial reporting period. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the entity makes judgement as to whether observable data indicating measurable decrease in the estimated future cashflows from a financial asset.

Exchange and non-exchange receivables Impairment

The entity assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or loss, The entity makes judgement as to whether there is observable data indicating a measurable decrease in the estimated future cashflows from a financial asset.

The impairment for receivable is calculated on an individual basis based on historical loss ratios, adjusted for conditions.

Payables from exchange transactions

Payables from exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short maturity period of these instruments.

Payables from non-exchange transaction

Payables from exchange transactions are due to employers and are stated at nominal value.

Provisions

Provisions are estimates raised by management using the information available to management. Additional disclosures of these estimates of provisions are included in note 11.

1.4 Significant judgements and sources of estimation uncertainty (continued)

COVID-19 related matters

The COVID-19 pandemic and the related declarations of a national disaster, lockdown and associated negative economic effects has raised significant uncertainty in regards to future transactions. Management has made judgement and estimates and determined risks in regard to the impact on its going concern based on estimates and determined risks in regard to the impact on its going concern based on estimates and information available to it up to the date of issue of the Financial Statements. These estimates are recognised in the period when the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods.

1.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. The cost of an item of property, plant and equipment is recognised as an asset when:

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

Property, plant and equipment is initially measured at cost.

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

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

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

Item	Depreciation method	Average useful life
Office furniture and fixtures	Straight-line	10 years
Office equipment	Straight-line	10 years
Computer equipment	Straight-line	3 years
Leasehold improvements	Straight-line	Lease term

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

FINANCIAL INFORMATION

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.5 Property, plant and equipment (continued)

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

In the application of the SETAs accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from our sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty.

The following are the key assumptions concerning the future and other key sources and estimation uncertainty at year end that have significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

- The SETA reviews the estimated useful lives of property, plant and equipment at the end of each financial reporting period for its carrying values; and
- Management determined, consistent with prior years that the useful lives of the assets should be limited by the SETA establishment.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 16.1)

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation period for intangible assets is reviewed at each reporting date.

An intangible asset is recognised when:

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The entity reassesses the useful life of intangible assets at the end of each financial year.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

Gains and losses on disposal of intangible assets are determined by reference to their carrying amount and taken into account in determining operating profit.

FINANCIAL INFORMATION

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.6 Intangible assets (continued)

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

Item	Depreciation method	Average useful life
Internally generated software	Straight-line	Life of CHIETA license
Computer software	Straight-line	2 - 20 years

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Financial instruments

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

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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

1.7 Financial instruments (continued)

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

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

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

A financial asset is past due when a counter party has failed to make a payment when contractually due.

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at fair value
Receivables from exchange transactions	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost

Cash and cash equivalents, receivables from exchange transactions and other receivables are categorised as financial assets measured at amortised cost, which due to their short-term nature, closely approximate their fair values.

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

1.8 Leases

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

FINANCIAL INFORMATION

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.8 Leases (continued)

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Inventories

Consumables are recognised as an asset on the date of acquisition and measured at the cost of acquisition. It is subsequently recognised in surplus or deficit as it is consumed. Subsequent to initial recognition inventory is measured at cost or current replacement cost whichever is less.

1.10 Provisions and contingencies

Provisions are recognised when the SETA has a present legal or constructive obligation as a result of past events, and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

1.11 Receivables from non-exchange transaction

Statutory receivables

Statutory receivables are receivables that arise from SDL legislation and its supporting regulations and require settlement by another entity in cash or another financial asset.

The SETA recognises the carrying amount in the statement of financial position using the cost method at the transaction amount.

1.11 Receivables from non-exchange transaction (continued)

The entity recognises statutory receivables if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions.

Receivables from exchange transactions are other receivables, interest receivables and rental deposits held. Interest receivable is recognised by applying the effective interest rates on investments held in line with the investment income policy. The entity recognises exchange receivables using the policy on revenue from exchange transactions.

1.12 Receivables exchange transaction

Receivables from exchange transactions are other receivables, interest receivables and rental deposits held. Interest receivable is recognised by applying the effective interest rates on investments held in line with the investment income policy. The entity recognises exchange receivables using the policy on revenue from exchange transactions.

1.13 Revenue from exchange transactions

Revenue from exchange transaction is recognised when it is probable that future economic benefits or services potential will flow to the SETA and these benefits can be measured reliable. Revenue is measured at fair value of consideration received.

1.14 Revenue from non-exchange transactions

Non-exchange transactions result in resources being received by CHIETA usually in accordance with a binding agreement. When CHIETA receives resources as a result of nonexchange transactions. It recognises an asset and revenue in one period that the arrangement becomes binding and when it is probable that CHIETA will receive economic benefit or service potential and can make reliable measure of the resources transferred.

Non-exchange revenue includes the receipt of levy income and levy interest and penalties from the DHET, income from NSF and grants from National Government.

SDL transfers are recognised when it is probable that future economic benefit will flow to the SETA and these benefits can be measured reliably. This occurs when the DHET, either makes an allocation or payment, whichever comes first, to the SETA, as required by section 8 of the Skills Development Levies Act, 1999 (Act No.9 of 1999).

Skills Development levies are recognised at the fair value of the consideration received.

FINANCIAL INFORMATION

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.14 Revenue from non-exchange transactions (continued)

Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS). 80% of skills development levies are paid over to SETA (net of the 20% contribution to the National Skills Fund).

Revenue is adjusted for inter-SETA transfers due to employers changing SETAs. The amount of the inter-SETA adjustment is calculated according to the Standard Operating Procedures issued by the Department of Labour in June 2001. When a new employer is transferred to the SETA, the levies transferred by the former SETA are recognised as revenue and allocated to the respective category to maintain its original identity.

Skills development levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training makes an allocation of the SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

Exempt registered member companies of the SETA

Companies with an annual payroll cost less than R500,000 are exempted from paying the 1% skills development levy, in accordance with section 4(b) of the Levies Act as amended, effective 1 August 2005. An employer who is liable to pay the levy is exempted if, during any month there is reasonable ground to believe that the total remuneration (as determined in accordance with the Levies Act) payable or paid by the employer to all its employees during the following 12 month period will not exceed R500,000. Should the SETA receive any SDL from such possibly exempt companies, the SETA recognises a payable shown as a provision equaling the SDL received from these possible levy exempt companies.

As per the Skills Development Circular 09/2013, should the levies received from exempt companies not be refunded to the respective employer through the SARS system after five years from receipt, the SETA transfers all monies received from exempt companies to levy revenue. Such levies are allocated to discretionary levies.

SARS retrospectively amends the information on levies collected, it may result in grants that have been paid certain employers in excess the employers.

Levy Interest and penalties

Interest and penalties on the SDL is recognised when it accrues based on the amount received or allocation made by DHET as required by the SDL act.

1.15 Grants and project expenditure

A registered company may recover a maximum mandatory grant of 20% of its total levy payment by complying with the grant criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Act 1999 (Act No 9 of 1999).

Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form by 30 April of every year. The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period for the skills planning grant and implementation grant.

Discretionary grants and project expenditure

The funding for discretionary grants and projects comprise 49.5% of the total levies paid by employers, levy rents that are not claimed by employers, the surplus of administration levies not utilised, investment income and other income generated by the SETA.

A SETA may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expense in the period in which they are incurred and on which condition are met.

