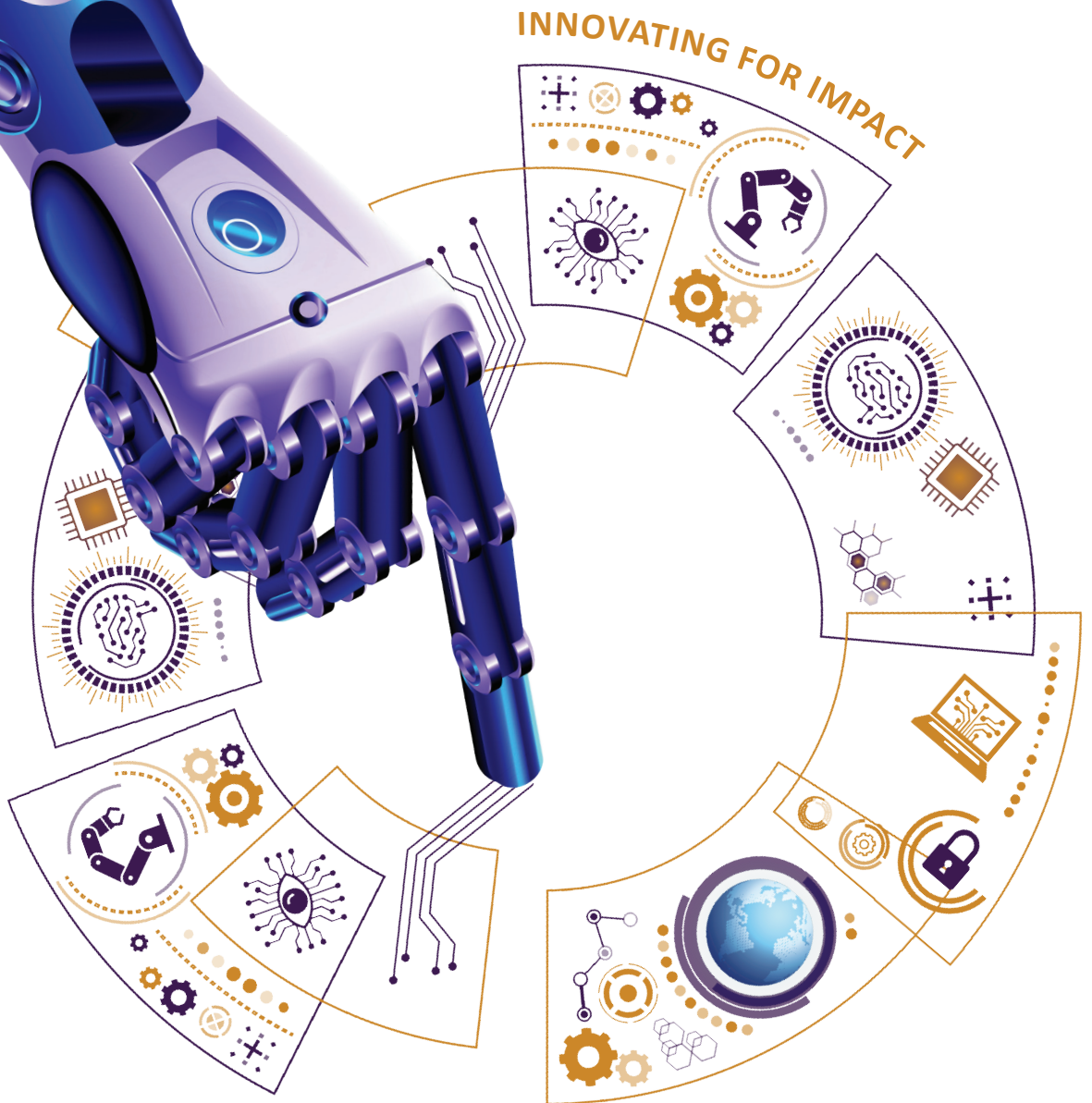
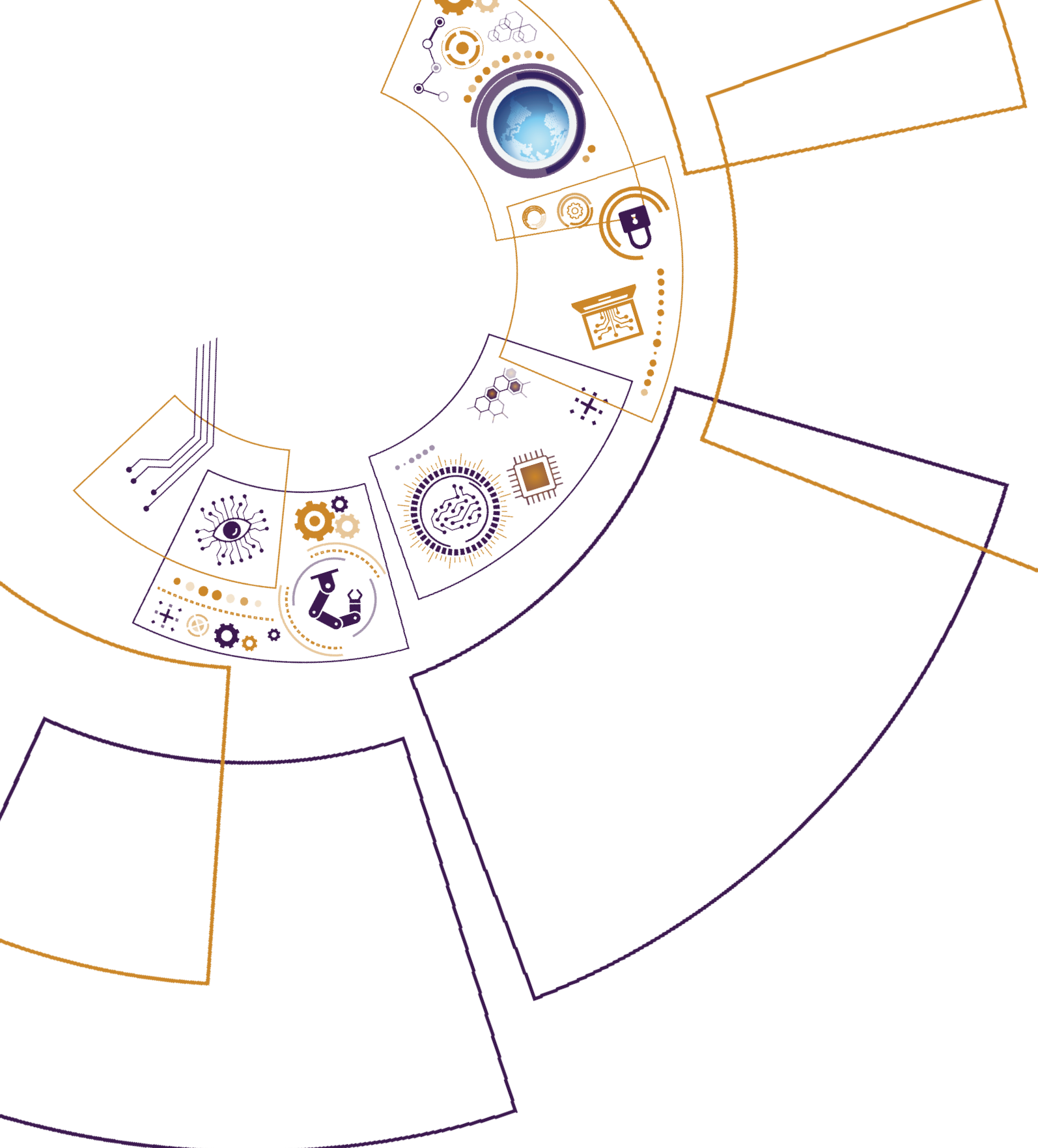




2022 | 23 INTEGRATED ANNUAL REPORT





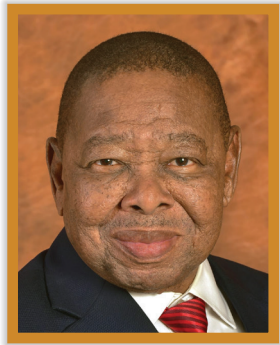


VISION

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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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: 978-0-621-51143-7
RP	RP157/2023

2. SKILLS DEVELOPMENT RELATED ACRONYMS

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

2. SKILLS DEVELOPMENT RELATED ACRONYMS

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

3. CHAIRPERSON'S FOREWORD

In presenting the report for 2022/23, I once again express my pleasure with the good performance by the CHIETA through achieving targets on all four programmes, and an overall improvement by 5% from the previous year. In particular, I am pleased with the impetus given by the CHIETA to the Economic Reconstruction and Recovery Programme (ERRP) of the government through three Programme Initiatives namely: 1) Occupationally Directed Programmes; 2) The Science, Technology, Engineering and Mathematics (STEM) to grow the number of women and people with disabilities entering the Chemical Industry; and 3) Support programmes for cooperatives, SMMEs, NGOs and CBOs in both rural and urban areas. These have yielded positive strides and evidence of success since inception.

Economy

Given the negative GDP growth that is forecast, and the high inflation rate, the outlook for the economy is somewhat bleak. Nevertheless, the CHIETA has seen this as an opportunity to counter the adverse economic climate by careful and prudent management of our budget.

While the SMME sector is still experiencing challenges in recovering from the COVID-19 epidemic, the CHIETA has a directed and intentional focus on this sector in its programmes. In the coming year, we expect to see some improvement in the economy which will, in turn, enable the CHIETA to help the sector fully recover.

Appointments

Following extensive organisational design planning, the Board has agreed to a reorganised structure for the CHIETA. Important executive positions that the Board has approved, and that will be implemented in the new year, are the chief financial officer and the ETQA Executive manager. A new business unit called Innovation and Technology will be added in the organisational structure. This will allow the CHIETA to effectively address our digitisation project, one of our key strategic pillars.



WEZI KHOZA

Strategic overview

Over the past year, we have given focus to a drive for excellence in our four strategic pillars of innovation, digitisation, collaboration and transformation, and in how these are implemented in the management of our stakeholder relationships. These pillars, as well as our focus on measurable outcomes, has led to positive results in all CHIETA programmes, and we have engaged in many collaborative efforts with our stakeholders.

One among many of the most innovative of these was the signing of a ground-breaking memorandum of understanding between the CHIETA and the China Europe International Business School (CEIBS). The goal of the MoU is to merge efforts by the two institutions to drive innovation, skills development and training in Africa and will be in place until 31 March 2025. CHIETA's role includes sourcing corporate entrepreneurs in the chemicals sector to upskill them and identifying 4th industrial revolution-linked programmes.

Our CHIETA team has been capacitated with the advent of the ideation portal which has helped every team member to identify and bring forth solutions to challenges as they arise.

In respect of digitisation, the Board recommended and approved a staggered approach to its implementation, meaning that the results will be delivered over a period, rather than in one particular financial year. We are confident that the CHIETA is on track to achieve its strategic digitisation goals over the Board's term of office.

CHIETA has continued to identify strategic opportunities to support the National Development Plan (NDP) and the ERRP. Transformational goals are being met through a wide range of discretionary and mandatory grant funding directed towards women, youth and people living with disabilities. One particular project that has contributed to poverty alleviation by reducing unemployment is that of the smart food cart programme. Beneficiaries of the programme are provided with computer tablets, allocated a food cart that is fitted with a location-tracking and reporting device, and an e-commerce app. In this way, township-based small and medium enterprises are empowered and their numbers in townships increased.

A major programme launched during the year is that of the Smart Skills Centres, in which digital skills are taught to rural learners, to keep abreast with artificial intelligence developments. The CHIETA intention is to have these centres established in all nine provinces. Another project that stands out is the AlgoAtWork Robotics Academy in Richard's Bay in which children are taught essential skills for an AI-driven workplace in the future. Numerous bursaries, flow into learning support and programmes for retrenched employees, a fundamental way in which the CHIETA is supporting the ERRP.

Strategic relationships

The wide variety of relationships in which the CHIETA is involved will continue to be expanded and grown for concrete expressions of the CHIETA four strategic pillars and our mantra of "innovation for impact". A noteworthy example of the latter

is the collaboration agreement with the National Bargaining Council for the Chemical Industry (NBCCI). In terms of this, a database of retrenched workers in the Chemical industries will be created, as well as collaborations on a scalable programme for upskilling and reskilling retrenched workers to acquire new jobs or start new businesses.

The relationships formed through partnerships with key stakeholders in the industry is a response to calls by the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande, for the implementation of skills development and the provision of leadership and advice in the country's economy, including the emerging hydrogen economy.

Participation by the CEO and other executives in various forums provide invaluable opportunities for creating shared value. Such interactions with stakeholders - including higher education institutions and labour unions – and a customer-oriented approach have contributed in no small measure to the CHIETA's high performance achievements which have enabled us to exceed our targets in many instances.

Challenges

The adverse economic climate, high unemployment rate and need for further funding were the primary challenges faced during the year. However, with impactful projects, we are confident that appropriate funding can be accessed and our creative commitment to the four strategic pillars will ensure that the CHIETA impact will be positively felt in the economy.

Medium- to long-term outlook

Looking to the future, it will be important to continue our existing partnerships so that the CHIETA brand is evident in all initiatives. Our CEO and executives will continue to have a presence in various national initiatives, for example, the hydrogen conference which included relevant stakeholders. The Board is closely monitoring developments to ensure that the findings of seminal conferences are followed up.

GENERAL INFORMATION

Working together with TVET colleges, the CHIETA will be exploring further the blended learning model for other qualifications which arise from the successful hybrid model of learning that has worked extremely well for the CHIETA's welding skills programme, launched this year and comprising face-to-face, online, welding simulation and practical learning in welding workshops as its four key components. While the COVID pandemic was a difficult period for everyone, we are grateful that it led the CHIETA to explore other creative models of skills development.

Audit

In last year's report, we committed the Executive to give attention to the initial findings from the audit so that these do not recur. Regular input by the Board and its committees, and all hands-on deck by the executive team, have thoroughly addressed these concerns and I am confident that they will not recur.

The strategy employed above has led to the CHIETA achieving a clean audit for the year.

Acknowledgements and appreciation

I am indebted to the members of the various Board committees who meet time and again and invest many hours of their expertise to monitor initiatives and programmes approved by the Board. Their attention also means that measures are taken to nip any risks in the bud and maintain alignment with the service level agreement between the CHIETA and the Department of Higher Education, Training and Innovation.

Their efforts contribute in no small measure to maintaining and building on the positive reputation of the CHIETA brand so that the work of the organisation makes a significant contribution to alleviating poverty and addressing the impact of unemployment. I am also grateful to the CHIETA executives and their teams who spare no effort in following the direction given to them by the Board.

Conclusion

The CHIETA has enjoyed a busy year, while nevertheless maintaining its focus on a vision for innovative solutions that have impact on the space in which it operates. CHIETA's business activities have been of immense value to stakeholders and, as a Board, we can be satisfied with the report presented by the CEO on successes towards the achievement of our goals for Vision 2025.



Wezi Khoza

Chairperson of the Board

21 August 2023

4. CHIEF EXECUTIVE OFFICER'S REPORT

It is my great pleasure to present the annual report of CHIETA - The Chemical Industries Education and Training Authority - for 2022/23. It is gratifying to note the performance of CHIETA over the past year in which we achieved a **clean unqualified audit opinion after five years** and a **100% performance** against our planned targets approved by the Department of Higher Education and Training. That we have performed so well is due to the highly motivated team at CHIETA, led by outstanding executives and guided by an engaged and committed board and its various committees.

Our Vision, Strategy, and Strategic Pillars

We continue to advance towards the achievement of our **Vision 2025** - to be an innovation leader in education and training. Our strategy remains innovating for impact – **I4I**. Our purpose is to contribute to sustainable livelihoods through innovative solutions for skills development, education, and training.

In all our endeavours, we strive to live our values of care, accountability, excellence, lifelong learning, collaboration, and integrity. We do so through exercising our **four strategic pillars** of:

- Innovation,
- Digitisation,
- Collaboration, and
- Transformation.

Notable achievements in each of these four strategic areas include, but limited to the following:

- The Africa Energy Leadership Centre, a partnership between CHIETA and Wits Business School, is driving research capacity and **innovation** at public institutions;



YERSHEN PILLAY

- The CHIETA/University of Johannesburg Digital Transformation Centre is focused on **digitisation** with an emphasis on SMMEs and TVETs;
- The launch of our first Smart Skills Centre in Saldanha Bay, Western Cape, in October 2022, the culmination of several **collaborations**; and
- **Transformation** was achieved through the annual performance planning process and the establishment of a 16-impact indicator performance reporting framework.

Achievements

CHIETA looks back with pride on a year of outstanding achievements. Prominent among them is the establishment of three *Smart Skills Centres* in the Western Cape, Eastern Cape, and KZN. The purpose of CHIETA's *SMART Skills Centres* is to bridge the digital skills divide between urban and rural communities. This demonstrates an organisation that is focused on execution and keeping to its promises. Our first *Smart Skills Centre* involved a collaboration between multiple partners. Collaboration remains the cornerstone of our success. The centre is one of many that the CHIETA will establish throughout the country to accelerate basic digital skills for a future-fit workplace.

GENERAL INFORMATION

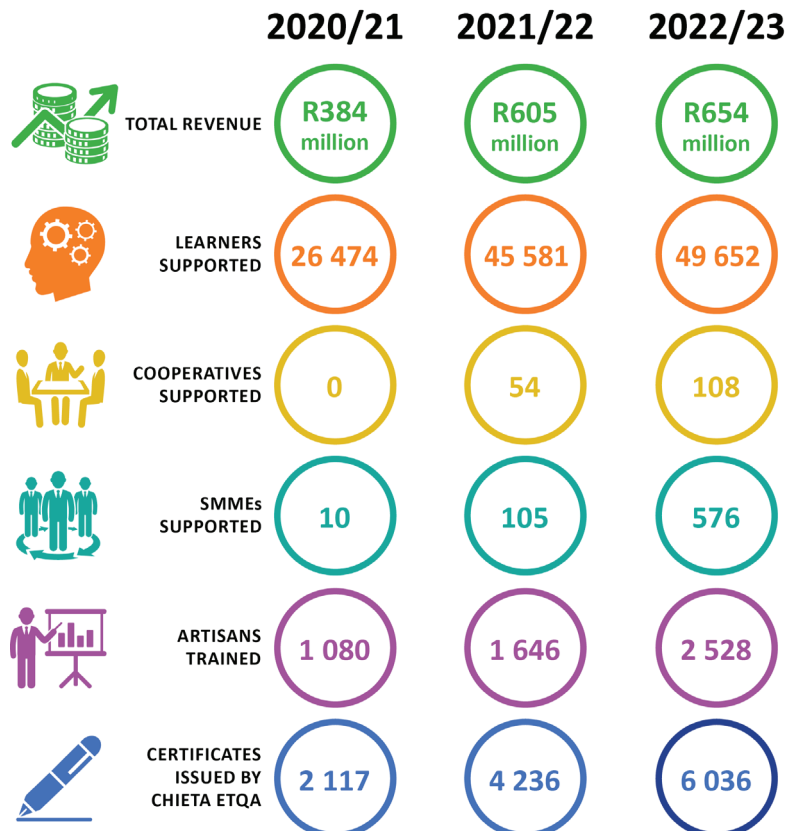
During the year, CHIETA executed a range of initiatives on the hydrogen economy and the organisation has come to be regarded as an innovation leader in the green hydrogen economy. We attended the Southern Africa Green Hydrogen Conference in Angola and the Mozambique Oil and Gas conference to share our green hydrogen expertise with continental partners.

In October 2022, a memorandum of understanding (MoU) was signed between the CHIETA and the Youth Employment Scheme (YES) that will see the two bodies developing skills and creating employment opportunities for South Africa's youth. The partnership is part of a strategy to drive greater cross-sector collaboration to help close South Africa's skills gap and address the country's youth unemployment crisis.

CHIETA has continued its collaboration drive for new value creation through structured same-sector and cross-sector collaborations. This included collaborative partnerships with our sister SETAs as well as international partnerships with the China Europe International Business School (CEIBS) and Education Finland. In addition, we supported 30 032 learners through career exhibitions and provided frequent input in governance structures such as chambers and the ETQA.

We have invested additional funding into sustainable livelihoods through increased support for artisan entrepreneurs, startups, SMMEs, co-operatives, digital skills, and work integrated learning (WIL) programmes.

The infographic below provides a summary of our achievements and progress made over the last three years:



Performance

CHIETA achieved 100% of its key performance indicators with programmes three and four (occupationally directed programmes and ETQA) performing particularly well. In terms of the baseline performance, this was an average of 140% over all programmes, compared to 123% in the previous year, with programme three – our biggest programme which carries the largest number of indicators - performing exceptionally well.

Financial Performance

Income and expenditure were in line with expectations. The mandatory grant payout ratio to levies during the year was 89%. The positive cash equivalent at the end of the year under review was R464 million, an increase over the previous year. Our levy income continues to grow with core levy income increasing from R592 million to R621 million.

People

A long-needed organisational design (OD) process was begun in September 2022 and was completed shortly before the end of the financial year. The new structure will support the new I4I strategy and will include the establishment of a new business unit for technology and innovation. The new unit will focus on driving the innovation engine of the organisation while the performance engine is simultaneously strengthened. We continue to over-invest in our people with increased staff training and the first ever **innovation bootcamp** for all staff which took place in January 2023. We will continue to invest in building our innovation and digital capabilities to support the execution of the of the I4I strategy.

Compliance

We are pleased to report the achievement of a clean unqualified audit outcome for 2022/23. There was a significant improvement in the compliance landscape with the number of material findings having reduced from 17 to zero (0). CHIETA

obtained a clean unqualified audit outcome on both its annual financial statements and annual performance objectives. It is also gratifying to note that the internal controls introduced in response to the material misstatements in the 2021/22 audit have been effective in improving the compliance landscape.

Prospects

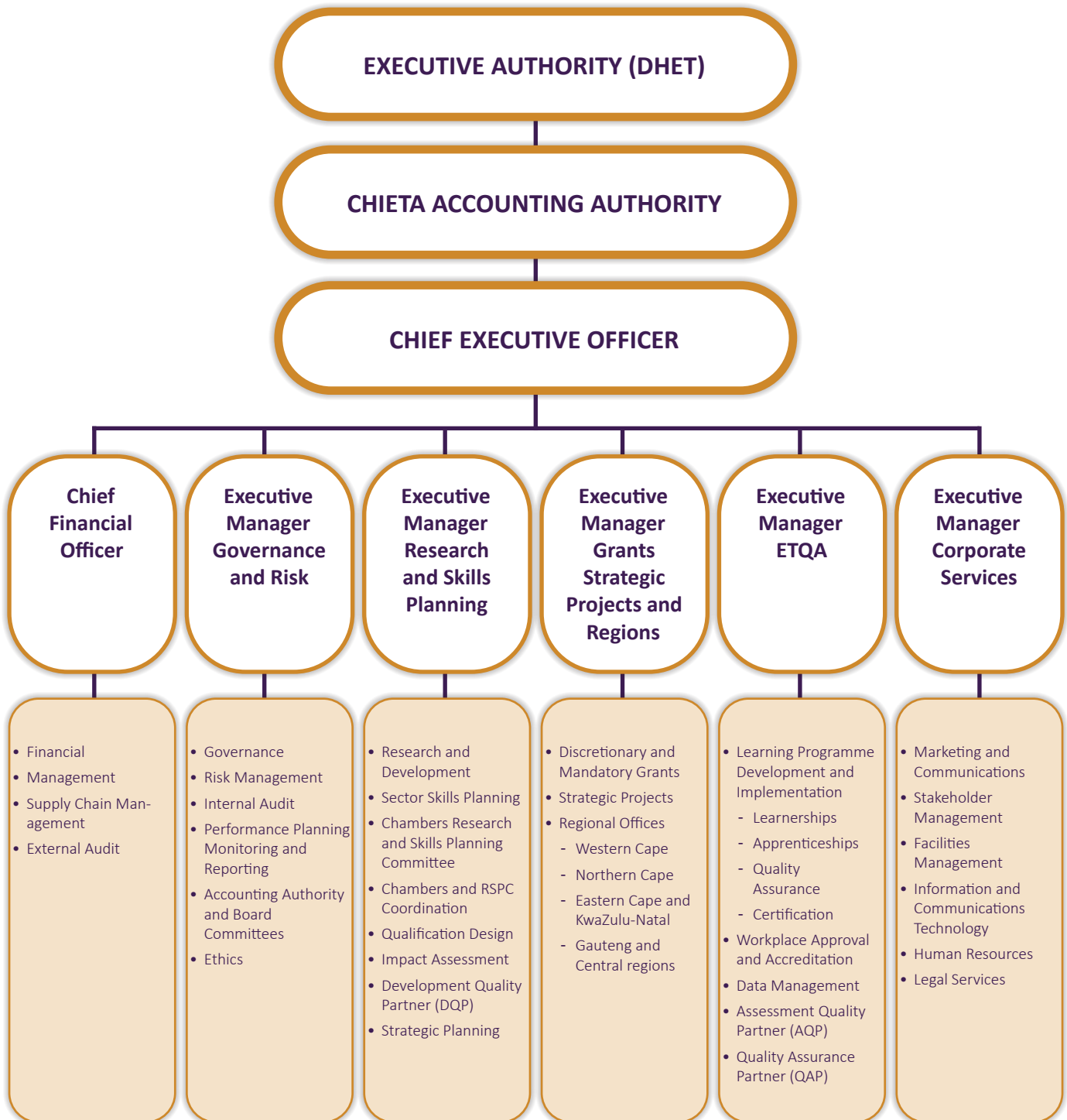
New collaborative partnerships in non-chemical related industries provide an opportunity for new high impact programmes. CHIETA will be exploring new collaborations with the forestry and energy sectors. This will include the establishment of a first ever, *green, eco-friendly, SMART Skills Centre*. CHIETA has designed a new model for performance planning, execution, and reporting. This will ensure that we sustain the 100% performance levels for the upcoming financial year. The new organisation structure provides new opportunities for employee growth. New prospects for building innovation capabilities amongst our people include an innovative entrepreneurship training programme. Our people remain our focus and we intend to significantly increase our investments in people development and our goal of turning every employee at CHIETA into an innovation leader.



Yershen Pillay
CHIETA Chief Executive Officer

22 August 2023

5. ORGANISATIONAL STRUCTURE



MEET OUR BOARD



Wezi Khoza
Board Chairperson



Mosehla Mampho
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

MEET OUR EXECUTIVES



Yershen Pillay
Chief Executive Officer



Ncikazi Mlonyeni
Acting 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



Joel Mmapulane
Acting Executive: ETQA

MEET OUR MANAGERS



Glory Nyathi
Stakeholder Relations
Manager



Mahlatse Xinzi
Acting 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



Vasen Ganasen
Acting 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 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 Master Plans, 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 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.

PERFORMANCE INFORMATION

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 and CHIETA Management sets the organisation's objective and overall direction, where the board and management give 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.

PROFILE OF THE INDUSTRY

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

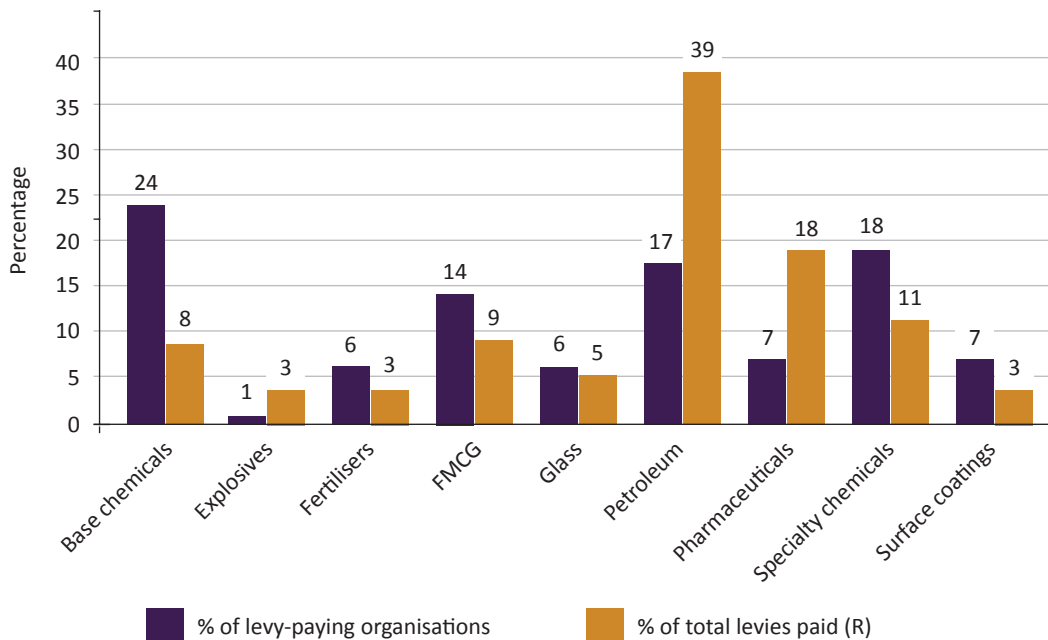
SIC code	Scope of coverage/description	Subsector	Chamber
33410	Manufacture of basic chemicals, except fertilizers and nitrogen compounds	Base Chemicals	Petroleum and Base Chemicals
33430	Manufacture of plastics in primary form and of synthetic rubber		
34000	Manufacture of other non-metallic mineral products		
41210	Manufacture of industrial gases in compressed, liquified or solid forms		
33100	Manufacture of coke oven products	Petroleum	
33200	Petroleum refineries/synthesisers		
33000	Processing of nuclear fuel		
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
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 Fertilizers
11600	Production of organic fertilizer	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
36400	Manufacture of accumulators, primary cells, and primary batteries		Surface Coatings
33520	Manufacture of paints, varnishes and similar coatings, printing ink and mastics	Surface Coatings	
39005	Powder coating		

SIC code	Scope of coverage/description	Subsector	Chamber
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 2022/23, 3 025 companies paid skills development levies to CHIETA. This was an increase of 120 from the previous financial year. This growth can be attributed primarily to the inclusion of very small companies that surpassed the R500,000 annual payroll threshold and companies transferring to CHIETA from other SETAs. Notably, the Petroleum Subsector contributed 39% of the levies paid in 2022/23, despite comprising only 17% of the total number of levy-paying companies in the Chemicals Industry (Figure 1-1), owing to 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 (56 per cent) of the companies in the chemicals industry are classified as either micro or small, 31 per cent are categorised as medium and 14 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: 2022/23



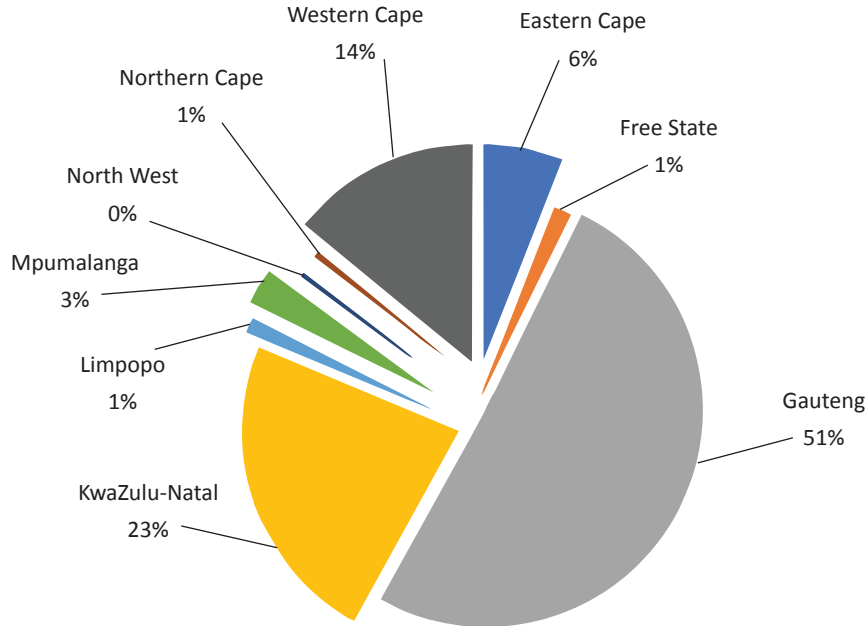
Note: Due to rounding, percentages do not necessarily add up to 100.
 Source: CHIETA's data system, extracted in June 2023¹.

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 shows that almost half of the companies that paid levies to CHIETA in 2022/23 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.

Figure 1-2: Provincial distribution of levy-paying organisations 2022/23



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

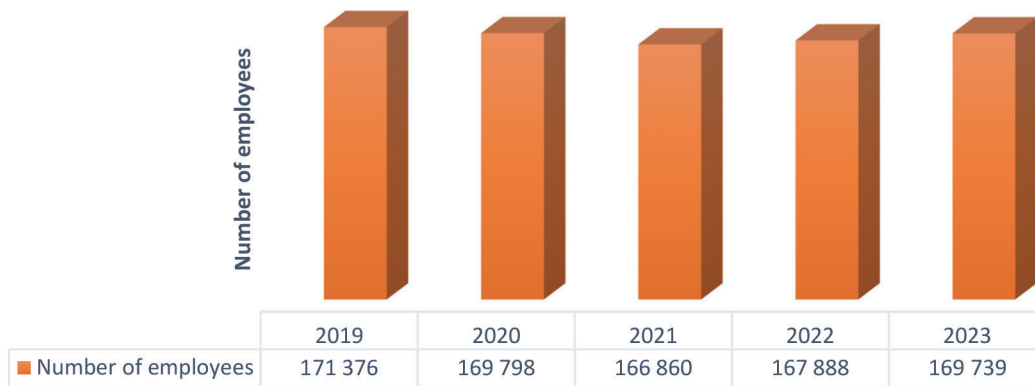
Source: CHIETA's source data system, June 2023.

LABOUR MARKET PROFILE

EMPLOYMENT IN THE SECTOR

Estimates of total employment in the Chemicals Industry from 2019 to 2023 are shown in Figure 1-3. In 2023, employment increased by 1 851 from the previous year to estimated employment of 169 739. This affected the employment trajectory to a -0.2% annual average growth rate over the total period.

Figure 1-3: Estimate of total employment in the Chemical Industry: 2019 - 2023



Source: CHIETA source-data system June 2023.

In 2023, 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 17%, 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%)

PERFORMANCE INFORMATION

PROVINCIAL DISTRIBUTION OF EMPLOYEES

Table 1-2: Provincial distribution of employees: 2019 - 2023

Province	2019	2020	2021	2022	2023
	%	%	%	%	%
Eastern Cape	8	8	5	7	6
Free State	6	6	3	6	5
Gauteng	40	42	50	44	44
KwaZulu-Natal	18	17	18	16	15
Limpopo	1	1	-	1	1
Mpumalanga	12	7	10	12	12
North West	3	3	1	3	3
Northern Cape	1	1	-	1	1
Western Cape	11	15	11	12	12
Total	100	100	100	100	100

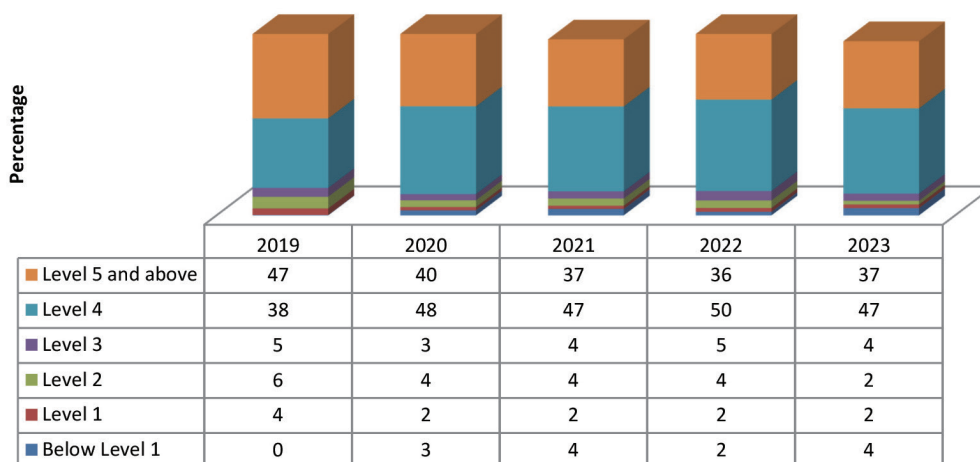
Source: CHIETA source data system, June 2023.

The provincial distribution of employees observed over the period 2019 to 2023 is shown in Table 1-2. In all five years, Gauteng was the province with the largest number of employees followed by KwaZulu-Natal.

EDUCATIONAL QUALIFICATIONS OF EMPLOYEES

The qualification levels of employees in the Chemicals Industry are shown in Figure 1-4. In 2023, 37% of the employees in the sector had post-matric qualifications (National Qualifications Framework (NQF) Level 5 and above), while 47% held qualifications at NQF Level 4.

Figure 1-4: Educational qualifications of employees: 2019 - 2023



Source: CHIETA source data system, June 2023.

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 2019 to 2023 with the majority as technicians and associate professionals.

Table 1-3: Occupational composition of the chemicals industry: 2019 - 2023

OFO major group	2019		2020		2021		2022		2023	
	N	%	N	%	N	%	N	%	N	%
Managers	18 900	11	20 647	12	20 238	12	20 163	12	20 678	12
Professionals	21 375	12	21 432	13	21 470	13	20 794	12	20 808	12
Technicians and associate professionals	34 668	20	35 373	21	34 036	20	36 647	22	37 957	22
Clerical support workers	17 445	10	16 405	10	15 054	9	14 798	9	12 489	7
Service and sales workers	7 533	4	7 932	5	7 312	4	7 465	4	7 655	5
Skilled and related trades workers	12 498	7	13 059	8	12 419	7	11 871	7	12 229	7
Plant and machine operators and assemblers	32 131	19	28 172	17	29 077	17	30 286	18	30 743	18
Elementary occupations	25 481	15	25 445	15	25 985	16	24 574	15	25 741	15
Learners	1 341	1	1 332	1	1 269	1	1 289	1	1 438	1
Unknown	4	-	-	-	0	0	-	0	-	0
Total	171 376	100	169 798	100	166 860	100	167 888	100	169 739	100

Source: CHIETA source data system, June 2023.

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 Plant Controller, Mining Operator, General Clerk, Mechanic Trade Assistant, and Mechanical Fitter. 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: 2019 - 2023

Age	2019		2020		2021		2022		2023	
	N	%	N	%	N	%	N	%	N	%
<35	64 805	38	63 038	37	58 485	35	50 287	30	53 004	31
36–54	85 313	50	86 248	51	87 588	52	100 170	60	96 220	57
55–59	12 105	7	11 406	7	11 628	7	10 913	7	11 599	7
60+	9 153	5	9 106	5	9 159	5	6 518	4	8 916	5
Total	171 376	100	169 798	100	166 860	100	167 888	100	169 739	100

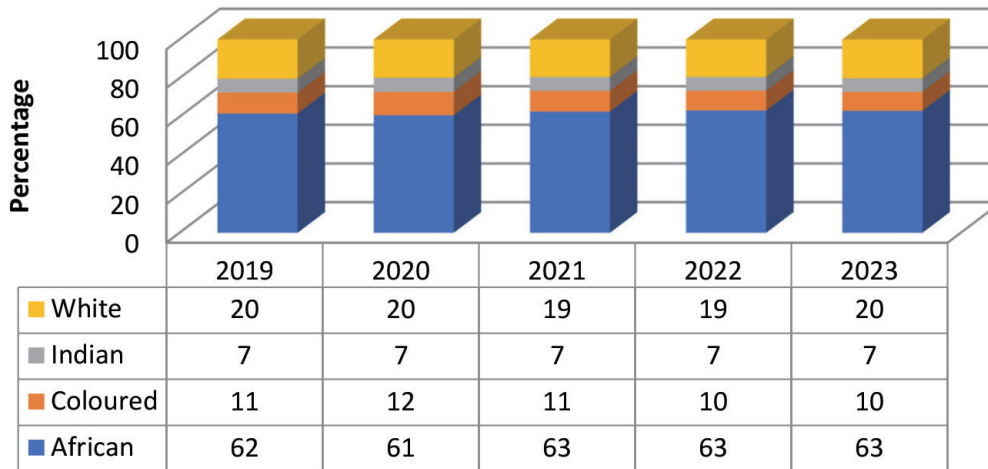
Source: CHIETA source data system, June 2023.

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

PERFORMANCE INFORMATION

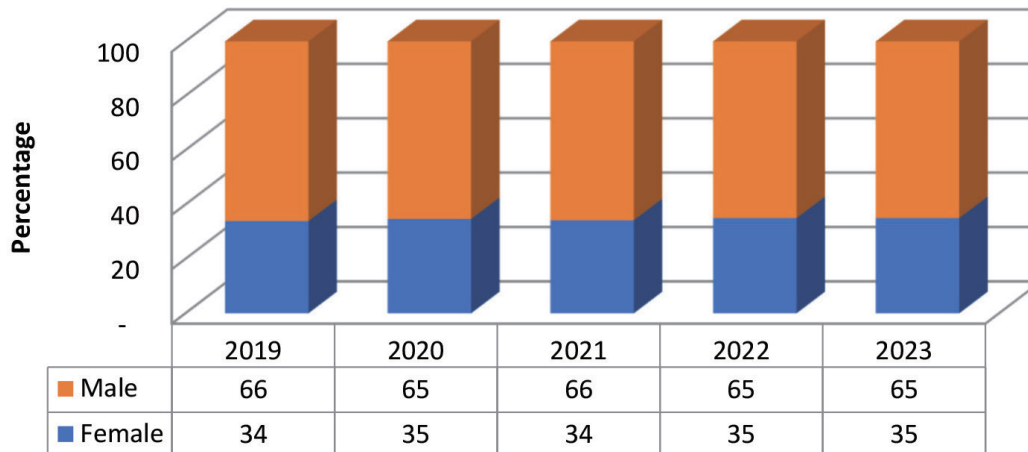
Monitoring of the population group and the gender distribution of employees is important to keep track of employment transformation in the sector. Figure 1-5 shows that the percentage of whites has been the same through the years under review, while Africans' share in employment slightly increased from 62% in 2019 to 63% in 2023. Indians' employment percentage remained the same from 2019 to 2023 and Coloureds percentage decreased slightly from 2019 to 2023.