Project expenditure comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and project administration costs can be allocated to the project; and
- such other costs as are specifically chargeable to the SETA under the terms of the contract.
- A maximum of 7.5% of discretionary grant and project expenditure may be used for project management purposes.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

1.16 Administration expenditure

Administration expenditure relates to CHIETA operational expenditure. The basis of measurement is fair value.

FINANCIAL INFORMATION

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.17 Employee related costs

Employee related costs are forms of considerations given by an entity in exchange for services rendered by employees. Employee related costs are recognised during periods in which the related service is rendered.

The SETA provides for retirement benefits for all its permanent employees through a defined contribution scheme that is subject to the Pension Funds Act, 1956 as amended. In terms of the Pension Funds Act, the fund is not required to be actuarially valued. Contributions are at a rate of 14.88% of pensionable emoluments.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits. Termination benefits are recognised and expensed when an employee withdraws their services.

Liability for annual leave is recognised as it accrues to employees. This liability is based on the amount of leave days due to employees at year end.

The SETA's contribution to the defined contribution plans is charged to the income statement in the year to which they relate and no future liability exists for the CHIETA.

1.18 Investment income

Interest income is accrued on a time proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

1.19 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.20 Fruitless and wasteful expenditure

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

Irregular expenditure receivables are measured at the amount that is expected to be recovered and are de-recognised when settled or written-off as irrecoverable.

Irregular expenditure must be removed from the balance of the irregular expenditure notes when it is either:

- (a) condoned by the relevant authority if no official was found to be liable in law.
- (b) recovered from an official liable in law.
- (c) written-off if it's irrecoverable from an official liable in law; or
- (d) written-off if it's not condoned and irrecoverable

1.22 Segment information

A segment is an activity among others whose results are regularly reviewed by management to make decision about resources to be allocated to that activity and in assessing its performance.

Segments are identified by the way in which information is reported by management, both for purposes of assessing performance and making decisions about how future resources will be allocated to various activities undertaken by the CHIETA. The major classification of activities identified in budget information reflect the segments for which CHIETA reports information.

The factors to be used to determine reportable segments may included for example geographical areas or regulatory environments.

CHIETA has elected to disclose the surplus and deficit based on the regulatory environment and has therefore split the segments into Administration, Mandatory grants and Discretionary grants activities.

FINANCIAL INFORMATION

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.23 Related parties

CHIETA operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. All national departments of government and state-controlled entities are regarded as related parties. Other related party transactions are also disclosed in terms of the requirements of the accounting standard.

1.24 Events after reporting date

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

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

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

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

1.25 Commitments

Commitments are disclosed where CHIETA in the normal course of operation entered into contractual agreements with entities relating to grants or where this a contractual letter of award. Commitments are measured at the amount the entity would pay to settle the future obligation as per the contractual relationship with the beneficiary. Commitments are disclosed in note 21.

1.26 Reserves

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with Regulations issued terms of the SDA as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to pay for its administration costs.

The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above table.

Surplus funds are moved to the discretionary fund reserve from the administration reserve based on unspent funds at year-end and from the mandatory grant based on unclaimed grants after the prescribed time-frames have elapsed.

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund the SETA's administration costs.

Employer levy payments are set aside in terms of the SDA and the Regulations issued in terms of the Act for the purpose of covering the percentage of funds recorded below.

	2022 %	2021 %
Administration costs of the SETA	10.50	10.50
Employer grant fund levy	20.00	20.00
Discretionary grants and projects	49.50	49.50
Received by the SETA	80.00	80.00
Contribution to the National Skills Fund	20.00	20.00
	100.00	100.00

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Allocation of net surplus / (deficit) for the year to reserves for the year ended 31 March 2022

	Total per statement of performance 2021/2022 R'000	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000
Revenue from exchange transactions				
Investment income	12 895	-	-	12 895
Revenue from non-exchange transactions				
Skills development levy: income	585 592	76 860	146 418	362 313
Skills development levy: penalties and interest	5 562	-	-	5 562
Other income non-exchange	973	117	-	856
Total revenue	605 022	76 977	146 418	381 626
Expenses				
Employee related costs	(51 387)	(51 387)	-	-
Employer grants and projects expenses	(469 504)	-	(126 896)	(342 608)
Administrative expenses	(28 531)	(28 531)	-	-
Loss on disposal sale of assets	(146)	(146)	-	-
Net surplus per statement of financial performance allocated	55 454	(3 087)	19 522	39 018

Allocation of net surplus / (deficit) for the year to reserves for the year ended 31 March 2021

	Total per statement of performance 2021/2022 R'000	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000
Revenue from exchange transactions				
Investment income	10 377	-	-	10 377
Revenue from non-exchange transactions				
Skills development levy - income	366 213	48 070	(91 489)	226 654
Skills development levy penalties and interest	7 123	-	-	7 123
Other income non-exchange	801	99	-	702
Total revenue	384 514	48 169	91 489	244 856
Expenses				
Employee related costs	(61 530)	(61 530)	-	-
Employer grant & project expenses	(244 004)	-	(76 746)	(167 258)
Administrative expenses	(29 170)	(29,170)	-	-
Loss on disposal sale of assets	(382)	(382)	-	-
Net surplus per statement of financial performance allocated	49 428	(42 913)	14 743	77 598

3. Cash and cash equivalents

Cash at bank and on hand

	2022 R '000	2021 R '000
Cash at bank	424 056	343 950
Cash on hand	14	10
Cash and cash equivalents at end of year	424 070	343 960

As required in Treasury Regulation 31.2, National Treasury approved the banks where the CHIETA bank accounts are held. The weighted average interest rate on short term bank deposits was 4.31% (2021: 3.76%).

Cash includes cash on hand and cash with banks. Cash equivalents are short term, highly liquid investments that are held with registered banking institutions with maturities of five months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments.

4. Receivables from non- exchange transactions

	2022 R '000	2021 R '000
Grants and projects debtors	5 225	2 107
Employer receivable	895	886
	6 120	2 993

5. Receivables from exchange transactions

Trade debtors	64	48
Deposits	359	359
Other receivables	-	294
	423	701

Included in other receivables is interest receivable R0 (2021: 224).

6. Inventories

Stationery	72	30
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FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7. Property, plant and equipment

	2022			2021		
	Cost/ valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Computer equipment	2 978	(1 051)	1 927	1 918	(346)	1 572
Office furniture and fittings	2 354	(689)	1 665	2 727	(1 831)	896
Office equipment	773	(473)	300	767	(434)	333
Leasehold improvements	592	(131)	461	-	-	-
Total	6 697	(2 344)	4 353	5 412	(2 611)	2 801

Movement summary for the year ended 31 March 2022

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Computer equipment	1 572	1 144	(67)	(722)	1 927
Office furniture and fittings	896	1 075	(113)	(193)	1 665
Office equipment	333	28	(16)	(45)	300
Leasehold improvements	-	592	-	(131)	461
	2 801	2 839	(196)	(1 091)	4 353

Movement summary for the year ended 31 March 2021

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Computer equipment	843	1 375	(133)	(513)	1 572
Office furniture and fittings	1 084	11	(12)	(187)	896
Office equipment	556	144	(249)	(118)	333
	2 483	1 530	(394)	(818)	2 801

No property plant and equipment has been pledged as security

8. Intangible assets

	2022			2021		
	Cos / valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Computer software	649	(359)	290	997	(349)	648
Computer software, internally generated	5 230	(657)	4 573	4 621	(82)	4 539
Software underdevelopment (MIS)	239	-	239	609	-	609
Total	6 118	(1 016)	5 102	6 227	(431)	5 796

Reconciliation of intangible assets - 2022

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Amortisation R'000	Total R'000
Computer software	648	-	(28)	-	(330)	290
Computer software, internally generated	4 539	-	-	609	(575)	4 573
Software underdevelopment (MIS)	609	239	-	(609)	-	239
	5 796	239	(28)	-	(905)	5 102

Reconciliation of intangible assets - 2021

	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Computer software	50	649	(51)	648
Computer software, internally generated	-	4 621	(82)	4 539
Software underdevelopment (MIS)	-	609	-	609
	50	5 879	(133)	5 796

In 2019 The CHIETA embarked on a development of an intergrated Management Information System for the SETA Grant administration. Modules that were signed off for use have been capitalized whilst those in various stages of completions have been disclosed as software under development.