Figure 1-5: Population group composition of employees in the Chemicals Industry: 2019 - 2023



Source: CHIETA's source data system, June 2023.

Figure 1-6: Gender composition of employees in the Chemical Industry: 2019 - 2023



Source: CHIETA source data system, June 2023.

In terms of the gender composition there has been minor changes year on year which may indicate a lack of tangible gender transformation in the sector.

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 2019 to 2023 period has been around 1%. Females only form approximately a third (35%) of the total workforce, but they constitute close to half (45%) of the workers with disabilities.

Table 1-5: Workers with disabilities according to population group, gender, and age: 2019 - 2023

Disabled workers		2019		2020		2021		2022		2023	
		N	%	N	%	N	%	N	%	N	%
Population group	African	853	56	1 032	58	1 103	63	1 251	63	1 160	60
	Coloured	223	14	231	13	218	12	193	10	250	13
	Indian	113	7	126	7	103	6	123	6	112	6
	White	343	22	406	23	318	18	405	21	416	21
	Total	1 541	100	1 795	100	1 742	100	1 971	100	1 937	100
Disabled workers		2019		2020		2021		2022		2023	
		N	%	N	%	N	%	N	%	N	%
Gender	Female	668	43	785	44	809	46	965	49	865	45
	Male	873	57	1 011	56	933	54	1 006	51	1 072	55
	Total	1 541	100	1 795	100	1 742	100	1 971	100	1 937	100
Age	16–34	510	33	571	32	739	42	847	43	908	47
	35–54	721	47	855	48	688	40	797	40	63	36
	55–59	193	13	192	11	176	10	202	10	198	10
	60–64	94	6	152	8	108	6	97	5	112	6
	60+	23	1	25	1	31	2	28	1	26	1
	Total	1 541	100	1 795	100	1 742	100	1 971	100	1 937	100
Percentage of total employment			0.9		1.1		1.0		1.2		1.0

Source: CHIETA data system, June 2023.

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 2022, 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 2022



Source: Statistics South Africa, 2023.

In 2022, the Chemicals Industry contributed 3.0% to the total economy and 23% of total manufacturing GVA at basic prices. The industry was responsible for 18.3% of the country's imports. At the same time, the Chemicals Industry contributed 9.0% to the country's exports. The Chemicals Industry is capital intensive. In 2022, it accounted for 3.1% 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: 2022

Subsector	Gross value added	Imports	Exports	Gross fixed capital formation	Employment formal	Employment informal
Coke and Refined Petroleum Products	1.2%	6.9%	2.4%	2.0%	0.2%	0.1%
Base Chemicals	0.5%	5.1%	4.0%	1.0%	0.2%	0.1%
Other Chemicals and Man-made Fibres	0.4%	5.4%	2.2%	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	3.1%	18.3%	9.0%	4.0%	1.4%	1.0%

Source: Quantec 2023.

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 779 different occupations. The largest major group occupation was technicians and associate professionals (37 957), followed by plant and machine operators and assemblers (30 743), elementary occupations (25 741), professionals (20 808), managers (20 678), and clerical support workers (12 489). The rest were in occupations that made less than 9 per cent of the total employment respectively. These were skilled and related trades workers (12 229) and service and sales workers (7 655). 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; and
- Programmes that promote workplace training opportunities for students from the universities of technology.

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.

PERFORMANCE INFORMATION

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; and
- 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; and
- 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 chapter 3 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 May 2023, 18 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 1 523 equating to 0.7 per cent of the total number of positions in the industry.

The total number of HTFVs reported in the period 2019 to 2023 is shown in Table 1-7. The total number of vacancies decreased by almost half from 2022 to 2023. 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.

Table 1-7: Hard to fill vacancies reported by employers: 2019 - 2023

OFO major group	Number of vacancies					Vacancies as % of positions *				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Managers	338	213	189	296	190	1.8	1.0	1.0	1.5	0.9
Professionals	476	569	262	644	364	2.2	2.6	1.2	3.1	1.2
Technicians and associate professionals	326	395	229	1 282	433	0.9	1.1	0.7	3.5	0.7
Clerical support workers	62	91	33	109	22	0.4	0.6	0.2	0.7	0.2
Service and sales workers	87	101	44	35	24	1.1	1.3	0.6	0.5	0.6
Skilled and related trades workers	681	592	259	638	355	5.2	4.3	2.0	5.4	2.0
Plant and machine operators and assemblers	253	174	119	27	99	0.8	0.6	0.4	0.1	0.4
Elementary occupations	40	173	22	10	36	0.2	0.7	0.1	-	0.1
Total	2 263	2 312	1 156	3 042	1 523	1.3	1.3	0.8	1.8	0.7

*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 2023.

Although employers identified a total of 165 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.

PERFORMANCE INFORMATION

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; and
- 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; and
- 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. PERFORMANCE INFORMATION

The performance report is structured in direct correlation with the approved Annual Performance Plan (APP) 2022/23 approved by the Executive Authority. The report reflects four (4) performance programmes and relevant performance indicators and performance targets within each programme. CHIETA reports on the actual performance of seventy-three (73) reportable performance indicators as per the approved APP 2022/23.






Three primary organisational performance achievements are reported for 2022/23 namely:


- 2.1 CHIETA has achieved a 100% achievement rate against the approved KPIs in the approved 2022/23 APP;
- 2.2 All four (4) Performance programmes are in a  green baseline status; and
- 2.3 CHIETA achieved an average performance achievement of 140% across all four Performance Programmes.

A total of **19 620** learners participated in all learning programmes in 2022/23 demarcated as follows namely:

DEMARICATION / PROFILE OF LEARNERS	TOTAL	%
TOTAL EMPLOYED LEARNERS	5 690	29%
TOTAL UNEMPLOYED LEARNERS	13 930	71%
TOTAL NUMBER OF MALE LEARNERS	11 576	59%
TOTAL NUMBER OF FEMALE LEARNERS	8044	41%
TOTAL NUMBER OF YOUTH	9 889	50%
LEARNERS WITH DISABILITIES	601	3%
TVET COLLEGE LEARNERS	4039	21%
LEARNERS FROM RURAL DISTRICTS	11 784	60%
SMMES SUPPORTED	576	N/A
NGOs /CBOs & COOPS	188	N/A

PERFORMANCE INFORMATION

CHIETA Strategic programmes baseline performance dashboard comparative							
Programme number	Strategic programme	2022/23	Actual achievement 2021/22	Actual achievement 2022/23	Deviation from planned target to actual achievement for 2022/23	Percentage achieved	Status
		Target					2022/23
Programme 1	Administration	31	51	47	16	152%	
Programme 2	Research and skills planning	29	845	30	1	103%	
Programme 3	Occupationally directed programme	14 424	19 032	20 084	5 660	139%	
Programme 4	ETQA	428	881	769	341	180%	
Total CHIETA baseline achievement		14 912	20 809	20 930	6 018	140%	

Green indicates actual achievement or performance exceeding the baseline annual target. 

PROGRAMME 1: ADMINISTRATION

Purpose of programme 1: To provide business oversight and enablement services to the core business units and instil and maintain a culture of good governance within CHIETA.

Outcomes and outputs

Programme 1 contributes to the following institutional outcome and output:

- A compliant, high-performance CHIETA that is well-capacitated to improve workforce productivity and enhance labour market prospects of employees for sustainable livelihoods. Its output is CHIETA's alignment to the key principles of Corporate Governance.

Sub-programmes and purposes

- **Governance and risk**

PURPOSE	To instil and maintain a culture of good corporate governance within CHIETA through its strategic performance planning, governance and company secretary support to the CHIETA governance structures, DHET liaison, organisational wide risk management, performance monitoring and reporting and corporate ethics management.
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- **Finance and supply chain management**

PURPOSE	To ensure sound financial management and compliance with laws and regulations pertaining to the PFMA, and an effective and efficient supply chain management processes to enhance organisational performance as well as effective and efficient management of all CHIETA assets.
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- **Corporate services**

PURPOSE	<p><i>Legal services</i></p> <ul style="list-style-type: none"> • To assist with disciplinary and grievance procedures. • To provide legal opinion on specific issues. • To assist with amendments to organisational policies. <p><i>Marketing and communications</i></p> <ul style="list-style-type: none"> • To build brand awareness around CHIETA's role in the chemicals sector. • To position CHIETA as a leader in skills development in general and in the chemical industry in particular. <p><i>Stakeholder management</i></p> <ul style="list-style-type: none"> • To increase access and participation in the CHIETA offerings. • To strengthen the CHIETA's supply capacity. • To gather and disseminate information and intelligence. • To engage skills development facilitators (SDFs) to encourage participation by member companies. <p><i>Facilities management</i></p> <ul style="list-style-type: none"> • To ensure the functionality, comfort, safety, sustainability and efficiency of the built environment, including buildings and surrounding infrastructure. <p><i>ICT</i></p> <ul style="list-style-type: none"> • To provide ICT infrastructure, computers, application software, mobile communication and first-line support in a robust, secure and flexible manner based on industry standards. <p><i>Human resources</i></p> <ul style="list-style-type: none"> • To create a work environment that is supportive and conducive to performance and delivery against the strategic objectives of CHIETA. • To develop, implement and oversee 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.
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PERFORMANCE INFORMATION

PERFORMANCE HIGHLIGHTS

The following Programme one(1) output indicators that was achieved/exceeded for 2022/23 is the following:

- Maintaining an unqualified audit report and the end of the financial year 2022/23
- Effective functioning of the CHIETA Governance structures
- Planned CHIETA annual admin budget due not exceed 10,5%
- Effective functioning of the CHIETA Risk Management Framework
- Provision of SETA Governance Charter reports

Governance and risk

A board mandated macro indicator dashboard in support of the CHIETA Vision 2025 was developed during the year under review with monitoring and regular reporting to the CHIETA Accounting Authority. The unit has participated fully in the various innovation working groups forthcoming from the CHIETA Innovation Boot Camp to contribute to innovative ideas and solutions to be forwarded to MANCO and the CEO for consideration. From a Governance perspective the leadership and tone at the Top from the Accounting Authority and Office of the CEO in driving the Innovation for impact drive within CHIETA provided an empowering environment for positive governance outcomes.

A governance benchmark survey was conducted digitally to assist continuous governance maturity within the organisation. Digitised platforms to support our governance stakeholders were implemented around Accounting Authority board remuneration and conflict of interest declaration going forward into the 2023/24 financial year. A first phase Governance library was implemented and planning are also in process in term of the implementation of a digital risk management framework for CHIETA.

Collaboration has been strengthened with Business Units and Stakeholders on the gathering of risk environmental analysis in order to improve our risk resilience, risk agility and in responding to risk opportunity presenting itself within the CHIETA Risk environmental analysis. Cross business unit collaboration in terms of the respective Performance Programme was also highly effective and played a significant role in achieving a clean organisational performance audit form the AGSA and an achievement rate of 100% of the organisational KPIs contracted between the Accounting Authority and the Executive Authority.

Collaboration on the CHIETA Audit Turn Around Strategy with all business units in the improvement and strengthen of the internal control environment that collectively allowed CHIETA to achieve an unqualified clean AGSA Audit outcome for 2022/23.

The annual performance planning process has been improved and transformed where priorities from the Executive Authority and the Accounting Authority are balanced in an effective and impact full manner within the affordability framework of CHIETA.

Financial management and SCM

The financial performance reflects a surplus of R69 million. This is a significant increase of R16 million from the prior year reported surplus of R53 million. This is against a backdrop of an increase in revenue of 8% from R605 million to R654 million and increased expenditure of 6% from R551m to R584 million.

The SETA has a cash surplus as defined by the PFMA's National Treasury surplus retention instruction note 12 of 2020/2021 of R5 million compared to R98m in the previous year.

A total of R493 million (2022: R471 million) was expensed in grants and projects. This was represented by R356 million (2022: R342 million) spending towards discretionary grant and project expenditure, constituting 93% (2022: 94%) of SDL income received.

Mandatory grant spending of R137 million (2022: R128 million) constituted 89% (2022: 87%) of SDL income received for the respective 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.

The CHIETA achieved a clean audit outcome for the financial year ended 31 March 2023.

The challenges experienced during the year was to exceed the 10.5% administration expense as legislated by the Skills Development Act. However, prior approval to exceed the legislated amount was duly obtained from the Executive Authority.

National Treasury did not issue an approval for the entity to retain the prior year surplus funds, as required by the section 53 of the PFMA and directed the SETA to obtain such approval from the Minister in line with the Skills Development Act."

Corporate services

- **Human resources**

The initiative to digitise processes continued and the HR information system was finalised.

- **ICT**

The automation of the mandatory grant system was finalised and implemented, and the website updated. In respect of the Vision 2025 macro indicator dashboard, the milestone for 31 March 2023 was to complete the digital readiness assessment for the digitisation strategy. An independent expert has been appointed through SCM processes to conduct a readiness assessment to information implementation of the CHIETA digitisation strategy and the aim is to complete the readiness assessment in the first quarter of 2023/24.

- **Stakeholder management**

New partnerships with other SETAs, for example TETA and EWCSETA and the "Yes" campaign. Memoranda of understanding (MOUs) are in place and have been implemented.

PERFORMANCE INFORMATION

- **Marketing and communications:**

In the year under review, marketing and communications continued to play an integral part in positioning CHIETA as a leader in the SETA space and in the chemical industry. Public relations activities continued to raise brand awareness and yielded an ROI of R39 893 838.00, this is supported by social media efforts that worked simultaneously in raising awareness, and engagement which led to growth on all platforms and resulting in an average following of 2806.75 followers. Projects undertaken: Press Release distribution, media interviews, internal and external communications, event support.

- **Legal services:**

Assistance was provided with policy reviews and other legal matters and advice was provided in respect of particular aspects of human resource processes.

An important output of corporate services was assistance with the setting up and launch of the Smart Skills Centre in Saldanah Bay, Western Cape, including branding, design of the centres, setting up of computers and software, and the launch. The latter involved the rollout of a media campaign, including social media. The aim of the centre, which is the first of nine such centres, is to bridge the digital skills divide and accelerate the development of basic digital skills for a future-fit workplace.

Another output highlight during the year was the management of a conference on the hydrogen economy in the Western Cape. The unit managed the event, media and the launch.

Challenges experienced during the year included the difficulty of integrating the newly developed mandatory grant system. A comprehensive template was developed covering biographical data, the work skills plans (WSPs) and the annual training reports (ATRs). Errors in the integration of the templates were overcome by ensuring that correct information was inputted. A delay in the delivery of the ETQA model was overcome through collaboration with HWSETA and will be implemented during the new financial year. In respect of the management of facilities, some problems with water supply were experienced but were overcome when the landlord was able to supply water on the property.

Plans for 2023/24

- Increasing the capacity of generators to mitigate downtime through loadshedding.
- In addition, an occupational design exercise, began during the financial year, will be completed. This has involved a substantial process to align the structure of the CHIETA to its strategy and Vision 2025.
- 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, through strong collaborative efforts.
- Focus and intent will be maintained to ensure we maintain our 100% APP achievement rate within a sound governance and internal control environment.
- A focused and clear Annual Performance Plan (APP) for 2024/25 for consideration and approval by the Executive Authority will be developed and submitted.

- Further maturity improvement will be made to the CHIETA ESG Framework for sustainable and integrated CHIETA Reporting to CHIETA Stakeholders.
- Conclusion of the Governing Board Effectiveness assessment to support continuous increase in governance maturity within CHIETA.
- Effective implementation of the revenue increase strategy.
- Maintaining of the clean audit outcome.

Audited performance table

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement for 2022/2023	Percentage achieved	Status 2022/23	Reasons for deviations
A compliant, high-performance CHIETA that is well- capacitated to improve workforce productivity and enhance labour market prospects of employees for sustainable livelihoods	CHIETA aligned to the key principles of Corporate Governance	1.1 Maintaining an unqualified audit report at the end of the financial year 2022/23	1	1	1	1	0	100%		Target achieved. Confirmed through the AGSA Audit and Management Report of 2022/23.
		1.2 Ensuring the effective functioning of the CHIETA five (5) Governance and Constitutional structures	37	44	24	40	16	167%		Target exceeded as per scheduled special meetings of the CHIETA Governance structures as part of strengthening of Governance oversight on key organisational areas.
		1.3 Ensuring the planned CHIETA annual admin budget not to exceed 10.5%	1	1	1	1	0	100%		Target achieved as also based on approval provided by the Executive Authority for CHIETA to deviate from the CHIETA 10.5% administrative legislative threshold. To be confirmed through the AGSA Audit and Management Reports for 2022/23.
		1.4 Ensuring the effective functioning of CHIETA Risk Management Framework: One Framework	1	1	1	1	0	100%		Target achieved.
		1.5 Providing 4 Governance Charter Reports	4	4	4	4	0	100%		Target achieved.
		Baseline	44	51	31	47	16	152%		Baseline target exceeded

PROGRAMME 2: RESEARCH AND SKILLS PLANNING

Purpose of programme 2: A professional and credible skills development planning tool for the Chemical Industry articulating sector realities and needs and agreed sector strategies to address skills need.

Outcomes and outputs

Programme 2 contributes to the following institutional outcome and output:

- A better equipped workforce understanding the sector operations. Its output is a credible institutional mechanism for research and skills planning.

PERFORMANCE HIGHLIGHTS

Introduction

An important aspect of CHIETA's overall objectives is to undertake mandatory skills planning, and development through research, and the matching of skills demand and supply.

This is achieved through the following 12 output indicators:

- Providing annual WSP and ATR data analysis and reporting;
- Producing research reports inclusive of research partnerships formed;
- Updating and maintaining nine sub-sector chamber skills plans;
- Maintaining the track and trace system for leaders in the sector;
- Producing a well researched SSP that provides a credible institutional mechanism for skills planning;
- Providing funding support to industry-institution partnerships;
- Signing sector research agreements for TVET growth in occupationally directed programmes;
- Identifying established and emergent cooperatives and their skills needs;
- Identifying skills needs of small and emerging enterprises;
- Developing EISA tools;
- Developing/reviewing qualifications/skills programmes; and
- Undertaking impact studies to measure CHIETA's effectiveness.

During 2022/23, following the hydrogen economy conference, the hydrogen research report was concluded, thereby achieving a significant milestone on the Vision 2025 macro indicator dashboard.

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.

PERFORMANCE INFORMATION

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.

In the medium term, the programme will focus on plans to continue developing the sector skills plan within the framework of the National Skills Development Plan (NSDP). The main focus will be to maintain the established credible mechanism for skills planning to ensure CHIETA's research is an authoritative voice on skills in the chemical industries sector. The research and development programme will also support evidence based decision making for skills development by providing information and insights that drive the work of the CHIETA and motivate the introduction of changes to CHIETA stakeholders regarding skills development interventions that support continuous improvement.

The research policy provides research-based leadership in the CHIETA research policy framework in conjunction with the strategic research agenda that sets out the research needs of the CHIETA, both currently and in the medium-term period. It has been developed to inform research processes within the CHIETA, stakeholders of the CHIETA's research priorities and assist in guiding the resource allocations.

The SSP is updated annually so that CHIETA ensures that South Africa's chemical industry has adequate, appropriate and high quality skills to contribute towards economic growth, employment creation and social development. The SSP assists the country, among other things, to identify the top ten occupations in high demand in the chemical sector of the economy, as well as the interventions that are required. This also include the occupations needed for the Economic Reconstruction and Recovery Programme (ERRP). New research is undertaken in key growth areas such as the pharmaceutical industry, bio-economy, hydrogen economy, nano technology and green chemicals for both SMME and learner development.

Year under review (2022/23)

Research in 2022/23 has focused on two broad topics:

- Digital transformation; and
- Hydrogen economy (oil and gas)

The research has been conducted through partnerships, specific areas within research themes of the agenda and projects.