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

8.1 Change in accounting policy

Management reviewed the amortisation policy of the software underdevelopment from 9 years to life of CHIETA license. This is to align all new developments yet to be signed off to amortise over remaining life of license.

No modules were signed off in the current year and there were no changes made to the amortisation on those already recognised and therefore no financial implication to change of policy note.

9. Accounts payables from exchange transactions

	2022 R '000	2021 R '000
Trade payables	741	4 064
Other accruals	6 342	3 901
Employee benefits - leave accrual (refer to note 9.1)	4 447	2 567
	11 530	10 532

9.1 Employee benefits - leave accrual

Open carrying amount	2 567	1 307
Amounts utilised	(2 567)	(1 307)
Change in estimates	4 447	2 567
Total	4 447	2 567

10. Accounts payable from non-exchange

Skills development grants payable - mandatory non-exchange	16 336	18 766
Skills development grants payable - discretionary non-exchange	7 561	-
Discretionary projects payable	17 240	56 096
Discretionary projects accruals	39 279	-
Projects payables	3 837	1 845
Projects accrual	24 578	3 675
Employer payables	1 599	1 283
Other payables	3 114	3 114
	113 544	84 779

11. Provisions

Reconciliation of provisions for the year ended 31 March 2022:

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Exempt employers provision	1 226	10	-	1 236
Provision for performance bonus	8 138	-	(1 388)	6 750
	9 364	10	(1 388)	7 986

Reconciliation of provisions for the year ended 31 March 2021:

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Exempt employers provision	1 184	190	(148)	1 226
Bonus provision	5 767	8 138	(5 767)	8 138
	6 951	8 328	(5 915)	9 364

An amount of R1,236 (2021 R1,226) relates to skills development levies incorrectly contributed by employers to SARS and paid over to DHET after being exempted from contributing skill development levies due to legislative changes which came into effect on 1 August 2005. Since SARS collects the SDL from employers on behalf of the DHET and SETAs, the implementation of the payment of the refunds to employers remains with SARS. Whilst the liability of the adjustments remains with the SETA.

In terms of the skills Development Act 1998 SETAs must refund exempted amounts contributed by companies of which the salary is below the R500 000 salary threshold must be refunded. An amount of R6,750 (2021 R8,138) relates to performance bonus provisions based on employee actual and/estimated performance and contract ratings.

12. Investment income

	2022 R '000	2021 R '000
Interest received - bank deposits	12 895	10 377
	12 895	10 377

13. Other income

Skills development levy from ETDP SETA	118	99
Discretionary grants recoveries	856	702
	974	801

These amounts were paid to CHIETA by ETDP SETA for workplace skills plans (WSP).

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

14. Skills development levy income

	2022 R '000	2021 R '000
Skills development levies - administration	76 860	48 070
Skills development levies - mandatory grants	146 419	91 489
Skills development levies - discretionary grants and special projects	362 313	226 654
Skills development levy income	585 592	366 213

Levy income: penalties and interest

Skills development levies - interest	3 342	3 126
Skills development levies - penalties	2 220	3 997
Levy income: penalties and interest	5 562	7 123

15. Employer grant and project expenses

Mandatory grants	126 895	76 746
Disbursed	132 026	85 643
Movement in provisions and accruals	(5 131)	(8 897)
Discretionary grants and projects	342 608	167 258
Disbursed	366 275	191 298
Movement in provisions and accruals	(23 667)	(24 040)
	469 503	244 004

Discretionary grants expenditure consists of:

Discretionary grants project costs	315 994	153 568
Direct project administration expenses	26 614	13 690
	342 608	167 258

16. Administrative expenditure

	2022 R '000	2021 R '000
Depreciation	1 090	818
Amortisation of intangibles	906	133
Operating lease rentals	3 095	2 243
Maintenance, repairs and running costs (Refer to note 16.1)	81	1 086
Utilities	503	959
Advertising, marketing and promotions, communication	472	557
Consultancy and service provider fees	2 247	3 116
Legal fees	553	866
Travel and accommodation	867	240
Training and development	507	1 214
Remuneration to members of the accounting authority	2 657	3 490
Remuneration to members of the audit committee	1 031	1 215
Internal auditors remuneration	912	284
External auditors remuneration	3 317	2 496
IT Maintenance and internet service	3 280	2 309
Telephone and fax	501	627
Printing and stationery	741	507
Insurance costs	160	108
Workshop and meetings	177	42
Quality council for trades and occupations (QCTO*)	2 502	3 874
Postage courier	217	67
Board and committee secretariat	328	223
COVID expense	92	378
Cleaning service	518	383
Licenses	533	903
Other expense***	1 244	1 032
	28 531	29 170

* The SDL Act regulations requires a transfer of an amount not exceeding 0.5% of the total levy paid by the employer to the QCTO for SETA quality assurance functions.

*** Other expenses comprises various general administrative costs including website cost, bank charges, teas and coffees etc.

Administration costs of R4,356 (2021 R2,225) are in respect of project costs and has been allocated to Discretionary grant administration and it's not included in the amount above.

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

16. Administrative expenditure (continued)

16.1 Maintenance, repairs and running costs

	2022 R '000	2021 R '000
Included in the repairs and maintenance costs are property plant and equipment related expenditure:		
Office furniture and fittings	45	82
Office equipment	37	-
	82	82
17. Employee related costs		
Salaries and wages		
Basic salaries	38 432	42 837
Performance awards	4 383	8 139
Temporary staff	26	13
Leave provision	415	2 567
Social contributions		
Medical aid contributions	1 469	2 465
Provident fund contributions: defined contribution plans	6 276	5 180
UIF	386	329
	51 387	61 530
Average number of employees	98	94

Employee costs for an amount R22,258 (2021: R11,465) are in respect of project costs and has been allocated to Discretionary grant administration and its not included in the amount above.

18. Reconciliation of net cash flow from operating activities to net surplus

	2022 R '000	2021 R '000
Net surplus/(deficit) as per statement of financial performance	55 454	49 428
Adjusted for non-cash items		
Depreciation and amortisation	1 996	952
Increase/(decrease) in provisions	(1 379)	2 414
Profit and loss on disposal	146	383
Adjusted for working capital changes:		
Inventories	(42)	518
Receivables from exchange and non-exchange transactions	(2 824)	258
Accounts payables exchange transaction	996	6 775
Accounts payables from exchange transactions	28 763	34 163
	83 110	94 891

19. Retention of cash surpluses

In terms of Section 53(3) of the PFMA, public entities listed in Schedule 3A and 3C may not retain cash surpluses that were realised in the previous financial year without obtaining prior written approval of National Treasury. The National Treasury issued Instruction No. 12 of 2020/2021 which revised the calculation of the retention of surpluses to be followed by public entities listed in Schedule 3A and SC of the PFMA. According to this instruction, a surplus is based on the cash and cash equivalents at the end of the year add receivables less current liabilities.