1. Research partnerships

Research partnership	Time frame	Research area	Objectives of the study
Digital Transformation with University of Johannesburg Business School	November 2022 – March 2023	Business Intelligence	<ul style="list-style-type: none"> - Build a data warehouse for CHIETA data (inclusive of WSP, ATR and Levy paying companies) - Apply BI techniques such as ETL to the CHIETA data - Build interactive dashboards that would allow the CHIETA to monitor the demand proactively
	November 2022 – March 2023	TVET colleges in South Africa	<ul style="list-style-type: none"> - Develop e-systems dynamic model defining the variable driving TVETs effectiveness towards optimization of TVETs in meeting the sector demands - Examine global perspectives on TVETs on five systems, considered to be: <ol style="list-style-type: none"> 1. Lecturers 2. Industry partners 3. National policies 4. Lecturers 5. TVET administrators
	November 2022 - March 2023	Implementation of extended reality systems to train TVET institutions	<ul style="list-style-type: none"> - To advance the use of Virtual Reality (VR), Augmented Reality (AR), and Mixed Reality (MR) training at TVETs to align with the skills demands of the industry.
	November 2022 - March 2023	Enterprise Architecture	<ul style="list-style-type: none"> - To design for digitalisation of CHIETA processes - A critical review and proposition of a technologically enabling architecture for the SETA
	November 2022 - March 2023	SMME Digitalisation	<ul style="list-style-type: none"> - To find methodologies of optimising growth of SMMEs in the chemical sector - Adopt 4IR tools including the development of a systems-based model to accommodate ongoing data updates to forecast optimisation of SMMEs

PERFORMANCE INFORMATION

Research partnership	Time frame	Research area	Objectives of the study
	November 2022 - March 2023	Learner Management System	<ul style="list-style-type: none"> - Review, select and deploy a structured learner management solution - Review international best practices on learner management solutions towards defining an integrated LMS solution for CHIETA
	November 2022 - March 2023	Global prospects of rural development	<ul style="list-style-type: none"> - To identify the key system influencing rural development and their associated impacting variables
Hydrogen Economy, Oil and Gas with the CHIETA Africa Energy Leadership Centre at Wits Business School	November 2022 - March 2023	The role of hydrogen in the chemical industry value chain	<ul style="list-style-type: none"> - To provide a high-level overview of the role of the green hydrogen in the South African chemicals value-chain - Examine the current state of the chemicals industry, the potential of green hydrogen and the challenges that must be addressed to ensure successful integration
Monitoring and Evaluation with Isendlu Business Companion	November 2022 – March 2023	Implementing the CHIETA Monitoring and Evaluation Policy for Forecasting and impact	<ul style="list-style-type: none"> - Implementing the CHIETA monitoring and evaluation policy for forecasting and measuring impact on learning and strategic projects embedded in the four CHIETA programmes

2. Research

The following research areas have been the focus of the year under review:

Area	Name	Findings/recommendations
1	Business intelligence	The research recommended the building of four dashboards: Dashboard 1 – Company details (A comprehensive view of the chemical sector). Dashboard 2 – Employee details. Dashboard 3 – Hard to fill vacancies. Dashboard 4 – Levy paying Companies.
2	TVET colleges in South Africa	The research conducted recommended the development of digital systems for: 1. Students. 2. Lecturers. 3. TVET administrators. 4. Industry partners.

Area	Name	Findings/recommendations
3	Implementation of extended reality system to train TVET institutions	<p>The research conducted recommended the following:</p> <ul style="list-style-type: none"> • Review of documents from CHIETA on the blended learning approach for the coded welding program. • Contacting of TVETs involved in the initial coded welding blended programme. • First virtual meeting with the TVETs to discuss their experience on the first blended learning program for coded welding. • Visit to TVETs which conducted the blended learning for coded welding to discuss and view programme. • Develop/Update theoretical training content.
4	Enterprise architecture	<p>The findings and recommendations were based on the Global perspective on digital transformation of the services sector. The research recommended the following:</p> <ul style="list-style-type: none"> • Mapping the as-is CHIETA processes. • Validation of the as-is CHIETA process. • Business process optimisation. • Design and modelling of the to-be processes. • Data collection setup & execution of the as-is model.
5	SMME digitisation	<p>The research identified 5 areas for SMME optimisation in the chemical sector:</p> <ol style="list-style-type: none"> 1. Skills development – By investing in skills development, SMMEs in the chemical sector can remain competitive and innovative, while meeting the evolving needs of their customers. 2. Improving SMMEs access and use of digital technologies – Improvement of access into digital would be deemed necessary for the growth and competitiveness of SMMEs. 3. Enterprise Resource Planning (ERP) systems – The benefits of adopting ERP systems in SMME’s include cost reduction, improved productivity, structural changes, process facilitation and improved decision making. 4. Value Chain Integration – some of the SMME benefits in the VCI include enhancing internationalisation and growth, aid of digital technologies to secure international markets and become specialised suppliers, co-operation with large businesses (up-stream) and downstream to improve efficiency and image beyond national borders. 5. Digital tools transformation – digital enablement of the sector can be seen as one of the major tools in this regard. Digital enablement is significant in a number of ways: <ul style="list-style-type: none"> - optimises operations, improves efficiency, and increase competitiveness; and - enables business to reduce costs and apply significant changes to business activities, such as supply chain management, manufacturing, marketing, and sales operations.

Area	Name	Findings/recommendations
6	Learner management system	<p>The research identified the following:</p> <p>Landscaping of CHIETA LMS requirements</p> <ul style="list-style-type: none"> • Conduct landscaping for developing the LMS system, that will meet the CHIETA and its stakeholders requirements. <p>Develop a comprehensive LMS design and implementation strategy</p> <ul style="list-style-type: none"> • The design and implementation strategy considers the requirements of implementation including training of personnel, procurement of hardware and software for the LMS, and timelines for the development phase of the LMS. <p>Update and validate LMS design with CHIETA</p> <ul style="list-style-type: none"> • The LMS design and implementation strategy is presented to the CHIETA and its stakeholder for review (through formal workshops). • Updated base on feedback received and thereafter sent for approval to CHIETA. <p>Test and implement the LMS at CHIETA</p> <ul style="list-style-type: none"> • The LMS is tested by CHIETA stakeholders to ensure it is understood by all users. • The LMS is implemented and tested at the CHIETA.
7	Global prospects of rural development	<p>The development of rural communities</p> <ul style="list-style-type: none"> • Rural development is impeded by various challenges, including deficient infrastructure, restricted, market accessibility. • Inadequate productivity, struggling institutions, and insufficient investment, leading to low incomes and poverty. <p>Infrastructure systems</p> <ul style="list-style-type: none"> • Inadequate and unreliable infrastructure services are common in the majority of rural communities in Africa. • Rural households do not have access to safe drinking water, electricity, reliable transportation of modern communication services. <p>Transportation and infrastructure in rural communities</p> <ul style="list-style-type: none"> • The rural transportation infrastructure sector is an integral part of many other economic spheres and thus crucial to long-term development. • Transportation in rural areas is a key factor in achieving several of the Sustainable Development Goals and has a significant impact on the quality of life in rural communities over the world. <p>Education in rural communities and rural economy</p> <ul style="list-style-type: none"> • In rural areas, the system of education is not in a well-developed state. • Concerning gap related to knowledge disparities or education inequality – many countries of sub-Saharan Africa, the learning performance of rural students is much lower than urban students. • There is a need to formulate measures to bring about improvement in the overall education system.

Plans for 2023/24

In continuing to be an authoritative voice on skills in the sector, the CHIETA is focused on remaining impactful by implementing research based and evidence led interventions and programmes supported by monitoring and evaluation and impact measurement. The research conducted to support the strategic pillars of innovation, digitisation, collaboration and transformation has seen advances in findings to support SMMEs, TVETs, sustainability and innovation in the areas of Hydrogen economy, nanotechnology and green chemistry.

Future plans, include but are not limited to; a partnership with TETA and MQA to establish a Centre of Specialisation for the Hydrogen Economy, continued efforts to digitise skills development through simulated, virtual reality and blended learning approaches with a focus on artisans and apprentices, and supporting research at public institution to grow research capacity at these institutions.

Further research and analysis conducted for the sector skills planning and to inform the strategic direction of the sector , highlight key trends and change drivers for the chemical sector being (i) largely in the evolution of the work and transforming workplaces informed largely by digitization, (ii) disruptive changes in processes in the Chemical Industry with a shift towards the 'biologisation of chemistry', (iii) the circular economy as model of production or manufacturing that involves sharing, reusing and repairing. A model focused on sustainability and the environment. (iv) Chemistry 4.0 which is an innovative management concept leveraging internet technologies systematically, and (v) Startups in the chemical industry being in the forefront in introducing new technologies such as artificial intelligence (AI), computational chemistry, and solutions for the circular economy and biotechnology. These new insights require CHIETA to continue in its plans to have a clear understanding of its labour market profile, skills needs and priorities to adequately plan and develop responsive and relevant current and future skills for the sector.

Research remains a core function to inform organisational decisions, the development of programmes and the refinement of service offering for improved value creation.

Audited performance table

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement for 2022/2023	Percentage achieved	Status (needs smiley faces)	Reasons for deviations
Better equipped workforce understanding the sector operations	A credible institutional mechanism for research and skills planning	2.1 Providing annual WSP and ATR data analysis and reporting	1	1	1	1	0	100%	😊	Target achieved.
		2.2 Research Reports inclusive of Research Partnerships formed	2	3	2	2	0	100%	😊	Target achieved.
		2.3 Updating and Maintaining of the nine (9) Sub-Sector Chamber Skills Plans	9	9	9	9	0	100%	😊	Target achieved.
		2.4 Maintaining the track and trace system for learners in the sector	1	1	1	1	0	100%	😊	Target achieved.
		2.5 The SSP is well researched to provide credible institutional mechanisms for skills planning	1	1	1	1	0	100%	😊	Target achieved.
		2.6 Funding support to Industry - Institution partnerships	0	4	3	4	1	133%	😊	Target was exceeded. This was as a result of positive responses received from stakeholders on the Discretionary Research and Skills Planning Funding Window and in support of the Board strategic drivers to strengthen collaboration within the sector.

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement for 2022/2023	Percentage achieved	Status (needs smiley faces)	Reasons for deviations
		2.7	0	1	1	1	0	100%	😊	Target achieved.
		2.8	0	1	1	1	0	100%	😊	Target achieved.
		2.9	1	1	1	1	0	100%	😊	Target achieved.
		2.10	6	4	4	4	0	100%	😊	Target achieved.
		2.11	2	1	4	4	0	100%	😊	Target achieved.
		2.12	1	1	1	1	0	100%	😊	Target achieved.
		Baseline	24	28	29	30	1	103%		Baseline target exceeded

PROGRAMME 3: OCCUPATIONALLY DIRECTED PROGRAMMES

Purpose of programme 3:

- To ensure continuous training of the Chemical Industry workforce through mid-level skills need and apprenticeship training and addressing of high level national scarce skills through work-ready graduates from Higher Education Institutions.
- To address the low-level language and numeracy, supporting co-operatives, NGOs, and small enterprises, increasing public capacity for improved service delivery, building career and vocational guidance and addressing the medium-term strategic priorities of government.

Outcomes and outputs

Programme 3's outcomes and outputs are:

- To improve workplace productivity and diversity. Its output is increased access and delivery on occupationally directed programmes.
- Improved support to TVET and CET colleges. Its output is to utilise TVETs/CETs as the training providers of choice.
- Seamless work integrated learning between training institutions, employees and industry. Its output is to support a number of federation/trade unions.
- Skilled and competent chemical industry entrepreneurs and cooperatives. Its output is to support the growth and sustainability of work based learning opportunities for SMMEs and cooperatives.
- Effective career and vocational guidance. Its output is to prioritise career development services that are accessible to learners on occupations of high demand.
- Increased participation of workers in various learning programmes to address critical skills in the industry and related sectors to transform workplaces, improved productivity and economic growth. Its output is to support diversity on all collective levels as well as the transformational profile of the chemical industry.

PROGRAMME HIGHLIGHTS

Under the programme, the management of discretionary grant funding, including the monitoring and evaluation of projects from application to implementation, continued throughout 2022/23. The regions play an important role in the monitoring and implementation of the outputs of this programme.

In pursuit of Vision 2025, three smart skills centres were completed in 2022/23, one of which – Saldanha Bay – was launched during the year. The remaining two in Babanango and Gqeberha will be launched during the 2023/24 year, while another three in Mpumalanga, Limpopo and North West are being planned for 2023/24 as well.

The Vision 2025 macro indicator of 50% of discretionary grants being allocated to strategic projects exceeded its 2022/23 milestone of 35% funding, with a current funding allocation to strategic projects of 43%.

Additional programmes that contribute to the CHIETA's macro indicators are targeted at SMMEs, cooperatives, retrenched workers and young black females:

- 576 SMMEs were supported with innovative skills solutions for growth and development against a milestone target of 500;
- 108 cooperatives were similarly provided with such skills against a milestone target of 100;
- A flagship programme to support retrenched workers was implemented and achieved its milestone target of supporting 35 such workers. The CHIETA is looking to upscale the programme in the next financial year;
- The STEM flagship programme targeting young black females exceeded its milestone of 1 000 by supporting 1 108 such learners.

Another macro indicator that achieved success during the year was that of the number of learners supported through implementing augmented reality (AR) and virtual reality (VR) simulated training and hands-free wearable solutions. These were implemented at the Saldanha Bay Smart Skills Centre. VR and AR infrastructure learning is ready for implementation with the launch of Babanango and Gqeberha.

The blended learning pilot project with its four components – face-to-face, online training, welding simulation and practical welding - was provided to 115 learners from TVET Colleges. The macro indicator target of providing career guidance to 30 000 learners was also exceeded, with 30 032 learners participating in the programme.

Plans for 2023/24

Development and implementation of an automated discretionary grant system where the processing of payments to stakeholders is enabled.

Outcome	Output	Audited actual performance 2020/21		Audited Actual performance 2021/22		Planned target (SETA funded)		Total planned annual target 2022/23		Actual achievement (SETA funded)		Actual achievement (Sector funded)		Total actual achievement 2022/23		Percentage achieved		Status (needs smileys)		Reasons for deviations	
		3.1.1	3.1.2	3.1.3	3.1.4	3.1.5	3.1.1	3.1.2	3.1.3	3.1.4	3.1.5	3.1.1	3.1.2	3.1.3	3.1.4	3.1.5	3.1.1	3.1.2	3.1.3	3.1.4	3.1.5
Improve workplace productivity and diversity	Increased access and delivery on occupationally directed programmes	Percentage of discretionary grant budget allocated at developing high level skills	62%	83%	55%	0%	55%	0%	55%	0%	55%	0%	0%	55%	0	100%	Target achieved.	Target achieved.	Target achieved.	Target achieved.	Target achieved.
		Percentage of discretionary grant budget allocated at developing intermediate skills	37%	52%	44%	0%	44%	0%	44%	0%	44%	0%	0%	44%	0	100%	Target achieved.	Target achieved.	Target achieved.	Target achieved.	Target achieved.
		Percentage of discretionary grant budget allocated at developing elementary level skills	1%	1%	1%	0%	1%	0%	1%	0%	1%	0%	0%	1%	0	100%	Target achieved.	Target achieved.	Target achieved.	Target achieved.	Target achieved.
		The number of WSPs from large firms	120	134	120	0	120	0	120	0	120	0	0	143	23	119%	Target exceeded.	Target exceeded.	Target exceeded.	Target exceeded.	Target exceeded.
		The number of WSPs from medium firms	170	170	170	0	170	0	170	0	170	0	0	203	33	119%	Target exceeded.	Target exceeded.	Target exceeded.	Target exceeded.	Target exceeded.

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
		3.1.6 The number of WSPs from small firms	320	335	320	0	320	412	0	412	129%	😊	Target exceeded through the engagement of CHIETA Regional Offices to recruit new members and focused Regional Skills Forums that were conducted to ensure participation from small firms.
		3.1.7 Learners to be trained on entrepreneurial skills	40	206	500	0	500	610	0	610	122%	😊	Target exceeded due to greater participation from industry SMMEs in DG Funding Windows and also responding to Strategic Board priorities on SMME support and entrepreneurship development.

PERFORMANCE INFORMATION

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
		3.1.8 Enrolling employed learners to enter Learnership programmes (non-artisan)	574	679	500	50	550	520	83	603	110%	😊	Target exceeded.
		3.1.9 Employed learners are certificated on Learnership programmes (non-artisan)	415	417	250	25	275	300	33	333	121%	😊	Target was exceeded due to the pipeline of entered learnerships from the 2021/22 financial year being certificated.
		3.1.10 Enrolling Employed bursary holders	24	75	50	0	50	51	0	51	102%	😊	Target exceeded.
		Continuing employed bursaries	38	75	51	0	51	63	0	63	124%	😊	Target exceeded due to the pipeline of entered bursary holders from the 2021/22 financial year also continuing with their studies.

Outcome	Output	Output Indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
		3.1.11 Employed bursaries complete their academic year studies	16	14	25	0	25	25	0	25	100%	😊	Target achieved.
		3.1.12 Enrolling Employed learners on Skills Programme	339	1 133	1 050	0	1 050	1 275	0	1 275	121%	😊	Target exceeded due to the high intake and preference of Skills Programmes from employers and CHIETA supporting the ERPP Skills Strategy priorities.
		3.1.13 Employed learners are certificated on Skills Programmes	241	1 083	525	0	525	679	0	679	129%	😊	Target exceeded due to the high intake for Skills Programmes in the financial year as per comment in 3.1.12 that also impacted positively on the certification numbers.


PERFORMANCE INFORMATION

Outcome																				
Output																				
Output indicator	3.1.1.14	Enrolling learners on Artisan programmes (Includes COS apprenticeships)																		
Audited actual performance 2020/21	1 080	1 646																		
Audited actual performance 2021/22	1 000	1 000																		
Planned target (SETA funded)	1 000	1 000																		
Planned target (Sector funded)	0	0																		
Total planned annual target 2022/23	1 000	1 342																		
Actual achievement (SETA funded)	1 342	1 342																		
Actual achievement (Sector funded)	0	0																		
Total actual achievement 2022/23	1 342	342																		
Percentage achieved	134%																			
Status (needs smileys)	😊																			
Reasons for deviations	Target exceeded due to the high intake and preference of artisan development and COS programmes from employers and CHIETA supporting the ERRP Skills Strategy priorities.																			

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
		3.1.15 Learners are certificated on completion of their Artisan qualifications	570	1 272	554	0	554	1 186	0	1 186	214%	😊	Target exceeded as a result of the artisan learners entered in the 2020/21 & 2021/22 financial years that resulted in higher than expected levels of certifications. This was further supported by an increase in the ARPL Trade Tests certifications that were entered and completed in this financial year.
		3.1.16 Enrolling Unemployed bursary holders	30	161	0	0	0	0	0	0	0%	😞	No target set.
		Continuing unemployed bursaries	444	549	200	0	200	200	0	200	100%	😊	Target achieved.

PERFORMANCE INFORMATION

Outcome		
Output		
Output indicator	3.1.1.17	Unemployed bursary holders complete their academic year studies
Audited actual performance 2020/21	34	
Audited actual performance 2021/22	168	
Planned target (SETA funded)	20	
Planned target (Sector funded)	0	
Total planned annual target 2022/23	20	
Actual achievement (SETA funded)	25	
Actual achievement (Sector funded)	0	
Total actual achievement 2022/23	25	
Percentage achieved	125%	
Status (needs smileys)	😊	
Reasons for deviations	Target exceeded due to the 2020/21 & 2021/22 financial years entered bursary pipeline learners completing their academic year studies.	

Outcome	
Output	
Output indicator	3.1.18 Enrolling learners on RPL
	Audited actual performance 2020/21
	78
	Audited actual performance 2021/22
	394
Planned target (SETA funded)	100
Planned target (Sector funded)	0
Total planned annual target 2022/23	100
Actual achievement (SETA funded)	289
Actual achievement (Sector funded)	0
Total actual achievement 2022/23	289
	189
Percentage achieved	289%
Status (needs smileys)	
Reasons for deviations	Target was exceeded due to the need from the Chemical Industry to prioritize RPL in the sector as a result of the phasing out of the legacy qualifications to the new occupational qualifications and the unstructured approach from permanent employees to obtain full qualifications before the expiry of the legacy qualifications, supported by CHIETA agility to accommodate the needs of the industry.

PERFORMANCE INFORMATION

Outcome	
Output	
Output indicator	3.1.1.19 Learners are certified on RPL
Audited actual performance 2020/21	47
Audited actual performance 2021/22	729
Planned target (SETA funded)	50
Planned target (Sector funded)	0
Total planned annual target 2022/23	50
Actual achievement (SETA funded)	599
Actual achievement (Sector funded)	0
Total actual achievement 2022/23	599
Percentage achieved	1198%
Status (needs smileys)	😊
Reasons for deviations	Target was exceeded due to the pipelines from the 2020/21 & 2021/22 enrolments that resulted in higher than expected certifications in the current financial year. This was further supported by the RPL certifications that were entered and completed in this financial year.


Outcome																					
Output																					
Output indicator	3.1.20	Number of SETA / Employer partnerships established	85	85	100	0	100	123	0	123	23	123%	😊	Target was exceeded due to the increased number of employers participating in the Discretionary Grants Funding Window Cycles 1 & 2 and CHIETA advancing the Board Strategic driver on strengthening collaboration with the sector Target exceeded.							
	3.1.21		62	210	50	0	50	60	0	60	10	120%	😊								
Audited actual performance 2020/21																					
Audited actual performance 2021/22																					
Planned target (SETA funded)																					
Planned target (Sector funded)																					
Total planned annual target 2022/23																					
Actual achievement (SETA funded)																					
Actual achievement (Sector funded)																					
Total actual achievement 2022/23																					
Percentage achieved																					
Status (needs smiles)																					
Reasons for deviations																					

PERFORMANCE INFORMATION

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
		3.1.22 HET Learners are certificated on completion of their Work Integrated Learning (WIL) programmes	105	32	25	0	25	34	0	34	136%	😊	Target was exceeded due to the pipeline from the 2021/22 financial year enrolments that were certificated in Q3.
		3.1.23 Enrolling unemployed learners to enter internships / workplace experience programmes	0	530	525	0	525	538	0	538	102%	😊	Target exceeded.
		3.1.24 Unemployed learners are certificated on completion of internships / workplace experience programmes	0	87	263	0	263	283	0	283	108%	😊	Target exceeded .