	2022 R '000	2021 R '000
Calculation of surpluses		
Cash and cash equivalents	424 070	343 960
Add: receivables (non-exchange and exchange)	6 543	3 694
Less: current liabilities	(125 074)	(95 312)
Less: provisions	(7 986)	(9 365)
Net surplus	297 553	242 977

Notwithstanding the accumulated surplus above, CHIETA has year-end commitments in the form of contracts with various service providers as indicated in note 21, the below reflects the accumulated surplus after taking into account the impact of these commitments.

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

19. Retention of cash surpluses (continued)

	2022 R '000	2021 R '000
Less: discretionary grant committee	(136 678)	(139 242)
Less: discretionary projects committee	(54 499)	(56 292)
Less: operating lease committee	(5 939)	(4 792)
Net surplus after taking into account commitments	100 437	42 651

20. Contingencies

Surplus retention

In terms of the PFMA, all surplus / (deficit) funds as at year-end require the approval of National Treasury. The CHIETA annually requests formal rollover of any unspent funds or approval for realisation of a deficit and has communicated this in writing as per National Treasury requirements. The surplus / (deficit) is calculated in terms of the requirements of National Treasury instruction no.6 of 2017/18 for the current financial year. Formal approval has not yet been obtained from National Treasury to retain the surplus funds at the time of submission of these Annual Financial Statements.

Contingent Liability

CHIETA may be liable on the BUSA versus the minister of DHET case on the mandatory grant levy percentage. The effect of the ruling is that the minister will have to decide on the percentage for mandatory grant in consultation with the sector. The minister has not made the decision in regard to the mandatory grant percentage.

Despite the said regulation being set aside, the LAC ruling is silent on both the percentage quantum that can be claimed back by employers and on the effective date of the order. The effect of the ruling is that the Minister, in consultation with employers and BUSA, would have to decide on the percentage for mandatory grants in consultation with the sector, and these accordingly published in the Government Gazette. To date, there has been no communication regarding the approved mandatory grant percentage that can be claimed back by employers. These circumstances create uncertainty as to the percentage of mandatory grants that can be paid and/or accrued by the SETA during the year under review.

However, post the ruling, SARS / DHET continues to split the mandatory grant levy income portion at a rate of 20% in the monthly levy download information. Consequently, the SETA has continued to pay and accrue mandatory grants at 20% in the 2021/22 financial year which is also aligned to the approved annual performance plan. The mandatory grant expenditure in Note 4 as well as the mandatory grant liability in note 11 were calculated at a rate of 20%.

20. Contingencies Surplus retention (continued)

Pending the final agreement between the Minister and the employers (through BUSA) on the approved rate, there is therefore a possible liability due to additional or lesser grant payments over or under the amounts already paid and accrued in the current year based on a payment rate of 20%. Given the initial review application at the Labour Court whereby BUSA cited that the mandatory grant reduction is irrational and unreasonable; as well as latter reports by business arguing that the LAC judgement would revert back to the original position; it is therefore remotely likely that there would be a contingent asset. It is therefore submitted that the likelihood of a possible liability is greater, which can only be confirmed from the outcome of the agreements between the Minister and employers, which is not within the control of the entity. The amount of the possible obligation cannot be (reliably) estimated due to the uncertainty of the approved rate, as well as the effective date of application. In addition, the entity has had no experience in similar transactions to be able to reasonably estimate the outcome of the events nor the amount.

First time employer registration

First time employers who wish to apply for mandatory grants with the Skills Development Levy are allowed to do so within six months of registration. At the reporting date, it is estimated that, as result, additional mandatory grant expenditure of R13 (2021 R22) will be payable. The amount is contingent on the number of submissions received and approved.

21. Commitments**Discretionary grants commitments summary**

Programmes	Closing balance as at 31 March 2021	Budget approved by accounting authority	2021/2022 Not contracted	Utilised during 2021/22	Adjustments 2021/22	Total commitment 31 March 2022
AET provision incentives	735	818	100	715	163	574
Apprenticeships grant	41 116	29 251	-	38 074	504	31 789
Bursaries	19 442	12 675	297	18 633	2 223	10 964
Learnerships grant	45 359	105 452	4 590	84 158	8006	54 057
RPL	7 067	14 792	414	9 920	2 129	9 398
Skills programmes	6 339	3 375	23	3 963	2 777	2 951
TVET college lecture development	507	-	-	60	448	-
WIL - workplacement for employment	5 667	10 559	498	9 563	432	5 732
WIL - workplace experience	13 011	41 869	57	31 824	1 784	21 213
	139 243	218 791	5 979	196 910	18 466	136 678

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

21. Commitments (continued)

Strategic projects commitments summary

Projects	Closing balance as at 31 March 2021	Budget approved by accounting authority	2021/2022 Not contracted	Utilised during 2021/22	Adjustments 2021/22	Total commitment 31 March 2022
Bursary project	608	-	-	411	126	70
TERS	98	-	-	74	24	-
Maths and science projects	1 415	3 339	-	2 704	1 192	858
Rural and cooperative development	381	4 328	-	2 857	5	1 851
AET/Learner with disabilities	2 568	3 800	-	4 223	600	1 544
CET projects	-	7 054	-	3 002	-	4 051
Institutional and industry partnership	4 800	2 829	120	5 822	535	1 152
Public sector support	196	2 070	-	1 402	346	518
Candidacy projects	2 093	2 196	780	2 713	-	797
Trade union Learning practitioner program	2 402	2 415	-	2 497	1 248	1 072
Small business support (PIVOTAL)	8 072	11 167	-	11 464	1 675	6 102
Research and skills planning (PIVOTAL)	310	5 805	-	2 982	-	3 134
Qualification development	363	3 500	-	1 316	155	2 392
Strategic infrastructure projects	3 133	15 578	-	6 901	839	10 971
CEO strategic projects	228	-	-	-	228	-
Smart skills centres	-	3 000	-	-	3 000	-
Research and skills planning (NON-PIVOTAL)	4 395	12 991	-	10 503	-	6 883
Technical and vocational education and training support	-	5 345	450	1 416	-	3 479
Career guidance projects	9 605	16 100	66	21 124	-	4 514
Cooperative, NGOs, CBOs, CBCs support	1 572	1 562	1 078	1 398	-	658
Economic reconstruction and recovery plan (ERRP)	-	90 000	50 021	24 992	10 720	4 268
World skills competition	1 056	1 500	-	370	2 001	185

21. Commitments (continued)

Strategic projects commitments summary

Projects	Closing balance as at 31 March 2021	Budget approved by accounting authority	2021/2022 Not contracted	Utilised during 2021/22	Adjustments 2021/22	Total commitment 31 March 2022
Career and vocational guidance integrated marketing ad relationship management	2 187	4 000	-	4 598	1 588	-
Regional stakeholder support	2 901	2 850	-	445	5 305	-
Chemical industry stakeholder support	7 910	18 000	-	5 781	20 129	-
	56 293	219 429	52 515	118 995	49 716	54 499

Of the balance of R298,153 available in the discretionary reserve for the year ended 31 March 2022, R136,656 has been approved and allocated for discretionary grants commitments as outlined above and substantial portions of contractual obligations have been met. A further amount of R54,157 is committed to strategic sector projects. During the financial year an amount of R323,805 was utilised on contractual deliverables in discretionary grant programs (including project admin).

“Not contracted” relates to those interventions approved by the accounting authority but for which no awards have been concluded with employers.

“Adjustment” relates to those intervention /contracts for which for which unutilized amounts are returned to CHIETA or there where errors in invoicing and payments and overpayments are returned to CHIETA .

Operating leases

	2022 R '000	2021 R '000
Operating lease rentals	5 661	4 468

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of 5 years and the lease period coincides with the licence period of the CHIETA, Rentals escalate on a rate between 5% and 8% per annum. The monthly payments for property assessment rates and taxes and municipal charges are included as part of other operating expenditure in the statement of financial performance.

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

21. Commitments (continued)

Operating leases (continued)

	2022 R '000	2021 R '000
Minimum lease payments due		
Within one year	5 939	4 792
Later than one year and not later than five years	14 398	17 577

22. Irregular expenditure

Opening balance as previously reported	79 672	77 552
Irregular Expenditure	79 672	77 552
Add: Irregular expenditure - current year	32 116	2 120
Less: Irregular expenditure condoned by National Treasury	-	-
Less: Irregular expenditure removed by Accounting Authority	-	-
Closing balance	111 788	79 672

Details of irregular expenditure

		2022 R '000	2021 R '000
Details of irregular expenditure			
CHIETA exceeded its budget without approval to exceed on service level agreement targets with the DHET and to achieve and exceed on the 95% disbursement targets required by the SETA grant regulations	Remedial actions were taken, and employee left the organisation. Condonation process has started	-	32 397
** Irregular awarding of contract for office building (Head Office and Regional Offices) operating lease through deviation process instead of following competitive bidding process.	Remedial actions were taken, and employee left the organisation. Accounting Authority has removed the expenditure.	-	9 902
** Awarded internal audit services and related services to a service provider that was not the highest scoring bidder in contravention of the regulation 6 (8) of the Preferential Procurement Regulations of 2017.	Remedial actions were taken, and employee left the organisation. Accounting Authority has removed the expenditure.	-	1 884

		2022 R '000	2021 R '000
Details of irregular expenditure			
** CHIETA incurred irregular expenditure by irregularly awarding management information systems (MIS) through a soler supplier status instead of competitive bidding process.	Remedial actions were taken, and employee left the organisation. Accounting Authority has removed the expenditure.	-	3 750
Contravention of Grants regulations by former grants executive manager through non-disclosure of interest during awarding discretionary grants	Matter referred to special investigation unit for further investigation.	-	30 524
CHIETA incurred irregular expenditure due to Department of Higher Education and Training not conducting three board members background verifications during their appointments as CHIETA board	Determination and condonation still to be done by DHET and submit to NT.	1 094	1 215
Actual total expenditure for the year exceeded the approved budgeted total expenditure in contravention of the requirements of the PFMA Section 53(4).	Identified in current year audit. To be investigated in 2022/2023 financial year	31 022	-
		32 116	79 672

** Subsequent to year end, the CHIETA Accounting authority in its meeting of 30th May 2022, wrote-off irregular expenditure in accordance with clause 47 (c), 62,63 & 64 of the National Treasury Irregular Expenditure Framework.

23. Fruitless and wasteful expenditure

	2022 R '000	2021 R '000
Opening balance as previously reported	-	-
Reconciliation of fruitless and wasteful expenditure		
Fruitless and wasteful expenditure - opening balance	-	-
Fruitless and wasteful expenditure - current year	2 182	-
Fruitless and wasteful expenditure - recovered	(1 659)	-
Fruitless and wasteful expenditure - written off	(180)	-
Closing balance	343	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

23. Fruitless and wasteful expenditure (continued)

During the year under review, the organisation experienced a cyber-attack, wherein three payments were done to compromised banking details, one payment of R169 was subsequently recovered through the bank. An investigation was concluded and the results confirmed that no person was liable in law and the fruitless expenditure is irrecoverable.

The Accounting authority subsequently in line with Fruitless Expenditure framework approved the writing-off of the expenditure and warning letters sent out as consequence management to those officials involved.

Duplicate payments were erroneously made for various discretionary and strategic project contract. R1,676 of these amounts were subsequently recovered from the service providers. CHIETA will institute investigations towards consequence management of those officials found guilty of negligence.

Details of fruitless and wasteful expenditure	2022 R '000	2021 R '000
CHIETA suffered cyber attack within its network which resulted in intercepting email communication between end users and SCM which resulted in change of supplier banking details	349	-
Duplicate payment made to Port Elizabeth College under learning contract -17083	113	-
Over payment made to Flavius Marek TVET College under learning contract -16420	34	-
Duplicate payment made to West Coast TVET College under learning contract-17175	126	-
Duplicate payment made to Ebinter Trading under learning contract -17579	14	-
Incorrect payment made to University of Free State instead of Free State Education Trust under strategic contract- 7023	504	-
Duplicate payment made to Ebinter Trading under learning contract - 17578	41	-
Duplicate payment made to Optimi Workplace Pty Ltd trading as Media Works under learning-Contract-17304	11	-
Duplicate payment made to African Oxygen Limited under learning-Contract- 17536	23	-
Duplicate payment made to Steel Engineering Industries Federation of South Africa learning-contract-16437	83	-
Duplicate payments made to Ramo technologies under contract SC-7040 and 7041	387	-
Duplicate payments made to Media works under contract SC-7033	45	-
Duplicate payments made to Sasol SA under contract SC-7043	140	-
Duplicate payments made to Absolute rigging under contract SC-6001	186	-
Duplicate payments made to GNBR solutions under contract SC-7026 and 7027	126	-
	2 182	-

24. Financial instruments**Aging of trade receivables****Days**

0-30 days

31-120 days

Over a year

	2022 R '000	2021 R '000
	64	272
	-	-
	-	70
	64	342

Aging of trade payables**Days**

0-30 days

	7 080	7 968
	7 080	7 968

Credit risk

Financial assets, which potentially subject the CHIETA to the risk of non-performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable.

The CHIETA management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulations.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The CHIETA does not have any material exposure to any individual or counter-party. The CHIETA's concentration of credit risk is limited to the industry in which the CHIETA operates. No events occurred in the industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt.

Liquidity risk

The CHIETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows.

Market risk

The CHIETA is exposed to fluctuations in the employment market for example, sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the CHIETA are aware of.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

24. Financial instruments (continued)

Fair values

The CHIETA's financial instruments consist mainly of cash and cash equivalents, account receivables, accounts payables. No financial instruments were carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

Accounts receivable

The carrying amount of accounts receivable, net of allowance for impairment loss due to the relatively short-term maturity of these financial assets.

Accounts payable

The carrying amount of accounts payables approximates fair value due to the relatively short-term maturity of these financial liabilities.