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
		3.1.25 Enrolling Unemployed learners on skills programme	154	1 008	1 200	0	1 200	1 610	0	1 610	134%	😊	Target exceeded due to the high intake and preference of Skills Programmes from employers and CHIETA supporting the ERRP Skills Strategy priorities.
		3.1.26 Unemployed learners are certificated on skills programmes	186	551	600	0	600	803	0	803	134%	😊	Target exceeded due to the high intake for Skills Programmes that also impacted the certification achievement rate and number.

PERFORMANCE INFORMATION

Outcome	
Output	
Output indicator	3.1.1.27 Enrolling Unemployed learners to enter Learnships programmes (non-artisan)
Audited actual performance 2020/21	1 958
Audited actual performance 2021/22	2 477
Planned target (SETA funded)	1 300
Planned target (Sector funded)	200
Total planned annual target 2022/23	1 500
Actual achievement (SETA funded)	1 800
Actual achievement (Sector funded)	364
Total actual achievement 2022/23	2 164
Percentage achieved	144%
Status (needs smiles)	
Reasons for deviations	Target exceeded due to the increased uptake from Providers and employers from the 2020/21 & 2021/22 financial years in the Discretionary Grants Funding Window Cycle 1 & 2. This was further supported by the request from the sector for quality assurance support by the CHIETA ETQA business unit for sector funded learners.

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
		3.1.28 Unemployed learners are certificated (Non – Artisan) on Learnership Programmes	1 175	1 862	650	100	750	1 300	660	1 960	261%	😊	Target was exceeded due to the 2021/22 pipeline and the increased support requested by the sector for quality assurance support on certifications by the CHIETA ETQA business unit function provided for sector funded learners.
		3.1.29 Enrolling learners on Candidacy programmes	22	66	30	0	30	40	0	40	133%	😊	

PERFORMANCE INFORMATION

Outcome	Output	Output Indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
Improved support to TVET and CET Colleges	TVETs/CETs to be utilized as the training provider of choice	3.1.30	7	20	15	0	15	15	0	15	100%	😊	Target achieved.
		Learners completed every year on Candidacy Programmes to be certificated after three (3) years											
		3.1.31	2	2	2	0	2	2	0	2	100%	😊	Target achieved.
		SETA offices established and maintained in TVET colleges											
		3.1.32	4	4	5	0	5	5	0	5	100%	😊	Target achieved.
		Centres of Specialisation Supported											

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations	
		3.1.33 TVET lecturers enrolled on skills programmes	63	135	105	0	105	127	0	127	121%	😊	Target exceeded due to the increased uptake and need from TVET Colleges through the Discretionary Grants Funding Window Cycle 1 & 2 and responding to one of the Board Strategic priorities of stronger collaboration and support towards TVET Colleges.	
		3.1.34 TVET / CET managers receiving training on curriculum related studies	0	0	0	0	0	0	0	0	0%	😊		No target set.
		3.1.35 Enrolling TVET College lecturers for bursaries	0	50	0	0	0	0	0	0	0%	😊		No target set.

PERFORMANCE INFORMATION

Outcome	Output	Output Indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
		3.1.36 Continuing support to TVET bursaries	0	0	50	0	50	50	0	50	100%	😊	Target achieved.
		3.1.37 TVET College infrastructure development support (Equipment / Workshops)	0	0	0	0	0	0	0	0	0%	😊	No target set.
		3.1.38 CET College lecturers enrolled on skills programmes	0	55	50	0	50	60	0	60	120%	😊	Target exceeded.
		3.1.39 CET College infrastructure development support (SMART Skills Centres)	0	0	5	0	5	5	0	5	100%	😊	Target achieved.

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
		3.1.40 CET learners enrolled on AET programmes	0	1 006	50	0	50	69	0	69	138%	😊	Target exceed due the increased intake from CET Colleges on AET Programmes through the DG Funding Window Cycles 1 & 2 and DHET request to also respond and support community colleges as a new strategic focal area.
		3.1.41 TVET College partnerships established	16	15	12	0	12	14	0	14	117%	😊	Target exceeded.
		3.1.42 HEI partnerships established (Included in Prog 2 - Research and Skills Planning)	0	0	0	0	0	0	0	0	0%	😊	No target set.
		3.1.43 CET partnerships established	0	0	3	0	3	3	0	3	100%	😊	Target achieved.

PERFORMANCE INFORMATION

Outcome	Output	Output Indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
		3.1.44 TVET students requiring Work Integrated Learning	103	759	1 000	0	1 000	1 311	0	1 311	131%	😊	Target exceeded due to the increased uptake from TVET Colleges through the Discretionary Grants Funding Window Cycles 1 & 2 and CHIETA responding to a specific strategic focal area from the Executive Authority for SETAs to contribute to the national target for TVET WIL learners.
		3.1.45 TVET students complete their Work Integrated Learning	209	256	400	0	400	485	0	485	121%	😊	Target exceeded due to the pipeline of the 2021/22 financial year and learners entering and completing within the current financial year.

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
Seamless work integrated learning between training institutions, employees and industry	Number of federation/ trade unions supported	3.1.46 Worker initiated training interventions are entered	2	5	3	0	3	3	0	3	100%	😊	Target achieved.
Skilled and competent Chemical Industry entrepreneurs and cooperatives	Work based learning opportunities for Micro, SMMEs and cooperatives in support of growth and sustainability	3.1.47 Co-ops participating in learning programmes	0	54	100	0	100	108	0	108	108%	😊	Target exceeded.
		3.1.48 Small business enterprises participating in learning programmes	10	105	500	0	500	576	0	576	115%	😊	Target exceeded.
		3.1.49 NGOs/ CBOs/ CBCs enrolled in learning programmes	0	50	80	0	80	80	0	80	100%	😊	Target achieved.

PERFORMANCE INFORMATION

Outcome	Output	Output Indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	Reasons for deviations
Effective Career and Vocational Guidance	Prioritised career development services are accessible to learners on occupations of high demand	3.1.50	Learners trained on entrepreneurship supported to start their own business	32	104	50	69	0	69	19	138%	😊	Target exceeded due to the increased uptake from SMME learners that started their own businesses and Board strategic priority and ERRP Skills Strategy priority around SMME support
		3.1.51	Career development events in urban areas (4IR)	2	2	3	3	0	3	0	100%	😊	Target achieved.
		3.1.52	Career development events in rural areas (4IR)	1	2	3	3	0	3	0	100%	😊	Target achieved.
		3.1.53	Career Development Practitioners trained	0	0	0	0	0	0	0	0%	😊	No target set.
		3.1.54	Capacity building workshops on Career Development Services	0	0	0	0	0	0	0%	😊	No target set.	

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned target (SETA funded)	Planned target (Sector funded)	Total planned annual target 2022/23	Actual achievement (SETA funded)	Actual achievement (Sector funded)	Total actual achievement 2022/23	Percentage achieved	Status (needs smileys)	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	3.1.55 Rural Development Projects planned and implemented	0	10	10	0	10	10	0	10	100%	😊	Target achieved	
		3.1.56 Learners in AET programmes	120	250	250	0	250	250	0	250	100%	😊	Target achieved	
		3.1.57 Learners are certificated in AET programmes	86	155	125	0	125	165	165	0	40	132%	😊	Target exceeded due to the current year completions and from the 2020/21 & 2021/22 financial year enrolments certified through the various ABET completion levels.
		3.1.58 STEM Learner Support	0	250	1 000	0	1 000	1 018	1 018	0	18	102%	😊	Target exceeded
		Baseline	8 898	19 032	12 924	375	14 424	18 944	1 140	20 084	139%		Baseline target exceeded	

PERFORMANCE INFORMATION

PROGRAMME 4: EDUCATION TRAINING AND QUALITY ASSURANCE

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.

Purpose of programme 4: To ensure the sustainability of the Chemical accreditation of service providers, the curriculum development of qualifications and the acceleration of certification.

Outcomes and outputs

Programme 4 contributes to the following institutional outcome and output:

- Increased enrolments and completions of occupations in high demand. Its output is the accreditation, registration of Assessors & Moderators quality assurance of learner achievements, workplace approvals and monitoring of skills development.

PROGRAMME HIGHLIGHTS

In respect of workplaces approved, 80 were approved against a target of 30. Skills development providers that were accredited, reaccredited and monitored and quality assurance of learner's achievements conducted amounted to 389 against a target of 210. Assessors and moderators registered were 296 (target: 184), while four (target: 4) assessment sites and centres were approved.

During the year, backlogged workplace approvals due to COVID-19 were attended to.

The Vision 2025 macro indicator of remote assessment capabilities and electronic workplace approvals achieved 10% implementation during the year against a target of 15%. This is because stakeholders preferred and selected the option in quarter four of a physical site visit as opposed to remote/electronic approval. The CHIETA qualification development team, through the University of Johannesburg digitisation project, is exploring ways to advise CHIETA on the best way forward to implement remote assessments.

Challenges encountered included:

- Not being able to conduct workplace approvals within the stipulated turnaround time of 20 days.
- Stakeholders not having the necessary resources to support remote workplace approvals and accreditation and quality assurance of learner achievements.
- In respect of assessment centres, chemical sector stakeholders do not have the necessary capex/funding required to establish assessment centres to support the implementation of the new occupational qualifications.



QCTO processes that require all skills development providers to apply online to the QCTO for accreditation was an external development that had an impact on outcomes achieved, while internally, the approval of non-original copies of QALA reports assisted in closing the certification backlog. The implementation of the alternative entry route, which recognises a person's experience in the sector for purposes of registration, also had a positive effect on the outcomes achieved.

There was no new legislation during the year under review that affected the programme, and budget spend was as predicted.

Plans for 2023/24

An automated system covering accreditation, workplace approvals, assessments, certification, learner enrolments and assessment centres to be designed, developed and implemented.

Audited performance table

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Total planned annual target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement for 2022/2023	Percentage achieved	Status	Reasons for deviations
Increased enrolments and completions of occupations in high demand	Accreditation, registration of Assessors & Moderators quality assurance of learner achievements, workplace approvals and monitoring of skills development	4.1.1	76	160	30	80	50	267%		Target exceeded. This is due to the backlog of workplaces that were affected during COVID-19 that were approved by ETQA in this financial year.
		4.1.2	266	456	210	389	179	185%		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 in this financial year.

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Total planned annual target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement for 2022/2023	Percentage achieved	Status	Reasons for deviations
		4.1.3 Assessors and Moderators registered	207	259	184	296	112	161%	😊	Target exceeded. The high number of requests for registration and reregistration of assessors and moderators as a result of qualifications reaching their end date. SMMEs were under the impression that they will no longer be able to register after the expiry of the Historical Qualifications.
		4.1.4 Assessment sites / centres approved for learnership and skills programmes	1	6	4	4	0	100%	😊	Target achieved. ETQA accelerated the approval of assessment sites to contribute to the readiness of the implementation of learnerships and skills programmes at workplaces
			550	881	428	769	341			Baseline target exceeded
			Baseline							



PART C: GOVERNANCE

1. KEY ACHIEVEMENTS

In a challenging and difficult business environment and socio-economic climate CHIETA nevertheless achieved a strong performance on governance and within a diverse range of governance activities. The highly efficient functioning of the CHIETA Accounting Authority 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 with the CHIETA Accounting Authority setting the appropriate tone at the top.

Under delegated oversight from the Governance and Strategy Board Committee, CHIETA maintained and further improved on our integrated Risk Management Framework consisting of the CHIETA Risk Management Strategy, Risk Policy Framework, risk appetite statement and defined risk tolerance levels against each of the five strategic risks approved by the Accounting Authority. The intentional focus on defining opportunity risks and how to capitalise through innovation and collaboration was a key characteristic in this financial year in support of risk resilience and risk agility to contribute to our vision of innovation for impact and impacting sustainable livelihood in a meaningful manner. CHIETA completed our annual Risk Maturity Assessment which indicated high levels of risk maturity across the four (4) risk maturity pillars with the identification of areas for further improvement and refinement as we move into the 2023/24 financial year and beyond.

Under oversight from the CHIETA Audit and Risk Committee, CHIETA has also implemented a detailed combined assurance framework to assist the Board on the assurance profile of the organisation as provided by management and Internal Audit and the AGSA as independent assurance providers to CHIETA.

Another significant governance achievement was the effective functioning of the CHIETA Ethics Management Framework informed by the six (6) CHIETA values. Awareness and training for staff and stakeholders in fraud and ethics was conducted to ensure a common mindset on these important governance areas. The CHIETA fraud hotline administered 24/7 by an independent service provider ensures anonymity and regular reporting and monitoring to the CHIETA governance structures.

Increased maturity was also evident on the management of our Organisational Policy universe in support of compliance and the CHIETA internal control environment with the organisation settling into a rhythm of annual quality assurance of all CHIETA policies and Governance Charters to ensure continuous alignment to best practices and operational demands in pursuit of excellence in the delivering on the CHIETA mandate.

The management of the stated risk and ethics management framework transpired within a strong **collaborative environment** with all CHIETA business units to ensure accountability and support. Collaboration with Business Units was instrumental in effective and accurate performance planning with the outcome of an Annual Performance Plan 2023/24 mandated and approved through the office of the CEO, Accounting Authority by the Executive Authority.

Further collaborative efforts also concluded with the Institute of Directors (IOD) in support of an integrated Governance Capacity Building Framework for CHIETA Governance structures and CHIETA Management.

GOVERNANCE

In the development of these governance frameworks **innovative practices** were 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.

Support to the digitisation agenda of the CHIETA were evident in the implementation of the digitised conflict of interest declarations platform to support convenience, confidentiality and privacy to the Governance structures, staff and stakeholders and digitised efforts successfully implemented on the remuneration platform for Accounting Authority members.

From a **transformational perspective** the successful conclusion of continuous education and creating awareness among staff and stakeholders with regard to the new approaches on risk, ethics, policy and compliance.

From an integrated planning to execution approach, CHIETA is also proud to have under the leadership of the CHIETA Accounting Authority and the CEO achieved a clean organisational performance audit outcome by the AGSA whereby CHIETA achieved all 100% KPIs in the CHIETA APP 2022/23 at a performance average of 140% across all four CHIETA performance programmes.

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 the prescribed legislative environment, best practice governance frameworks as articulated in the King IV Code on Corporate Governance and the CHIETA Constitution approved by the Executive Authority.

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 2022/23, 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 and the improvement of sustainable livelihoods.

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.

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 the government and stakeholders in the subsectors of the chemical industry, thus ensuring 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 Accounting Authority 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, which aligns and supports 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.

GOVERNANCE

The CHIETA Risk Management Framework covers the full spectrum of organisational, emerging and opportunity risks management taken in pursuit of CHIETA's strategic outcomes, categorised into strategic and operational risks per the respective functional areas and business processes of the organisation.

The CHIETA Strategic Risk Management process was implemented in a structured, consistent and integrated manner, which aligns and supports 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 on strategic and operational risks level, with functional and accurate risk mitigation frameworks that supports risk based decision making and effective execution of the CHIETA mandate.

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 status of the organisational risk profile and risk mitigation.

7. 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.

8. ETHICS, FRAUD AND CORRUPTION

CHIETA has adopted zero tolerance of 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.

9. CONFLICT OF INTEREST

CHIETA maintains a conflict-of-interest policy and code of ethics framework that defines the required organisational behaviour in support of the six CHIETA 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 their annual conflict-of-interest declarations when and where 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 by independent service providers to determine if affected parties declared their respective interest accurately and correctly.

10. CODE OF CONDUCT

The CHIETA Accounting Authority mandated a Corporate Ethics Strategic Framework, including a Code of Ethics which clearly defines ethical behavioral standards for staff and stakeholders in the execution of the CHIETA Mandate and in direct support to the six (6) CHIETA Values.

11. 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.

CHIETA has also embarked on the development of CHIETA Environmental, Social and Governance (ESG) Reporting Framework to integrate sustainability reporting with the execution of the CHIETA mandate, demonstrating how CHIETA is also functioning as a responsible corporate citizen defined by King IV.

12. COMPANY SECRETARY

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

13. SOCIAL RESPONSIBILITY

CHIETA demonstrated its value of 'care', by adopting children's centres in Midrand (Gauteng), Kwa-Zulu Natal, Port Elizabeth and the Western Cape. Our staff visited the facilities and assisted with various activities throughout the year.

14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION CRITERIA RESPONSE DISCUSSION

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	No	N/A. CHIETA is a schedule 3A entity that is mandated by the Skills Development Act to achieve skills development and economic growth within the sector it operates. It is therefore not required to issue licences, concessions, or other authorisation in respect of economic activities in terms of the law.
Developing and implementing a preferential procurement policy	No	CHIETA has adopted and is implementing the preferential procurement policy as issued by the National Treasury through its Supply Chain Management policy. During the year, National Treasury amended the regulation by issuing Preferential Procurement Regulations 2022 which required all organs of state to determine their own preferential procurement policies in accordance with section 2 of the PPPFA and the thresholds and formula prescribed in the 2022 Regulations. The CHIETA is in a process of determining their own preferential procurement policies.
Determining qualification criteria for the sale of state-owned enterprises	No	N/A. CHIETA is a schedule 3A entity that is mandated by the Skills Development Act to achieve skills development and economic growth within the sector in which it operates.
Developing criteria for entering into partnerships with the private sector	No	The partnerships are through the awarding of discretionary grants which are in line with the CHIETA Grants Policy Framework.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	No	The awarding of discretionary grants is included in the CHIETA Grants Policy Framework. CHIETA participates in the awarding of discretionary grants to advance skills development and training as part of its normal course of business. However, there was no investment in schemes in support of B-BBEE.

15. BUSINESS IMPACT

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, CHIETA also mitigates the environmental risk of hazardous substances used by the industry. In addition, the Board approved the new Monitoring and Evaluation Framework that will focus even stronger on impact measurement and reporting forward.

16. PLANS FOR 2023/24

Further improve on its performance impact reporting to go beyond the reporting on the CHIETA APP.

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, through strong collaborative efforts.

Focus and intent will be maintained to ensure we maintain our 100% APP achievement rate within a sound governance and internal control environment.

A focused and clear Annual Performance Plan (APP) for 2024/25 for consideration and approval by the Executive Authority will be developed and submitted.

The 16 CHIETA Macro Indicators in support of Vision 2025 will be further enhanced and monitored.

Further maturity improvement will be made to the CHIETA ESG Framework for sustainable and integrated CHIETA Reporting to CHIETA Stakeholders.

Governance Capacity building across all collective levels within CHIETA.

Conclusion of the Governing Board Effectiveness assessment to support continuous increase in governance maturity within CHIETA.

17. AUDIT AND RISK COMMITTEE REPORT 2022/23

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. We are pleased to present our report for the financial year ended 31 March 2023.

AUDIT AND RISK COMMITTEE (ARC) 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 ARC Charter. During the current financial year, eleven (11) meetings were held which included meetings with Internal Audit, in-committee and continuation meetings of ARC as and when required. The internal and external auditors have unrestricted access to the Audit and Risk Committee.

Summary of meetings attended per Audit and Risk Committee member:

NAME	04 Apr 2022	24 May 2022	30 May 2022	31 May 2022	11 July 2022	19 Jul 2022	28 Jul 2022	17 Aug 2022	20 Sep 2022	27 Oct 2022	09 Mar 2023
Zelda Tshabalala (Chairperson Independent member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nandi Madiba (Independent member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Portia Ravhuhali (Independent member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Thabo Masombuka	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gerhard Cloete	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ Attended meeting

✗ 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.

INTERNAL AUDIT

The entity's internal audit function is outsourced and was operational for the entire period under review. The independence of the internal audit was monitored throughout the period. Internal audit follows a risk based approach, which incorporates management's risk assessment. The internal audit plans and reports issued for the period under review were all reviewed by the audit and risk committee. The Audit and Risk Committee is satisfied level of assurance provided by internal audit.

RISK MANAGEMENT

The Audit & Risk Committee considered quarterly Risk Management Committee Reports highlighting the risks identified throughout the institution and management's mitigation processes thereof. The Strategic Risk Register for the 2022/23 period was considered and recommended to the Accounting Authority for adoption where after the ARC monitored the implementation of mitigating action plans on a quarterly basis.

IN-YEAR MANAGEMENT AND QUARTERLY REPORTS

The Audit & Risk Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer of CHIETA during the year under review.

EFFECTIVENESS OF INTERNAL CONTROL

The system of internal controls within 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 South Africa, we concluded that the existing control environment, during the year under review was adequate and effective and provides reasonable assurance that the organization's goals and objectives are being achieved. We are also pleased to report that the CHIETA has received an unqualified audit opinion with no findings from the Auditor General for the 2022/23 financial year.