Interest rate risk

	Floating rate Amount R'000	Effective Interest rate %	Amount R'000	Non- interest bearing Amount R'000	Total R'000
Year ended 31 March 2022					
Cash	411 161	4.31%	12 895	-	424 056
Accounts receivable	-	-	-	64	64
Total financial assets	411 161	-	12 895	64	424 120
Accounts payable				7 080	7 080
Year ended 31 March 2021					
Cash	333 573	3.76%	10 377	-	343 950
Accounts receivable	-	-	-	342	342
Total financial assets	333 573	-	10 377	342	344 292
Accounts payable	-	-	-	7 967	7 967

25. Related party transactions

The CHIETA reports to the Minister of Higher Education and Training, accordingly the CHIETA transact with a number of related parties within DHET. All related party transactions that occurred during the current financial year were at arm's length and in the normal course of business.

Relationships**Entities under Department of Higher Education and Training:**

Agricultural SETA (AGRISETA)
 BankSETA
 Culture, Arts, Tourism and Hospitality SETA (CATHSETA)
 Construction Education and Training Authority (CETA)
 Education Training and Development Practices SETA (ETDP SETA)
 Energy and Water SETA (EWSETA)
 Finance and Accounting Services SETA (FASSET)
 Food and Beverages SETA (FOODBEV)
 Fibre Processing and Manufacturing SETA (FP&M SETA)
 Health and Welfare SETA (HWSETA)
 Insurance SETA (INSETA)
 Local Government SETA (LGSETA)
 Manufacturing, Engineering and Related Services SETA (MERSETA)
 Media, Information and Communication Technologies SETA (MICT SETA)
 Mining Qualifications Authority (MQA)
 Public Sector SETA (PSETA)
 Safety and Security SETA (SASSETA)
 Services SETA
 Transport Education and Training Authority (TETA)
 Wholesale and Retail SETA (W&RSETA)
 National Institute for Humanities and Social Sciences (NIHSS)
 National Skills Fund (NSF)
 Human Resource Development Council of South Africa (HRDCSA)
 South African Qualifications Authority (SAQA)

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

25. Related party transactions (continued)

Remuneration to members of executive management 01 April 2021 to 31 March 2022

	Basic salary R'000	Allowances R'000	Provident fund R'000	Leave paid out/ settlement R'000	Performance bonus R'000	Total R'000
Yershen Pillay - Chief Executive Officer	1 422	781	249	-	41	2 493
Phetsile Magagula (Appointed 1 March 2022)	121	-	20	-	-	142
Farhad Motala - Chief Financial Officer (Settlement agreement)	138	25	24	1 477	66	1 731
Trevor Channing - Governance and Risk Executive	1 546	488	-	-	312	2 346
Thulani Shabalala - ETDQA Executive	1 073	-	-	96	47	1 216
Jay Moodley - Corporate Services Executive	1 438	-	240	-	189	1 867
Ashvir Isseri - Acting Grants, Strategic Projects and Regions Executive	1 267	159	153	-	190	1 769
Kedibone Moroane - Research and Skills Planning Executive	1 874	-	-	-	290	2 164
Munya Makota - Acting Chief Financial Officer (April 21-28 February 2022)	1 186	206	197	-	209	1 798
Joel Mmapulane - Acting ETDQA Executive	1 108	94	184	-	143	1 530
	11 173	1 753	1 067	1 573	1 487	17 056

25. Related party transactions (continued)**Remuneration to members of executive management 01 April 2020 to 31 March 2021**

	Basic salary R'000	Allowances R'000	Provident fund R'000	Leave paid out/ settlement R'000	Performance bonus R'000	Total R'000
Khathutshelo Ramukumba - Chief Executive Officer (April 20 to September 20)	804	180	141	112	-	1 237
Yershen Pillay - Chief Executive Officer (November 20 to March 21)	594	215	111	-	41	961
Farhad Motala - Chief Financial Officer	1 582	300	322	-	65	2 269
Trevor Channing - Governance and Risk Executive	1 455	458	-	-	312	2 225
Thulani Shabalala - ETDQA Executive	1 562	-	-	-	47	1 609
Jay Moodley - Corporate Services Executive	1 337	-	242	-	189	1 768
Ashvir Isseri - Acting Grants, Strategic Projects and Regions Executive	1 322	150	-	-	190	1 662
Kedibone Moroane - Research and Skills Planning Executive	1 744	-	-	-	290	2 034
Munya Makota - Acting Chief Financial Officer (July 20 to March 21)	1 142	143	188	-	209	1 682
Joel Mmapulane - Acting ETDQA Executive (July 20 to March 21)	1 066	102	176	-	143	1 487
	12 608	1 548	1 180	112	1 486	16 934

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

25. Related party transactions (continued)

Constituency of Board Member	Transacting company	Transacting type	Contract value 2022 R'000	Closing balance - 31 March 2022 R'000	Contract value 2021 R'000	Closing balance - 31 March 2021 R'000
Payables						
Surface Coatings Employer Association	BASF Holdings	Discretionary grant and projects	-	17	1 224	1 040
Public Institution	University of Johannesburg	Discretionary grant and projects	6 440	4 478	3 925	2 796
Glass Employer Industry Association	PG Glass	Discretionary grant and projects	180	186	247	209
Base Chemicals and Petroleum Industry Association	Sasol global learning academy	Discretionary grant and projects	15 690	2 647	9 222	1 474
Base Chemicals and Petroleum Industry Association	Sasol mining (Pty) Ltd	Discretionary grant and projects	1 270	1 585	-	2 384
Explosives and Fertilizers	Omnia	Discretionary grant and projects	1 040	683	-	3 720
Base Chemicals and Petroleum	Sasol Limited	Discretionary grant and projects	300	246	4 315	-
Glass	Consol	Discretionary grant and projects	825	701	-	-
Glass	PFG Building glass	Discretionary grant and projects	260	491	-	799
Base chemicals	Sasol SA	Discretionary grant and projects	1 188	214	684	581
Base chemicals	Sasol	Discretionary grant and projects	991	252	-	536
Base chemicals	Sasol FCD and Group Functions	Discretionary grant and projects	1 462	1 173	-	-
			29 646	12 673	19 617	13 539

25. Related party transactions (continued)**Transactions with TVETs, Technikons and Public Entities**

Related party	Contract value R'000	Closing balance per commitment register 2021/22 R'000	Closing balance per commitment register 2020/21 R'000
Boland College	881	985	1 070
Buffalo City TVET college	3 654	1 462	1 214
Coastal KZN TVET College	400	340	42
College of cape town	5 580	3 737	22
Ekurhuleni West Tvet College	2 040	1 527	468
Elangeni college for FET	540	216	-
Eastcape Midlands college	1 875	336	622
Eastern Cape CET College	434	193	-
Ekurhuleni East TVET college	540	459	-
Elangeni college	-	-	-
Esayidi TVET College	1 888	844	575
False Bay College	2 230	1 627	103
Flavius Mareka TVET College	-	2 203	3 753
GERT Sibande TVET college	2 980	1 860	-
Gauteng CET College	800	595	-
Ingwe TVET College	420	168	-
King Hintsa TVET College	420	168	-
Kwazulu Natal Community Education and Training College	4 245	1 786	-
Majuba TVET College	-	-	408
Maluti TVET college	779	867	357
Mnambithi TVET College	2 082	1 049	817
North West Community Education and Training College	945	769	739
Northern Cape Rural TVET College	1 290	336	-
Northern Cape Urban TVET College	260	104	-
Northlink college	2 382	1 682	-
Port Elizabeth TVET College	3 780	3 910	5 606
South West Gauteng TVET College	792	536	1 408
Thekwini TVET College	840	336	-
Tshwane South TVET College	1 900	807	-
Umfolozi TVET College	6 488	3 148	4 695
Vuselela TVET College	-	5 089	5 089

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

25. Related party transactions (continued)

Transactions with TVETs, Technikons and Public Entities

Related party	Contract value	Closing balance per commitment register 2021/22	Closing balance per commitment register 2020/21
West Coast TVET College	3 080	1 399	737
Western Cape Community Education and Training College	925	786	-
Cape Peninsula University of Technology	10 080	1 038	-
Durban University of Technology	2 074	948	357
Mandela institute at school of law Wits	-	-	207
Mangosuthu University of Technology	12 491	2 841	1 642
Nelson Mandela University	10 135	254	735
Tshwane University of Technology	1 842	2 084	2 580
Sefako Makgatho	1 156	267	222
University of Johannesburg	6 440	4 478	1 041
University of Kwazulu Natal	152	122	-
University of Pretoria	912	365	-
University of Free State	891	685	-
Vaal University of Technology	4 077	833	2,658
University of Western Cape	2 260	144	-
Walter Sisulu University	3 500	1 400	-
University of Witwatersand	120	60	3 189
Central Karoo District Municipality	378	518	1 560
City of Cape Town	-	-	-
City of Umhlathuze	-	-	164
Dhlabeng Local Municipality	-	-	104
Ntabankulu Local Municipality	-	-	228
Harry Gwala District Municipality	-	126	470
Free State Education Trust	3 033	2 301	500
National Youth Development Agency	240	8	240
The Petroleum, Oil and Gas Corporation	150	113	-
NECSA	5 057	2 035	-
	119 458	59 944	43 622

Transactions and balances with TVETs, public colleges and Municipalities arise as a result of funding and support of these institutions. The above transactions occurred during the year.

25. Related party transactions (continued)

Remuneration to Members of the Accounting Authority 01 April 2021 to 31 March 2022

Name	Constituency	Appointment date	Governing Board Meeting Fee 2022	Committee and other Meeting Fee 2022	Governing Board Meeting Fee 2021	Committee and other Meeting Fee 2021
Wezi Oris Khoza	Chairperson and Ministerial appointee	01/04/2020	416	122	383	147
Thabo Raymond Masombuka	Ministerial appointee	01/04/2020	143	214	221	146
Isaac Magato Matji	National Petroleum Employee Association	01/04/2020	35	62	160	74
Sharmila Navnit Govind	Speciality Chemicals Employer Association	01/04/2020	82	105	173	93
Dr Banothile Charity Makhubela	Ministerial appointee	01/04/2020	99	132	203	117
Geraldine Edith Hewitt	Glass Industry Employer Association	01/04/2020	99	47	168	23
Gerhardus Johannes Cloete	Solidarity	01/04/2020	99	183	203	117
Adri Swart	United Association of South Africa	01/04/2020	99	47	168	23
Kotjoana Charles Phahla	General Industries Workers Union of South Africa	01/04/2020	104	117	181	159
Mosehle Petrus Mampho	South African Chemicals Workers Union	01/04/2020	125	155	209	175
Steven Siphon Mahlangu	Chemical, Energy, Paper, Printing, Wood and Allied Workers Union	01/04/2020	99	46	203	31
			1 400	1 256	2 312	1 178

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

25. Related party transactions (continued)

Remuneration to Members of Audit Committee 1 April 2021 to 31 March 2022

Name	Appointment Date	Constituency	Audit Committee and Board Meeting Fee 2022	Audit Committee and Board Meeting Fee 2021
Ms N Madiba	01/10/2018	Chairperson and Independent member	401	607
Ms M Morata	01/10/2018	Independent member	195	284
Ms L Mothae	01/10/2018	Independent member	192	323
Ms P Ravhuhali	01/10/2021	Independent member	105	-
Ms Z Tshabalala	01/10/2021	Independent member	98	-
			991	1 214

Explanatory Notes to Accounting Authority Remuneration and Independent Audit Committee Remuneration

1. The remuneration level of Accounting members is subject to the legislative and policy frameworks of government, affordability and a dedicated budget. This is based on the annual framework of Accounting Authority members as approved by the Minister of Finance and the Minister of Higher Education and Training.
2. The Accounting Authority meeting fee and Committee meeting fee are paid in accordance with the approved rate as per treasury conversion key.
3. Audit committee members are remunerated based on the approved SAICA rates as per approved CHIETA remuneration policy for Accounting Authority and committee fees.
4. Fees for Accounting Authority members who serve on the audit committee are included in the remuneration schedule for members of the Accounting Authority.

Transactions with Quality Council for Trades and Qualifications

2022 R '000	2021 R '000
2 502	3 874

Transactions with the QCTO arise from an obligation created through regulation 2(4) of the SETA grant regulations.

26. Segment information**Information about the surplus, assets and liabilities for the year ended 31 March 2022****2022**

	Administration	Mandatory	Discretionary	Total
Revenue from non-exchange transactions				
Skills development levy: income	76 860	146 419	362 313	585 592
Skills development levy: penalties and interest	-	-	5 562	5 562
Other income	118	-	856	974
Revenue from exchange transactions				
Investment income	-	-	12 895	12 895
Total segment revenue	76 978	146 419	381 626	605 023
Expenditure				
Grants expenditure	-	126 896	342 609	469 505
Employee related costs	51 387	-	-	51 387
Administration expenses	26 535	-	-	26 535
Depreciation and amortisation	1 996	-	-	1 996
Loss on disposal of assets	146	-	-	146
Total segment expenditure	80 064	126 896	342 609	549 569
Total segment surplus/(deficit)	(3 086)	19 523	39 017	55 454

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

26. Segment information (continued)

Information about the surplus, assets and liabilities for the year ended 31 March 2022

2022

	Administration	Mandatory	Discretionary	Total
Assets				
Cash and cash equivalents	9 455	-	414 615	424 070
Receivables from non-exchange transactions	-	895	5 225	6 120
Receivables from exchange transactions	423	-	-	423
Inventories	72	-	-	72
Property, plant and equipment	4 353	-	-	4 353
Intangible assets	5 102	-	-	5 102
Total segment assets	19 405	895	419 840	440 140
Total assets as per Statement of Financial Position				440 140
Liabilities				
Accounts payable from exchange transactions	11 530	-	-	11 530
Accounts payable from non-exchange transactions	-	23 896	89 648	113 544
Provisions	6 750	1 236	-	7 986
Total segment liabilities	18 280	25 132	89 648	133 060
Total liabilities as per Statement of Financial Position				133 060

2021

	Administration	Mandatory	Discretionary	Total
Revenue from non-exchange transactions				
Skills development levy: income	48 070	91 489	226 654	366 213
Skills development levy: penalties and interest	-	-	7 123	7 123
Other income	-	-	801	801
Revenue from exchange transactions				
Investment income	-	-	10 377	10 377
Total segment revenue	48 070	91 489	244 955	384 514

26. Segment information (continued)**2021**

	Administration	Mandatory	Discretionary	Total
Expenditure				
Grants expenditure	-	76 746	167 258	244 004
Employee related costs	50 065	-	11 465	61 530
Administration expenses	28 219	-	-	28 219
Depreciation and amortisation	951	-	-	951
Loss on disposal of assets	382	-	-	382
Total segment expenditure	79 617	76 746	178 723	335 086
Total segment surplus/(deficit)	(31 547)	14 743	66 232	49 428