EVALUATION OF FINANCIAL STATEMENTS AND ORGANISATIONAL PERFORMANCE

The Audit Committee has:

- Reviewed and discussed the Audited Financial Statements and Audited Organizational Performance Report to be included in the Annual Report with the Auditor General and the Accounting Authority.
- Reviewed the Auditor General's Management Report and management's response thereto.
- Reviewed the Auditor General 's audit report.
- Reviewed adjustments resulting from the audit.
- Reviewed monthly and quarterly reports submitted by management.

GOVERNANCE

AUDITOR GENERAL OF SOUTH AFRICA

The Audit & Risk Committee has met with the Auditor General of South Africa to ensure that there are no unresolved matters.

The Audit and Risk Committee concurs with and accepts the Auditor General's conclusion on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be adopted.

APPRECIATION

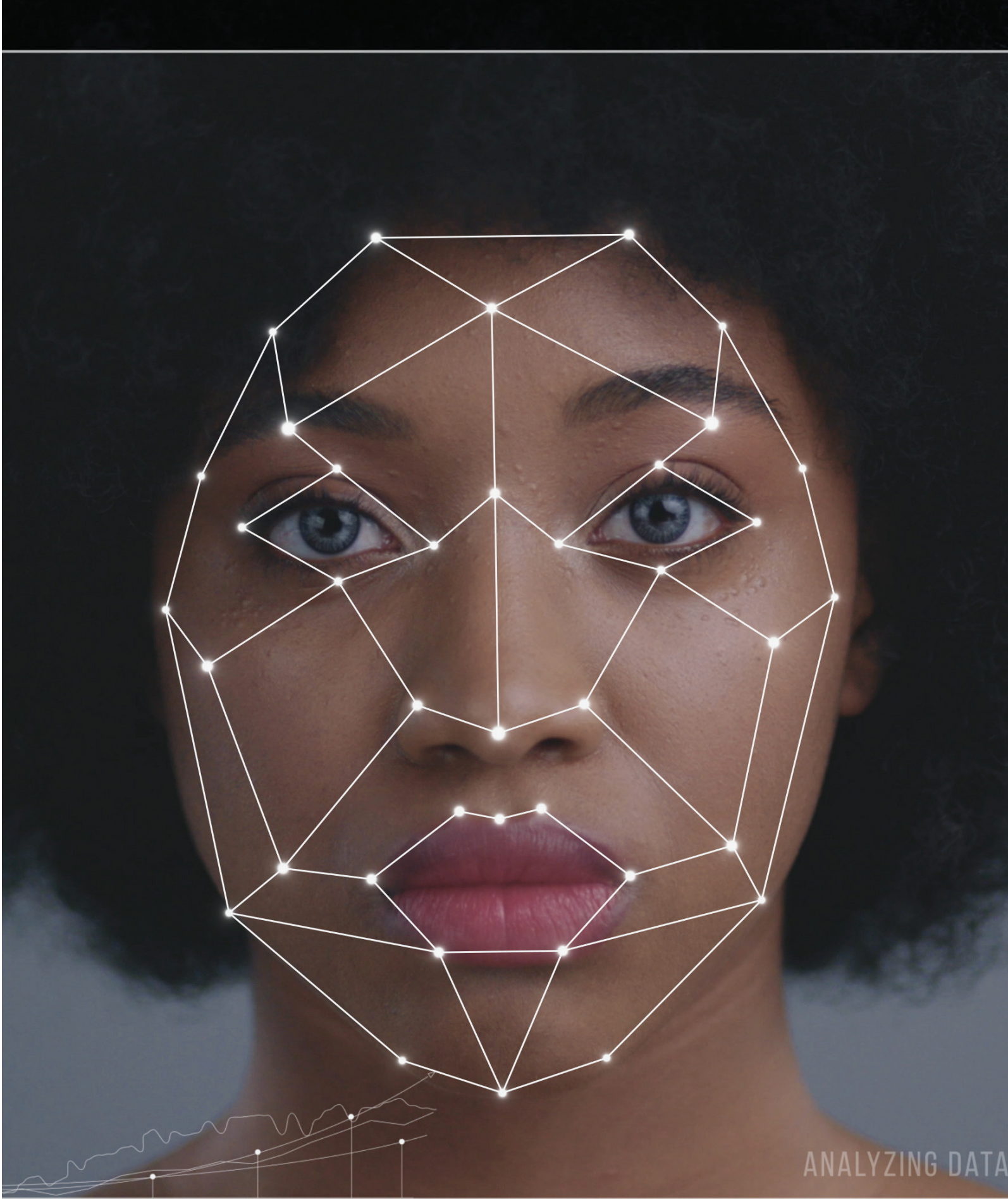
The Audit and Risk Committee expresses its sincere appreciation to the Accounting Authority, Chief Executive Officer, Management team, Internal Audit and External audit for their co-operation towards us achieving the requirements of our Charter as mandated.



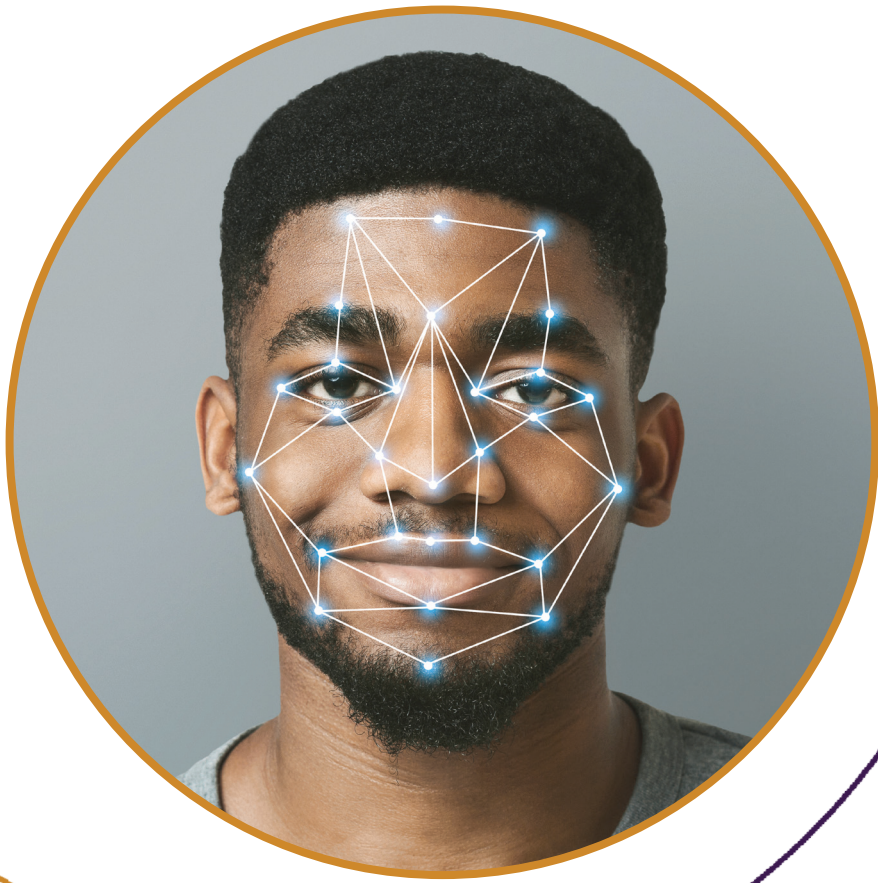
ZELDA TSHABALALA

Independent Chairperson of the Audit and Risk Committee

25 July 2023



ANALYZING DATA



PART D: HUMAN RESOURCES

Human resource priorities for the year under review, and their impact, were:

- Organisational design project, undertaken to achieve Vision 2025 and the 16 success factors. Once fully implemented, it will fill mission critical roles for the organisation. All critical roles will be filled through the CHIETA Recruitment and Selection Policy/Processes;
- The roll out of CHIETA values in reality, in respect of the value of 'care', the organisation adopted a children's centres in Midrand (Gauteng), Kwa-Zulu Natal, Port Elizabeth and the Western Cape;
- A reward and recognition process for staff best demonstrating the four strategic pillars (Innovation, Transformation, Digitisation & Collaboration); and
- The first physical wellness day held post-COVID-19. This included our regional offices.

The CHIETA's Talent Management Framework has several categories and is linked to the recruitment policy and performance management policy framework. It also includes succession planning and retention of high potential performers.

A balanced scorecard has been adopted to manage the organisation wide performance. This fair and transparent process has helped each staff member to understand what is expected of them. It is noteworthy that staff performance has steadily improved over the past number of years. The innovation boot camp that was held late in the financial year proved highly successful by involving every staff member at all levels to gain a common understanding of the CHIETA vision, mission and values.

*"We the participants of the CHIETA 2023 innovation bootcamp hereby pledge to do our very best in working as innovation teams to fuel the three types of innovation, with an emphasis on transformative innovation. We believe the **future is now** and CHIETA can create a sustainable future through Innovating for Impact" – Innovation bootcamp pledge*

Signed by all CHIETA staff members who attended the Bootcamp

Sadly, two of the CHIETA team passed away during the year. Their passing has been a great loss to the organisation. We are grateful to the support given by our leadership and wellness provider in coping with this loss.

Although the year did not see new policies introduced, a significant change was the increase in the performance management policy from a minimum achievement of 3.1 to 3.25. This has motivated our team to improve even further on their current performances.

Future plans and goals are to implement the newly approved organisational structure. The new business unit of innovation and technology will see new positions created that will be of great benefit to the CHIETA. The demonstration of our values will continue to focus on 'care' but will also encompass 'lifelong learning' through the introduction of a library at head office.

HUMAN RESOURCES

PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

	Total expenditure for the entity	Personnel expenditure	Personnel expenditure as a % of total expenditure	No. of employees	Average personnel cost per employee
Programme/activity/objective	(R '000)	(R '000)			(R '000)
Administration	91 294	57 753	10%	53	1090
Projects	493 274	19 264	3%	53	363
Total	584 568	77 017	13%	106	1453

PERSONNEL COST BY SALARY BAND

	Personnel expenditure	Personnel expenditure as a % of total expenditure	No. of employees	Average personnel cost per employee
Occupational Level	(R '000)			(R '000)
Top Management (Executives)	7 593	10%	5	1 519
Line Management (Managers)	19 936	26%	11	1 812
Professional Qualified (Specialists)	20 469	27%	20	1 023
Skilled (Practitioners)	9 969	13%	12	831
Semi-skilled (Administrators and Assistant Administrators)	16 097	21%	30	537
Unskilled (Cleaners & Interns)	2 953	4%	28	105
Total	77 017	100%	106	5 827

PERFORMANCE REWARDS

	Performance rewards	Personnel expenditure	% of performance rewards to total personnel cost
Occupational Level	(R '000)	(R '000)	
Top Management (Executives)	1362	7 593	18%
Line Management (Managers)	3240	19 936	16%
Professional Qualified (Specialists)	3658	20 469	18%
Skilled (Practitioners)	1651	9 969	17%
Semi-skilled (Administrators & Assistant Administrators)	2459	16 097	15%
Unskilled (Cleaners & Interns)	87	2 953	3%
Total	12 457	77 017	87%

TRAINING COSTS

Programme//activity/objective	Personnel expenditure	Training expenditure	Training expenditure as a % of personnel cost	No. of employees trained	Average training cost per employee
	(R '000)	(R '000)			(R '000)
Administration	57 753	1839	3%	14	131
Projects	19 264	108	1%	9	12
Total	77 017	1947	3%	23	85

EMPLOYMENT AND VACANCIES

Occupational levels	Appointments	Terminations	Vacancies
Top Management	0	1	2
Senior Management	1	1	1
Professionals	1	2	5
Skilled	1	0	0
Semi-Skilled	4	2	4
Unskilled	7	7	3
Total	14	13	15

EMPLOYMENT AND VACANCIES

Programme/activity/objective	2022/23			% of vacancies
	Approved posts	No. of employees	Vacancies	
Top Management	7	5	2	13%
Senior Management	12	11	1	7%
Professionals	25	20	5	33%
Skilled	12	12	0	0%
Semi-Skilled	34	30	4	27%
Unskilled	31	28	3	20%
Total	121	106	15	100%

HUMAN RESOURCES

EMPLOYMENT CHANGES

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	6	0	1	5
Senior Management	11	1	1	11
Professional qualified	21	1	2	20
Skilled	11	1	0	12
Semi-skilled	28	4	2	30
Unskilled	28	7	7	28
Total	105	14	13	106

REASONS FOR STAFF LEAVING

Reason	Number	% of total no. of staff leaving
Death	2	15%
Resignation	4	31%
Dismissal	1	8%
Retirement	1	8%
Ill health	0	0%
Expiry of contract	4	31%
Other	1	8%
Total	13	100%

All vacant positions are filled through the normal CHIETA recruitment processes/policy. Where critical positions are vacant, those are temporarily filled through acting appointments of internal staff members.

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary action	Number
Verbal warning	0
Written warning	1
Final written warning	0
Dismissal	1
Other	1
Total	3

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Levels	MALE			
	African	Coloured	Indian	White
	Current			
Top Management	0	0	2	1
Senior Management	4	1	2	0
Professional qualified	9	0	2	0
Skilled	4	1	0	0
Semi-skilled	11	0	0	0
Unskilled	8	0	0	0
Total	36	2	6	1

Levels	FEMALE			
	African	Coloured	Indian	White
	Current			
Top Management	1	0	1	0
Senior Management	4	0	0	0
Professional qualified	5	2	1	1
Skilled	7	0	0	0
Semi-skilled	18	1	0	0
Unskilled	20	0	0	0
Total	55	3	2	1

Levels	DISABLED STAFF	
	Male	Female
	Current	
Top Management	0	0
Senior Management	0	0
Professional qualified	0	0
Skilled	0	0
Semi-skilled	0	0
Unskilled	0	1
Total	0	1

The current CHIETA offices/infrastructure does not cater for PwDs. The existing employee with PwD is visually impaired and struggles to get around a many things. We have also extended advertisements to PwDs and went as far as collaborating with the Department of Employment and Labour for future vacancies.



PART E: PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2022/23	2021/22
	R '000	R '000
Opening balance	111 788	79 672
Add: Irregular expenditure confirmed	701	32 116
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	(50 694)	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	61 795	111 788

Reconciling notes

Description	2022/23	2021/22
	R '000	R '000
Irregular expenditure that was under assessment in 2021/22	-	1 094
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	701	31 022
Total	701	32 116

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2022/23	2021/22
	R '000	R '000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	1 215
Irregular expenditure under investigation	250	-
Total	250	1 215

c) Details of current and previous year irregular expenditure condoned

Not applicable.

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2022/23	2021/22
	R '000	R '000
Irregular expenditure NOT condoned and removed	50 694	-
Total	50 694	-

e) Details of current and previous year irregular expenditure recovered

Not applicable.

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Not applicable.

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is not* responsible for the non-compliance)

Not applicable.

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

Not applicable.

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Contravention of grants regulations by former grants executive manager through non-disclosure of interest during awarding discretionary grants funding amounting to R30 524 000. Case opened and currently being investigated by commercial crime unit.

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/23	2021/22
	R '000	R '000
Opening balance	343	-
Add: Fruitless and wasteful expenditure confirmed	143	2 182
Less: Fruitless and wasteful expenditure written off	-	(180)
Less: Fruitless and wasteful expenditure recoverable	(343)	(1 659)
Closing balance	143	343

Reconciling notes

Description	2022/23	2021/22
	R '000	R '000
Fruitless and wasteful expenditure that was under assessment in 2022/23	-	-
Fruitless and wasteful expenditure that relates to 2021/2022 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	143	2 182
Total	143	2 182

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2022/23	2021/22
	R '000	R '000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	2 182
Fruitless and wasteful expenditure under investigation	-	-
Total	-	2 182

c) Details of current and previous year irregular expenditure recovered

Description	2022/23	2021/22
	R '000	R '000
Fruitless and wasteful expenditure recovered	343	1 659
Total	343	1 659

d) Details of current and previous year irregular expenditure not recovered and written off

Description	2022/23	2021/22
	R '000	R '000
Fruitless and wasteful expenditure written off	-	180
Total	-	180

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure
Not applicable.

PFMA COMPLIANCE REPORT

1.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) & (iii)

- a) **Details of current and previous year material losses through criminal conduct**
Not applicable.
- b) **Details of other material losses**
Not applicable.
- c) **Other material losses recovered**
Not applicable.
- d) **Other material losses written off**
Not applicable.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R '000
Valid invoices received	2 949	R252 726 449,12
Invoices paid within 30 days or agreed period	2 941	R252 569 376,42
Invoices paid after 30 days or agreed period	8	R157 072,70
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

The entity did not have any procurement through other means for the reporting period.

3.2. Contract variations and expansions

The entity did not have any contract variation and expansion for the reporting period





PART F: FINANCIAL INFORMATION

FINANCE OVERVIEW FOR THE YEAR ENDED 31 MARCH 2023

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 R69 million. This is a significant increase of R16 million from the prior year reported surplus of R53 million.

This is against a backdrop of an increase in revenue of 8% from R605 million to R654 million and increased expenditure of 6% from R551m to R584 million. The SETA has a cash surplus as defined by the PFMA's National Treasury surplus retention instruction note 12 of 2020/21 of R5 million compared to R98 million in the previous year. All unutilised surpluses were duly transferred to the discretionary grant reserve, as required by legislation.

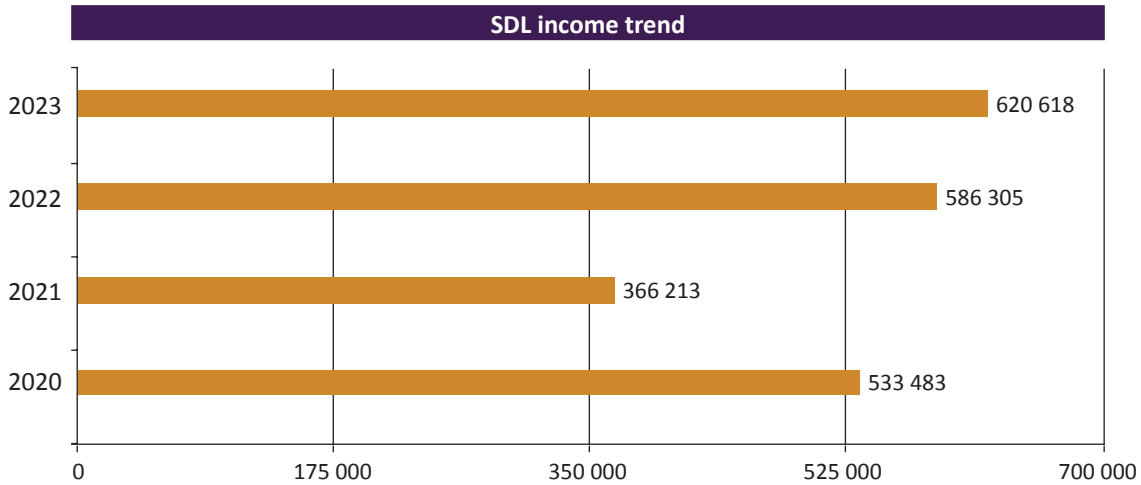
CLEAN AUDIT OPINION

The CHIETA obtained a clean audit opinion for the financial year ended 31 March 2023. This achievement confirms the high levels of integrity and commitment to sound financial management practices and accountability within the organisation. A clean audit opinion indicates that the financial statements submitted for audit represented fairly, in all material respects, the financial position of CHIETA at 31 March 2023 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). There were no material findings on the annual performance report or non-compliance with key legislation.

FINANCIAL INFORMATION

REVENUE

Skills development levy (SDL) income increased by 6% to R620 million (2022: R586 million). The contribution of the return on invested funds to total revenue increased by 102% to R26 million (2022: R12 million) as interest rates increased in the year.



ADMINISTRATION EXPENDITURE

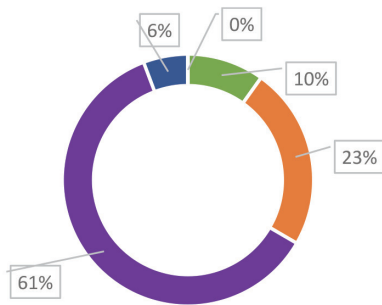
Administration expenditure exceeds the limit of 10.5% as legislated by the Skills Development Act, reaching 12% in the current year.” However, prior approval to exceed the legislated amount was duly obtained from the Executive Authority. Employee costs at R57 million (2022: R51 million) contributed 63% (2022: 64%) towards total expenditure. Administration expenditure also saw an increase of 14% from prior year.

EMPLOYER GRANT AND PROJECT EXPENDITURE

A total of R493 million (2022: R471 million) was expensed in grants and projects. This was represented by R356 million (2022: R342 million) spending towards discretionary grant and project expenditure; constituting 93% (2022: 94%) of SDL income received. Whilst mandatory grants spending of R137 million (2022:128 million) constituted 89% (2022:87%) of SDL income received for the respective purpose.

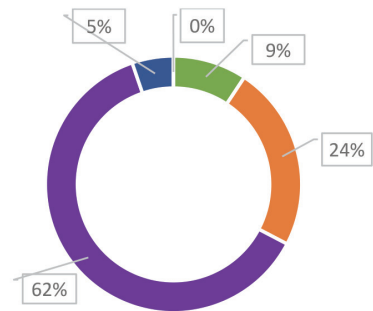
The CHIETA spending continues to align with the dictates of legislation. This as most of the spending goes toward funding Grant projects and employer grants. This is as depicted in the expenditure split below:

Expenditure split 2023



- Employee related costs
- Mandatory grants
- Discretionary grants and projects
- Administration expenses
- Loss on disposal of assets

Expenditure split 2022



- Employee related costs
- Mandatory grants
- Discretionary grants and projects
- Administration expenses
- Loss on disposal of assets

COMMITMENTS

Commitments as at 31 March 2023 totalled R350 million of which R255 million constitutes discretionary grants while R94 million is committed to strategic sector projects. During the financial year, R331 million was utilised on contractual deliverables in discretionary grant programmes and projects.

FINANCIAL VIABILITY AND SUSTAINABILITY OF OPERATIONS

The CHIETA continues to report a healthy financial position supported by healthy cash reserves of R464 million (2022: R424 million). These cash reserves are kept in the discretionary reserve to fund future skills development initiatives. The CHIETA remains committed to prudently utilise funds received, to deliver on its mandate with improvement on its audit outcome.

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 120 to 173, which comprise the statement of financial position as at 31 March 2023, 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 2023, 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 responsibilities of the Auditor-General 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.

Other matters

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

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless

and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 22 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of CHIETA. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Retained Surplus not approved by the National Treasury

8. There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R297 553 million, for the financial year 2021-22, disclosed in note 22. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the financial statements.

Responsibilities of the accounting authority for the financial statements

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

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

11. 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.
12. 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 REPORT

13. 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 the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

14. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: Research and Skills Planning	43 - 51	A professional and credible skills development planning tool for the chemical industry articulating sector realities and needs and agreed sector strategies to address skills need.
Programme 3: Occupationally Directed Programme	52 - 75	To ensure continuous training of the chemical industry workforce through mid-level skills need and apprenticeship training and addressing of high level national scarce skills through work-ready graduates from Higher Education Institutions. To address the low-level language and numeracy, supporting co-operatives, NGOs, and small enterprises, increasing public capacity for improved service delivery, building career and vocational guidance and addressing the medium- term strategic priorities of government

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

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements.

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents.
 - the reported performance information is presented in the annual performance report in the prescribed manner.
 - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over or underachievement of targets.
17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
18. I did not identify any material findings on the reported performance information of the selected programmes.

Other matters

19. I draw attention to the matter below.

Achievement of planned targets

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

REPORT ON COMPLIANCE WITH LEGISLATION

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
24. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

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

INTERNAL CONTROL DEFICIENCIES

29. I considered internal control relevant to my audit of the financial statements, annual performance report, and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
30. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

Auditor-General's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

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

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation -selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c’); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c’); 66(5)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c’) Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c’) Treasury Regulation 33.1.1; 33.1.3
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)

Legislation	Sections or regulations
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c)-(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
NT instruction note 1 of 2021/22	Paragraph 4.1

FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

INDEX

The reports and statements set out below comprise the audited annual financial statements presented to the Accounting Authority:

Statement of Financial Position	120
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

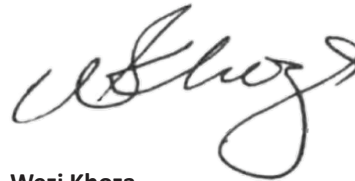
Abbreviations used:

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

The audited annual financial statements set out on page 120 - 173, which have been prepared on the going concern basis, were approved by the Accounting Authority on 30 July 2023 and were signed on its behalf by:



Yershen Pillay
CEO



Wezi Khoza
Chairperson

FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Statement of Financial Position as at 31 March 2023

	Note(s)	2023 R '000	2022 Restated* R '000
Assets			
Current assets			
Inventories	3	27	72
Receivables from exchange transactions	4	379	423
Receivables from non-exchange transactions	5	244	2 418
Cash and cash equivalents	6	464 870	424 070
		465 520	426 983
Non-current assets			
Property, plant and equipment	7	8 378	4 353
Intangible assets	8	4 446	5 102
		12 824	9 455
Total assets		478 344	436 438
Liabilities			
Current liabilities			
Payables from exchange transactions	9	7 562	11 023
Payables from non-exchange transactions	10	83 599	111 920
Provisions	11	12 046	7 986
		103 207	130 929
Total liabilities		103 207	130 929
Net assets		375 137	305 509
Reserves			
Administration reserve		12 824	9 454
Discretionary reserve		362 312	296 055
Total net assets		375 136	305 509

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Statement of Financial Performance

	Note(s)	2023 R '000	2022 Restated* R '000
Revenue			
Revenue from exchange transactions			
Interest received - investment	12	26 175	12 895
Revenue from non-exchange transactions			
Taxation revenue			
Skills development levy: income	13	620 618	586 305
Skills development levy: penalties and interest	13	7 399	5 585
Other income	14	-	973
Total revenue from non-exchange transactions		628 017	592 863
Total revenue		654 192	605 758
Expenditure			
Employee related costs	15	(57 753)	(51 387)
Employer grant and project expenses	16	(493 274)	(471 579)
Administration	17	(33 359)	(28 741)
Loss on disposal of assets	18	(182)	(146)
Total expenditure		(584 568)	(551 853)
Surplus for the year	2	69 624	53 905

Statement of Changes in Net Assets for the year ended 31 March 2023

	Note(s)	Administration reserve	Employer grant reserve	Discretionary grant reserve	Surplus
		R '000	R '000	R '000	R '000
Balance at 1 April 2021		8 597	-	243 008	-
Surplus(deficit) for the year		-	-	-	55 454
Allocation of net surplus/(deficit)		(3 087)	19 523	39 018	(55 454)
Prior period adjustment	30	-	-	-	1 549
Allocation of prior period adjustment to reserves		(117)	(1 881)	449	(1 549)
Transfer to discretionary reserve		4 061	(17 642)	13 581	-
Balance at 1 April 2022 - Restated		9 454	-	296 056	-
Allocation of net surplus/(deficit)		(9 835)	17 715	61 745	69 624
Transfer to discretionary reserve		13 205	(17 715)	4 508	(69 624)
Balance at 31 March 2023		12 824	-	362 309	-

- * The administration grant reserve carries accumulated reserves allocated to administration expenditure in future years. An amount of R12 824 million; (2022: R9 454 million) is retained in the administration reserve equal to the carrying value of property plant and equipment and intangible assets.
- * The discretionary grant reserve carries accumulated reserves allocated to discretionary grants and projects expenses in futures years. All surplus funds of the CHIETA, except for the amount left in the administration grant reserve to the discretionary grant reserve to fund future skills development of R362 312 million; (2022: R296 056 million).

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Cash Flow Statement

	Note(s)	2023 R '000	2022 Restated* R '000
Cash flows from operating activities			
Receipts			
Levies, interest and penalties received		630 235	593 719
Interest income		26 175	13 119
		656 410	606 838
Payments			
Employee costs		(54 850)	(50 876)
Grants and project payments		(521 413)	(444 428)
Cash payments to suppliers and others		(33 270)	(28 423)
		(609 533)	(523 727)
Net cash flows from operating activities	18	46 877	83 111
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(6 077)	(2 839)
Proceeds from sale of property, plant and equipment	7	-	77
Purchase of other intangible assets	8	-	(239)
Net cash flows from investing activities		(6 077)	(3 001)
Net increase/(decrease) in cash and cash equivalents		40 800	80 110
Cash and cash equivalents at the beginning of the year		424 070	343 960
Cash and cash equivalents at the end of the year	6	464 870	424 070

Statement of Comparison of Budget and Actual Amounts for the year ended

Budget on Accrual Basis

Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
R '000	R '000	R '000	R '000	R '000	

Statement of Financial Performance

Revenue from exchange transactions

Interest received - investment	12 900	-	12 900	26 175	13 275	Note 28.2
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Revenue from non-exchange transactions

Skills Development Levy: income	568 292	-	568 292	620 618	52 326	Note 28.1
Skills Development Levy: penalties and interest	7 756	-	7 756	7 399	(357)	Note 28.1
Approved retained surplus	-	100 436	100 436	-	(100 436)	Note 28.7
Total revenue from non-exchange transactions	576 048	100 436	676 484	628 017	(48 467)	
Total revenue	588 948	100 436	689 384	654 192	(35 192)	

Expenditure

Employee related costs	(44 758)	(16 197)	(60 955)	(57 753)	3 202	Note 28.5
Employer grant and project expenses	(515 328)	(79 217)	(594 545)	(493 274)	101 271	Note 28.3
Administration expenses	(28 862)	(5 022)	(33 884)	(33 359)	525	Note 28.4
Total expenditure	(588 948)	(100 436)	(689 384)	(584 386)	104 998	
Net surplus	-	-	-	69 806	69 806	
Loss on disposal of assets	-	-	-	(182)	(182)	Note 28.6
Net surplus for the year	-	-	-	69 624	69 624	
Surplus for the year	-	-	-	69 624	69 624	

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

R '000

R '000

1. Presentation of Audited Annual Financial Statements

The audited 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. The implementation of the new GRAP standards has not resulted in any change in accounting policy. The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respect, consistent with those of the previous year, except as otherwise indicated.

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

1.1 Presentation currency

These audited annual 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 Going concern assumption

These audited annual 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 CHIETA will continue to operate as a going concern.

1.3 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.

Statement	Standard	Effective date	Not material
The effect of past decisions on materiality	iGRAP 21	1 April 2023	Not material
Employee benefits	Amended GRAP 25	Not yet determined	Not material
Financial instruments	Amended GRAP 104	1 April 2025	Not material
The limit on a defined benefit asset, minimum funding and their interactions	iGRAP 7	To be determined	Not material

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.

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 (GRAP 1).

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.4 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. 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 which may be material to the audited annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the related notes.

Trade 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. CHIETA has all information been available at the time of payment of those grants. A receivable debts and allowance for irrecoverable amounts.

Receivables from exchange transactions

CHIETA 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, CHIETA makes judgement as to whether observable data indicating measurable decrease in the estimated future cash flows from a financial asset.

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 objective of generating a commercial return. CHIETA assets are non-cash generating assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Useful life property plant and equipment and intangibles

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

Exchange and non-exchange receivables impairment

CHIETA assess its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or loss, CHIETA determines whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.4 Significant judgements and sources of estimation uncertainty (continued)**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 the instruments.

Payables from non-exchange transactions

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

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Useful life
Office furniture and fittings	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.

The depreciation methods 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.5 Property, plant and equipment (continued)

CHIETA assesses at each reporting date whether there is any indication that CHIETA expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, CHIETA 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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

1.6 Intangible assets

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 CHIETA; 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. CHIETA reassesses the useful life of intangible assets at the end of each financial year.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.6 Intangible assets (continued)

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.

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

Item	Depreciation method	Useful life
Computer software, internally generated	Straight-line	Life of CHIETA license
Computer software	Straight-line	2-7 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Intangible assets are derecognised:

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

1.7 Financial instruments

The amortised cost of 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.

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 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.

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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.7 Financial instruments (continued)

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.

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.

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 counterparty has failed to make a payment when contractually due.

Classification

CHIETA has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or 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.

CHIETA 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

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

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.

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.

1.9 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 estimates raised by management using the information available to management. Additional disclosures of these estimates of provisions are included on the notes to financial statements.

Performance bonus provision is finalised post year-end based on reviewed performance scores.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes.

Exempt employers provisions

These are balances received from exempt employers, to be repaid to all employers below the threshold of R500 000 payroll per annum. In terms of DHET circular 09/2013. SETAs may utilise exempted amounts contributed after expiry of five years as stipulated in Section 190(4) of the Tax Administration Act. These funds are transferred to the discretionary reserve in line with the aforementioned circular.

1.11 Receivables from non-exchange transactions**Employer receivables**

Employer receivables are receivables that arise from SDL legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.11 Receivables from non-exchange transactions (continued)

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

CHIETA recognises employer receivables if the transaction is a non-exchange transaction, using the policy on revenue from non-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. CHIETA recognises exchange receivables using the policy on revenue from exchange transactions.

1.13 Revenue from exchange transactions

Revenue from exchange transactions 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 non-exchange transactions. It recognises as 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 include the receipt of levy income and levy interest and penalties from the DHET.

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 Skills Development Levies Act, 1999 (Act No.9 of 1999).

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

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 the SETA (net of the 20% contribution to the National Skills Fund).

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.14 Revenue from non-exchange transactions (continued)

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 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 DHET makes an allocation to the SETA, as required by section 8 of the SDL 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 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 possibly exempt companies, the SETA recognises shown as a provision equalling 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 to 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 the 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.15 Grants and project expenditure (continued)

Discretionary grants and project expenditure

The funding of discretionary grants and projects comprise 49.5% of the total levies paid by the employers, levies that are not claimed by employers, the surplus of administration and mandatory grants 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 conditions 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 that 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 Employee benefits

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 permanent employees through a defined contribution scheme that is subject to the Pension Fund Act, 1956 as amended. In terms of Pension Fund Act, the fund is not required to be actuarially valued. Contributions are at a rate of 14.88% or 6.87% 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023**1.16 Employee benefits (continued)**

The 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.

1.17 Investment income

Investment income is recognised on a time-proportion basis, taking into account the principal amount outstanding and the effective interest method over period to maturity.

1.18 Fruitless and wasteful expenditure

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

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.

1.19 Irregular and wasteful 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 means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including: The PFMA; The Skills Development Act (the Act), 1998 (Act No 97 of 1998) as amended; and instructions and circulars issued by the National Treasury. Fruitless and wasteful expenditure means expenditure that was made in vain and / or would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they incurred. The expenditure is classified in accordance with the nature of the expense, and wherever recovered in the same accounting period, it is shown net of any recoveries. Wherever it is recovered in a subsequent financial year, it is accounted for as revenue in the statement of financial performance. Irregular and fruitless and wasteful expenditure is removed from the notes to the annual financial statement when condoned by the respective Authority.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.20 Segment information

A segment is an activity of an entity:

- that generates economic benefits;
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Segments are identified by the way in which information 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.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified.

The factors to be used to determine reportable segments may include 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.

1.21 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party.

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.

1.22 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).

1.22 Events after reporting date (continued)

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

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

1.23 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 CHIETA would pay to settle the future obligation as per the contractual relationship with the beneficiary.

1.24 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash on hand, current and savings bank accounts and money market investments, call account and fixed deposits held by the CHIETA at the Corporation of Public Deposits (CPD) and at domestic banks. Cash and cash equivalents are initially recognised at cost and subsequently stated at amortised cost, which is due their short nature, closely approximate their fair value.

1.25 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 reserves;
- Employer grant reserve; and
- 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.

Surplus funds are moved to the discretionary fund reserve from the administration based on unspent funds at year-end and from the mandatory grants 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.26 Budget information

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

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The annual budget is prepared on an accrual basis, that is all planned costs and income are presented in a single statement to determine the needs of the CHIETA. As a result of the adoption of an accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statement for variances.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 R '000	2022 R '000
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2. Allocation of net surplus/(deficit) for the year to reserves for the year ended 31 March 2023

	Totals per statement of performance 2022/23 R '000	Administration reserve R '000	Employer grant reserve R '000	Discretionary grant reserve R '000
Investment income	26 175	-	-	26 175
Skills development levy: income	620 618	81 459	154 978	384 181
Skills development levy: penalties and interest	7 399	-	-	7 399
Total revenue	654 192	81 459	154 978	417 755
Employee related costs	(57 753)	(57 753)	-	-
Employer grants and projects expenses	(493 274)	-	(137 264)	(356 010)
Administrative expenses	(33 359)	(33 359)	-	-
Loss on sale of assets	(182)	(182)	-	-
	69 624	(9 835)	17 714	61 745

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

	Totals per statement of performance 2021/22 R '000	Administration reserve R '000	Employer grant reserve R '000	Discretionary grant reserve R '000
Investment income	12 895	-	-	12 895
Skills development levy: income	586 305	76 953	146 613	362 739
Skills development levy: penalties and interest	5 585	-	-	5 585
Other income non-exchange	973	117	-	856
Total revenue	605 758	77 070	146 613	382 075
Employee related costs	(51 387)	(51 387)	-	-
Employer grants and projects expenses	(471 579)	-	(128 971)	(342 608)
Administrative expenses	(28 741)	(28 741)	-	-
Loss on sale of assets	(146)	(146)	-	-
	53 905	(3 204)	17 642	39 467

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 R '000	2022 R '000
3. Inventories		
Stationery	27	72

The stationery consist of printing paper, toner and other consumables that were not used by 31 March 2023.

Inventory is not pledged as a security for liabilities.

Printing and stationery expensed for 2023 is R778 000 (2022: R741 000).

4. Receivables from exchange transactions

Trade receivables	20	64
Deposits	359	359
	379	423

Trade debtors relates to staff loans and deposits relates to deposits made for CHIETA lease contracts

5. Receivables from non-exchange transactions

Grants and projects debtors	244	1 523
Employer receivables	-	895
	244	2 418

CHIETA calculates and pays mandatory grants to employers based on levy information received from the DHET as obtained from SARS in line with the SDL Act. Where SARS retrospectively amends the information on levies collected, this may result in grants that have been paid to certain employers that are in excess of the amount that the CHIETA is permitted to have granted to employers as mandatory grants thus resulting in mandatory grant receivable being raised.

Impaired receivables

CHIETA carried out a determination test in terms of GRAP. An amount of R496 000 which was raised as owed from other SETA's was found not to be collectable as no debt acknowledgement was in place. At the point these were raised and the SETA's concerned did confirm the amounts will not be paid. The impairment loss was adjusted directly.

As from current year, the CHIETA started accounting for levies from inception as opposed to previously where it only accounted for 3 years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 R '000	2022 R '000
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	10	14
Bank balances	464 860	424 056
	464 870	424 070

As required Treasury Regulations 31.2, National Treasury approved the banks where CHIETA bank accounts are held. The average interest rate on short term bank deposits was 7.75% (2022: 4.31%).

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.

7. Property, plant and equipment

	2023			2022		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Furniture and fittings	2 925	(947)	1 978	2 354	(689)	1 665
Office equipment	874	(372)	502	773	(473)	300
Computer equipment	7 604	(2 035)	5 569	2 978	(1 051)	1 927
Leasehold improvements	666	(337)	329	592	(131)	461
Total	12 069	(3 691)	8 378	6 697	(2 344)	4 353

Reconciliation of property, plant and equipment - Information about the surplus, assets and liabilities for the year ended 31 March 2023

	Opening balance	Additions	Disposals	Depreciation	Total
	R '000	R '000	R '000	R '000	R '000
Furniture and fixtures	1 665	570	-	(257)	1 978
Office equipment	300	261	(3)	(56)	502
Computer equipment	1 927	5 172	(179)	(1 351)	5 569
Leasehold improvements	461	74	-	(206)	329
	4 353	6 077	(182)	(1 870)	8 378

Reconciliation of property, plant and equipment - Information about the surplus, assets and liabilities for the year ended 31 March 2022

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2023	2022
R '000	R '000

7. Property, plant and equipment (continued)**Pledged as security**

No property, plant and equipment has been pledged as security.

Depreciation rates item	Depreciation method	Useful life
Furniture and fittings	Straight-line	10
Office equipment	Straight-line	10
Computer equipment	Straight-line	3
Computer software	Straight-line	3
Leasehold improvements	Straight-line	3.3/2.3

The remaining lease term for 2023 is 2.3 years (2022: 3.3 years).

Expenditure incurred to repair and maintain property, plant and equipment**Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance**

Office furniture and fittings	-	45
Office equipment	-	37
Leasehold improvements	313	-
	313	82

8. Intangible assets

	2023			2022		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Software under development	-	-	-	649	(359)	290
Computer software, internally generated	5 470	(1 265)	4 205	5 230	(657)	4 573
Computer software	649	(408)	241	-	-	-
Intangible assets under development	-	-	-	239	-	239
Total	6 119	(1 673)	4 446	6 118	(1 016)	5 102

Reconciliation of intangible assets - information about the surplus, assets and liabilities for the year ended 31 March 2023

	Opening balance	Amortisation	Total
	R '000	R '000	R '000
Computer software, internally generated	4 813	(608)	4 205
Computer software	289	(48)	241
	5 102	(656)	4 446

Reconciliation of intangible assets - information about the surplus, assets and liabilities for the year ended 31 March 2022

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

Included in intangible assets is cost relating to own system development.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 R '000	2022 R '000
9. Payables from exchange transactions		
Trade payables	-	210
Other accruals	4 092	6 366
Employee benefits - leave accrual (refer to note 9.1)	3 470	4 447
	7 562	11 023
9.1 Employee benefits - leave accrual		
Open carrying amount	4 447	2 567
Amounts utilised	(4 447)	(2 567)
Leave accrual	3 470	4 447
	3 470	4 447
10. Accounts payable from non-exchange transactions		
Skills development grants payable - mandatory non-exchange	10 653	17 087
Skills development grants payable - discretionary non-exchange	-	7 561
Discretionary projects payable	18 285	17 490
Discretionary projects accruals	32 740	39 029
Projects payables	7 799	3 837
Projects accrual	13 382	24 578
Employer payables	-	1 599
Other payables	740	739
	83 599	111 920

As from current year, the CHIETA started accounting for levies from inception as opposed to previously where it only accounted for 3 years therefore resulting in employer payables for prior periods.