2021

	Administration	Mandatory	Discretionary	Total
Assets				
Cash and cash equivalents	8 622	-	335 338	343 960
Accounts receivable from non-exchange transactions	-	886	783	1 669
Accounts receivable from exchange transactions	701	-	-	701
Inventories	30	-	-	30
Property, plant and equipment	2 801	-	-	2 801
Intangible assets	5 796	-	-	5 796
Total segment assets	17 950	886	336 121	354 957
Total assets as per Statement of Financial Position				354 957
				-
Liabilities				
Accounts payable from exchange transactions	10 534	-	-	10 534
Accounts payable from non-exchange transactions	-	20 048	64 731	84 779
Provisions	8 139	1 226	-	9 365
Total segment liabilities	18 673	21 274	64 731	104 678
Total liabilities as per Statement of Financial Position				104 678

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

27. Going concern

As at 31 March 2022, CHIETA has conducted a going concern assessment and concluded the following:

- The entity is in a net asset position at year-end and this is expected to continue for the foreseeable future.
- The entity has sufficient cash resources to honour all commitments and payables that exist as at the reporting date.
- The entity forecasts that levy income will be sufficient to cover expenses for the foreseeable future.
- On 22 July 2019 the Minister of the Department of Higher Education and Training re-established the SETAs within a new SETA Landscape from 1 April 2020 to 31 March 2030.

The annual financial statements have thus been prepared based on the expectation that the entity will continue to operate as a going concern for the foreseeable future and there are no significant circumstances that cast doubt on the going concern assumption.”

28. Events after reporting date

Subsequent to year end the CHIETA Accounting authority in its meeting held 30 May 2022, wrote-off irregular expenditure totalling R15,277 in accordance with clause 47 (c), 62,63 & 64 of the National Treasury Irregular Expenditure Framework.

29. Comparison of budget and actual amounts for the year ended 31 March 2022

29.1 Skills development levy: income

Adjustment to budget

During this budget review process, however, CHIETA omitted to include in its budget review, the additional surplus retention of R240 000 that was approved by National Treasury. this income was subsequently utilised to fund the reported overspend in the Discretionary projects expenditure.

In addition, in the year under review, the negative lagging economic impacts of the Covid-19 pandemic required public entities to reprioritise spending as SETAs SDL revenue gradually picked up. Subsequently, CHIETA submitted and obtained the Minister’s approval on their request to exceed 10.5% administration costs. In line with the SETA’s grant regulations section 2(3)

29.2 Skills development levy: income

Skills levies for the year under review were above budget and above prior year owing to quicker recovery by member companies from the Covid-19 pandemic whilst penalties and interest are as per SARS adjustments made to employers which CHIETA has no control over.

29.3 Investment income

Investment income was lower than the budget because lower cash reserves held by the entity in comparison to prior year, as the SETA picked up from the slump of the prior year COVID related lower levies received.

The CHIETA manages its interest risk by effectively investing surplus funds in term deposits and call accounts with different accredited financial institutions according to the CHIETA investment policy. Any movement in interest rates will affect interest income. Interest income is utilised for additional discretionary grants and therefore will not affect the operations of the CHIETA adversely

29.4 Employer grant and project expenses

Employer grant and project expenses were 14% higher than budget The organisation had applied and obtained approval for retention of surplus for the year ended 31 March 2021. These funds were utilised in the funding the shortfall in discretionary projects in the year under review.

Mandatory grant disbursement exceeded budget by which was higher than the previous year. This was because of higher member company participation.

Discretionary grant expenditure exceeded budget by and exceeded the prior year by. This was because of early opening up of the economy which had not been factored in at budget planning. Pivotal projects expenditure was above budget and above the previous year this was as a result of relaxation of Covid-19 restrictions. Non-pivotal projects marginally exceeded the budget.

29.5 Administration expenses

Administration expenditure was 25% lower than budget. The highest contributors to the administration costs are as follows:

ICT maintenance and internet services for the current year was higher than budget largely due to security upgrades and offsite storage of organisational data.

29.6 Loss on disposal of assets

The loss on disposal was not budgeted for as it could not be anticipated at the time that certain property plant and equipment would be obsolete at year end. During the reassessment of useful lives and residual values, it became evident that certain items of property, plant and equipment have become obsolete. Consequently these were scrapped and disposed-off resulting in a loss on the disposal during the financial period.

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

29.7 Employee related costs

Employee related costs were 22% lower than the budget as a result of vacant positions during part of the year as well as higher disbursements rate by the projects resulting in full absorption of their employee related costs in the project administration budget.

29.8 Other income

The variance in other income was as a result of more recoveries payment from incomplete deliverables on discretionary grants projects that CHIETA does not budget for.

30. Prior year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance that have been affected by prior-year adjustments:

Statement of Financial Position

2021

	As previously reported	Correction of error	Restated
Employer receivable	3 791	(2 904)	886
Trade and payables from non-exchange transactions	88 912	(4 134)	84 779
Administration reserves	8 622	(25)	8 597
Discretionary grant reserve (Statement of changes in equity)	240 453	2 555	243 008
Accumulated surplus (equity)	249 075	(249 075)	-
Financial instruments	99 055	(91 087)	7 968
	689 908	(344 670)	345 238

30. Prior year adjustments (continued)**Statement of financial performance****2021**

	As previously reported	Correction of error	Re-classification	Restated
Discretionary grants recoveries	-	-	702	702
Mandatory expenditure	82 415	(4 669)	-	76 746
Direct project cost	11 465	-	2 225	13 690
Skills development levy: income	369 533	-	(3 320)	366 213
Skills development levy: penalties and interest	6 917	-	206	7 123
Administration cost	31 370	25	(2 225)	29 170
Deficit for the year	501 700	(4 644)	(2 412)	493 644

Prior financial instrument disclosure incorrectly included leave accruals and payables from non-exchange transactions which are excluded from the financial instrument standard application. Skills development levy income, penalties and interest were incorrectly accounted for on the cash-basis instead of the accrual basis.

Employer grant payables correction on errors calculation of SARS prior period adjustment. Administration reserve restated due to error of R25 in depreciation.

Discretionary recoverable income in other income were incorrectly classifies as project expenditure

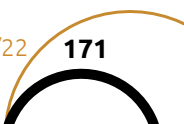
The grants regulation requires any accumulated surplus to be transferred to Discretionary reserve. Correction of prior period error which reflected a balance in the accumulated surplus. Administration cost were corrected by R-10 Depreciation and R35 amortisation.

Prior year project rental expenditure of R2,225 was reallocated from administration cost to employer grant and project expenses for consistency to current years systematic allocation of rental costs.

31. Impact of COVID-19 on the financial year

CHIETA continued to recover from the lagging effects of COVID-19 that saw a material decline in prior period levy income due to the suspension of SDL during the national state of disaster which saw the entity use its cash reserves to fund the implementation of skills development services and administration costs.

Current year levy income budget was downward adjusted by R87,2 million in anticipation of the continued constraints to the industry. Actual levy income results however exceeded budget as the chemical sector experienced a sharp recovery from the COVID-19 economic downturn. Stakeholders also continued in delivering to their commitments and saw stabilisation of reported outcomes and a subsequent exceeding of projected mandatory and discretionary grants disbursements.



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