2023	2022
R '000	R '000

11. Provisions

Reconciliation of provisions for the year ended 31 March 2023

	Opening balance	Additions	Utilised during the year	Total
	R '000	R '000	R '000	R '000
Exempt employers	1 236	6	-	1 242
Employee benefit - provision for performance bonus	6 750	12 457	(8 577)	10 630
Provisions projects	-	174	-	174
	7 986	12 637	(8 577)	12 046

Reconciliation of provisions for the year ended 31 March 2022

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

An amount of R1,242 million (2022: R1,236 million) relates to amounts to be repaid to all employers exempted from SDL (below threshold of R500 000 payroll per annum) who have however contributed the levies. In terms of Skills Development Circular No. 09/2013, issued by the DHET on 25 August 2013, SETA's are able to utilise exempted amounts contributed after expiry date of five years as stipulated in terms of Section 190(4) of the Tax Administration Act. These amounts are being transferred to discretionary funds in line with the aforementioned Circular.

Bonus provision

An amount of R10,630 million (2022: R6,750 million) relates to performance bonus provisions based on employee actual and/estimated performance and contract ratings. Employees sign performance contracts as part of their conditions of service at the beginning of each financial year. Employees are assessed bi-annually, and the bonus is paid post year-end. The amount is dependent on the outcome of individual performance evaluation. This is done after year end.

R174 000 relates to contractual obligations for which payment is conditional to project completion.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 R '000	2022 R '000
12. Investment income		
Interest received - bank deposits	26 175	12 895
Average cash and cash equivalents held during the course of the year as well as interest rate were higher than the previous year.		
13. Skills development levy income		
Skills development levies - administration	81 459	76 953
Skills development levies - mandatory grants	154 978	146 613
Skills development levies - discretionary grants and special projects	384 181	362 739
	620 618	586 305
Levy income: interest and penalties		
Skills development levies - interest	2 762	3 199
Skills development levies - penalties	4 637	2 386
	7 399	5 585
14. Other income		
Skills development levy from ETDP SETA	-	118
Discretionary grants recoveries	-	855
	-	973

Recoveries relate to funds recovered from strategic and discretionary grants projects where deliverables were not met.

	2023 R '000	2022 R '000
15. Employee related costs		
Basic salaries	41 619	38 432
Performance awards	7 990	4 383
Temporary staff	17	26
Leave provision	(685)	415
Medical aid contributions	2 565	1 469
Provident fund contributions: defined contributions plans	5 841	6 276
UIF	406	386
	57 753	51 387
16. Employer grant and project expenses		
Mandatory grants		
Disbursed	151 258	134 102
Movement in provisions and accruals	(13 994)	(5 131)
	137 264	128 971
Discretionary grants and projects		
Disbursed	365 731	366 275
Movement in provisions and accruals	(9 721)	(23 667)
	356 010	342 608
Discretionary grants expenditure consists of:		
Discretionary grants project costs	331 172	315 994
Direct project administration expenses	24 838	26 614
	356 010	342 608
Employer grant and project expenses		
Mandatory grants	137 264	128 971
Discretionary grants and projects	356 010	342 608
	493 274	471 579

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 R '000	2022 R '000
17. Administrative expenditure		
Depreciation	1 873	1 090
Amortisation of intangibles	656	906
Operating lease rentals	2 789	3 095
Maintenance, repairs and running costs	313	81
Utilities	705	503
Advertising, marketing, promotions and communication	556	472
Consultancy and service provider fees	5 796	2 247
Legal fees	421	553
Travel and accommodation	1 947	867
Training and development	419	507
Remuneration to members of the accounting authority	2 930	2 657
Remuneration to members of the audit committee	829	1 031
Internal auditors remuneration	891	912
External auditors remuneration	3 921	3 469
IT maintenance and internet service	714	3 280
Telephone and fax	376	501
Printing and stationery	778	741
Insurance costs	95	160
Workshop and meetings	392	177
Quality council for trades and occupations (QCTO)	3 660	2 502
Postage courier	227	217
Board and committee secretariat	577	328
COVID expense	-	92
Cleaning service	456	518
Licenses	1 449	533
Other expenses	589	1 302
	33 359	28 741

1. 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.
2. Consultancy and service provider fees include investigation fees, cyber attack consultation fees and disaster recovery consultation fees.
3. License fees include security software and smart skills centre licenses.
4. Other expenses comprise of various general administrative costs including website costs, bank charges, teas and coffees.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 R '000	2022 R '000
18. Reconciliation of net cash flow from operating activities to net surplus		
Surplus	69 624	53 905
Adjustments for:		
Depreciation and amortisation	2 529	1 996
Loss on sale of assets	182	146
Movements in provisions	4 060	(1 379)
Changes in working capital:		
Inventories	45	(42)
Receivables from exchange transactions	44	278
Other receivables from non-exchange transactions	2 174	575
Payables from exchange transactions	(3 461)	491
Payables from non-exchange transactions	(28 320)	27 141
	46 877	83 111

19. Retention of 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 3C 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.

Cash and cash equivalents	464 870	424 070
Add: receivables (non-exchange and exchange)	623	2 841
Less: current liabilities	(91 162)	(122 943)
Less: provision	(12 046)	(7 986)
Net surplus	362 285	295 982

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 R '000	2022 R '000
19. Retention of surpluses (continued)		
Less: discretionary grant commitments	(255 886)	(137 088)
Less: strategic projects commitments	(94 774)	(54 803)
Less: operating lease commitments	(6 243)	(5 939)
Net surplus after taking into account commitments	5 382	98 152

20. Contingencies**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. Formal approval has not yet been obtained from National Treasury to retain the surplus funds at the time of the submission of these Annual Financial Statements. Please refer to note 19 for surplus.

Contingent liability - Mandatory grants

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 Labour Appeal Court 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 the sector, and these accordingly percentage that can be paid and/or accrued by the SETA during the year under review. However, post the ruling, SARS/DHET continue to split the mandatory grant levy income portion at a rate 20% in the 2022/23 financial year which is also aligned to the approved annual performance plans. 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 the 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, additional mandatory grant expenditure of R194 000 (2022: R13 000) will be payable. The amount is contingent on the number of submissions received and approved.

Former employee litigation

The former employee is litigating the organisation for unfair and unprocedural dismissal and demands an amount of R6.3 million. The matter is before the labour court and is currently sub judice.

	2023 R '000	2022 R '000
21. Commitments		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	6 243	5 939
- later than one year and not later than five years	7 951	14 398
	14 194	20 337
Rental expenses relating to operating leases		
Operating lease rentals	6 009	5 661

Operating lease payments represent rentals payables by the entity for certain of its office properties. Leases are negotiated for an average of term of 5 years and lease period coincides with the license period of the CHIETA. Balance of remaining lease commitments is 2.3 years. Rentals escalate on a rate of 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.

Discretionary grants commitments summary

	Opening balance as at 1 April 2022	Approved and Contracted	Not contracted 2022/23	Utilised during 2022/23	Adjustments 2022/23	Closing balance as at 31 March 2023
AET provision incentives	574	2 025	(140)	(1 019)	(416)	1 024
Apprenticeships grant	31 776	71 415	(483)	(43 018)	(9 468)	50 223
Bursaries	10 987	42 360	(3 285)	(16 815)	(4 723)	28 524
Learnerships grant	54 344	105 061	(1 296)	(75 030)	(10 911)	72 169
RPL	9 511	8 232	-	(7 038)	(1 845)	8 860
Skills programmes	2 951	18 825	(414)	(9 231)	(1 093)	11 037
WIL - workplace experience	21 213	83 145	(1 572)	(45 098)	(4 021)	53 668
WIL - workplace for employment	5 732	46 553	(1 720)	(18 190)	(1 994)	30 381
	137 088	377 616	(8 910)	(215 439)	(34 471)	255 886

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

21. Commitments (continued)

Strategic projects commitments

	Opening balance as at 1 April 2022	Approved and Contracted Budget approved	Not contracted 2022/23	Utilised during 2022/23	Adjustments 2022/23	Closing balance as at 31 March 2023
Bursary project	70	-	-	(70)	-	-
TERS	-	83	(83)	-	-	-
Maths and science projects	858	14 206	-	(6 676)	(1 334)	7 054
Rural and cooperative development	1 851	8 042	-	(3 748)	(746)	5 399
AET/Learner with disability	1 544	3 395	-	(1 291)	(1 362)	2 285
CET projects	4 051	3 465	-	(1 742)	(193)	5 582
Institutional and industry partnership	1 152	10 567	-	(7 127)	(51)	4 541
Public sector capacity	518	4 265	-	(1 329)	(2 390)	1 065
Candidacy projects	797	4 169	-	(1 902)	(48)	3 016
Trade union support	1 072	6 117	-	(2 866)	-	4 323
Small business support (PIVOTAL)	6 102	36 083	-	(20 833)	(890)	20 462
Research and skills planning (PIVOTAL)	3 438	-	-	(2 122)	(1 316)	-
Qualification development	2 392	4 000	(3 101)	(3 291)	-	-
Strategic infrastructure projects	10 971	3 657	-	(3 457)	(212)	10 959
CEO strategic projects	-	1 535	(1 035)	(500)	-	-
Smart skills centres	-	20 000	(15 797)	(4 203)	-	-
Research and skills planning (NON-PIVOTAL)	4 676	15 191	-	(6 455)	(340)	13 072
Technical and vocational education and training support	3 479	3 784	-	(3 190)	(115)	3 958
Career guidance projects	4 514	16 000	(3 577)	(16 937)	-	-
Cooperative, NGOs, CBOs, CBCs support	658	8 338	-	(3 624)	(525)	4 847
Economic reconstruction and recovery plan (ERRP)	4 268	11 538	-	(4 773)	(2 822)	8 211
World skills competition	185	7 000	(4 018)	(3 167)	-	-
Career and vocational guidance integrated marketing and relationship management	-	4 000	(297)	(3 703)	-	-
Regional stakeholder support	-	2 850	(364)	(2 486)	-	-
ETQA (SST and AQP Establishment)	-	11 000	(5 341)	(5 659)	-	-

21. Commitments (continued)**Strategic projects commitments**

	Opening balance as at 1 April 2022	Approved and Contracted Budget approved	Not contracted 2022/23	Utilised during 2022/23	Adjustments 2022/23	Closing balance as at 31 March 2023
Chemicals Stakeholder Support (RSPU-Chambers)	-	4 500	(2 262)	(2 238)	-	-
CHIETA Interns	-	3 000	(659)	(2 341)	-	-
MIS internal team (Research and system support)/NON PIVOTAL	2 207	-	(2 207)	-	-	-
	54 803	206 785	(38 741)	(115 730)	(12 344)	94 774

Of the balance of R362,312 million available in the discretionary reserve for the year ended 31 March 2023, allocations have been made to discretionary grants and strategic projects.

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

“Adjustments” relates to those interventions / contracts for which utilised amounts are returned to CHIETA.

Discretionary grants commitments summary

	Opening balance as at 1 April 2021	Approved and Contracted	Not contracted 2021/22	Utilised during 2021/22	Adjustments 2021/22	Closing balance as at 31 March 2022 (Restated)
AET provisions incentives	735	818	(100)	(715)	(163)	574
Apprenticeships grant	41 116	29 251	-	(38 074)	(517)	31 776
Bursaries	19 442	12 675	(297)	(18 633)	(2 200)	10 987
Learnerships grant	45 359	105 452	(4 590)	(84 158)	(7 719)	54 344
RPL	7 067	14 792	(414)	(9 920)	(2 015)	9 511
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)	(18 055)	137 088

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

21. Commitments (continued)

Strategic projects commitments

	Opening balance as at 1 April 2021	Approved and Contracted	Not contracted 2021/22	Utilised during 2021/22	Adjustments 2021/22	Closing balance as at 31 March 2021 (Restated)
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 disability	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 capacity	196	2 070	-	(1 402)	(346)	518
Candidacy projects	2 093	2 196	(780)	(2 713)	-	797
Trade union support	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)	(304)	3 438
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, NGO, 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
Career and vocational guidance						
integrated marketing and 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)	(50 020)	54 803

	2023 R '000	2022 R '000
22. Irregular and fruitless expenditure		
Irregular expenditure		
Irregular expenditure	701	32 116
Fruitless expenditure	143	2 221
Total	844	34 337

There is no disciplinary action or criminal steps taken as this is related to an act by the Executive Authority R450 000 (2022: R1.1 million).

Investigations are ongoing in respect of the balance of irregular and fruitless and wasteful expenditure.

R39 000 fruitless and wasteful expenditure was discovered in the current year for prior year.

23. Financial instruments disclosure

In the course of the SETA operations it is exposed to interest rate, credit, liquidity and market risk. The SETA has developed a comprehensive risk strategy in terms of Treasury Regulation 27.2.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

Credit risk

Financial assets, which potentially subject the CHIETA to the risk of non-performance by counter-party 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 impairment.

Financial instrument

Trade receivables from exchange transactions	379	423
Cash and cash equivalents	464 860	424 056
Trade receivables from non-exchange transactions	244	969
	465 483	425 448

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

23. Financial instruments disclosure (continued)**2022-2023 Age analysis**

	Current	30 to 120 days	More than 120 days	Total
Trade receivables from exchange transactions	20	-	359	379
Trade receivables from non-exchange transactions	215	-	29	244
Cash and cash equivalents	464 860	-	-	464 860
	465 095	-	388	465 483

Liquidity risk

The CHIETA manages liquidity risk through proper management of working capital, capital expenditure. Adequate reserves are maintained.

2022-2023

	Carrying amount	Contractual cash flows	Less than 1 year	1- 2 years
Trade payables from exchange transactions	(4 092)	(4 092)	(4 092)	-
Trade payables from non-exchange transactions	(72 946)	(72 946)	(72 946)	-
	(77 038)	(77 038)	(77 038)	-

2021-2022

	Carrying amount	Contractual cash flows	Less than 1 year	1- 2 years
Trade payables from exchange transactions	(6 576)	(6 576)	(6 576)	-
Trade payables from non-exchange transactions	(85 673)	(85 673)	(85 673)	-
	(92 249)	(92 249)	(92 249)	-

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.

Fair values

The CHIETA's financial instruments consist mainly of cash and cash equivalents, account receivables, account 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.

23. Financial instruments disclosure (continued)

Accounts receivable

The carrying amount of the accounts receivable, is 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.

Categories of financial instrument

Financial assets: 2023

Trade receivables from exchange transactions
Cash and cash equivalents

	At fair value	At amortised cost	Total
Trade receivables from exchange transactions	-	379	379
Cash and cash equivalents	464 860	-	464 860
	464 860	379	465 239

Financial liabilities: 2023

Trade payables from exchange transactions
Trade payables from non-exchange transactions

	At amortised cost	Total
Trade payables from exchange transactions	(4 092)	(4 092)
Trade payables from non-exchange transactions	(72 946)	(72 946)
	(77 038)	(77 038)

Financial assets: 2022

Trade receivables from exchange transactions
Cash and cash equivalents

	At fair value	At amortised cost	Total
Trade receivables from exchange transactions	-	423	423
Cash and cash equivalents	424 056	-	424 056
	424 056	423	424 479

Financial liabilities: 2022

Trade payables from exchange transactions
Trade payables from non-exchange transactions

	At amortised cost	Total
Trade payables from exchange transactions	(6 576)	(6 576)
Trade payables from non-exchange transactions	(85 673)	(85 673)
	(92 249)	(92 249)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

23. Financial instruments disclosure (continued)

Interest rate risk

	Floating rate Amount	Effective interest rate %	Amount	Non- interest bearing amount	Total
	R '000		R '000	R '000	R '000
Year ended 31 March 2023					
Cash and cash equivalents	438 685	7.75 %	26 175	-	464 860
Trade receivables from exchange transactions	-	-	-	379	379
Total financial assets	438 685	7.75%	26 175	379	465 239
Trade payables from exchange transactions	-	-	-	(4 092)	(4 092)
Trade payables from non-exchange transactions	-	-	-	(72 946)	(72 946)
Total financial liability	-	-	-	(77 038)	(77 038)
Year ended 31 March 2022					
Cash and cash equivalents	411 161	4.31 %	12 985	-	424 056
Trade receivables from exchange transactions	-	-	-	423	423
Total financial assets	411 161	4.31%	12 985	423	424 479
Trade payables from exchange transactions	-	-	-	(6 576)	(6 576)
Trade payables from non-exchange transactions	-	-	-	(85 673)	(85 673)
Total financial liability	-	-	-	(92 249)	(92 249)

Effective interest rate is the average interest rate on investments as at 31 March 2023.

24. Related parties 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

BANKSETA

Culture, Arts, Tourism and Hospitality SETA (CATHSETA)

Construction Education and Training Authority (CETA)

Education Training and Development Practices (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 Qualification 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 Science (NIHSS)

National Skills Fund (NSF)

Human Resource Development Council of South Africa (HRDSA)

South African Qualifications Authority (SAQA)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

24. Related parties transactions (continued)

Remuneration to members of executive management 1 April 2022 to 31 March 2023

	Basic salary	Allowances	Provident fund	Leave paid out	Performance bonus	Total
	R '000	R '000	R '000	R '000	R '000	R '000
Yershen Pillay - Chief Executive Officer	1 518	851	254	-	443	3 065
Phetsile Magagula - Chief Financial Officer (Resigned)	617	8	105	45	-	774
Ncikazi Kabi - Acting Chief Financial Officer	995	124	103	-	-	1 222
Trevor Channing - Governance and Risk Executive	1 583	507	-	-	334	2 424
Joel Mmapulane - Acting ETDQA Executive	1 183	170	143	-	198	1 694
Ashvir Isseri - Grants and Strategic Projects Executive	1 343	146	231	-	227	1 948
Jay Moodley - Corporate Service Executive	1 455	19	251	-	238	1 964
Kedibone Moroane - Research and Skills Planning Executive	1 879	-	44	-	296	2 219
	10 573	1 825	1 131	45	1 736	15 310

Remuneration to members of executive management 1 April 2021 to 31 March 2022

	Basic salary	Allowances	Provident fund	Leave paid out	Performance bonus	Total
	R '000	R '000	R '000	R '000	R '000	R '000
Yershen Pillay	1 422	781	249	-	41	2 493
Phetsile Magagula (Appointed 1 March 2022)	121	-	20	-	-	141
Farhad Motala - Chief Financial Officer	138	25	24	1 477	66	1 730
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	1 186	206	197	-	209	1 798
Joel Mmapulane - Acting ETDQA Executive	1 108	94	184	-	143	1 529
	11 173	1 753	1 067	1 573	1 487	17 053

24. Related parties transactions (continued)

Remuneration to members of the Accounting Authority 1 April 2022 to 31 March 2023	Appointment date	Constituency	Board meeting fees	Committee meeting fees	Board meeting fees	Committee meeting fees
			31 March 2023	31 March 2023	31 March 2022	31 March 2022
Wezi Oris Khoza	01/04/2020	Chairperson and Ministerial appointee	517	74	416	122
Adri Swart	01/04/2020	United Association of South Africa	96	110	99	47
Kotjoana Charles Phahla	01/04/2020	General Industries Workers Union of South Africa	154	137	104	117
Geraldine Edith Hewitt	01/04/2020	Glass Industry Employer Association	90	56	99	47
Gerhardus Johannes Cloete	01/04/2020	Solidarity	157	164	99	183
Mogato Isaac Matji	01/04/2020	National Petroleum Employer Association	81	39	35	62
Mosehla Petrus Mampho	01/04/2020	South African Chemicals Workers Union	144	176	125	155
Dr Banothile Charity Makhubela	01/04/2020	Ministerial appointee	91	110	99	132
Shamila Navnit Govind	01/04/2020	Speciality Chemicals Employer Association	65	102	82	105
Sipho Steven Mahlangu	01/04/2020	Chemicals, Energy, Paper, Wood and Allied Workers Union	121	79	99	46
Thabo Raymond Masombuka	01/04/2020	Ministerial appointee	174	193	143	214
			1 690	1 240	1 400	1 230

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

24. Related parties transactions (continued)

Remuneration to members of Audit Committee 1 April 2022 to 31 March 2023	Appointment date	Constituency	Audit committee and board fees	Audit committee and board fees
			31 March 2023	31 March 2022
Zelda Tshabalala	01/10/2021	Independent member	270	98
Nandipha Madiba	01/04/2020	Chairperson and independent member	302	401
Portia Ravhuhali	01/10/2021	Independent member	257	105
Ms M Morata	01/10/2015	Independent member	-	195
Ms L Mothae	01/10/2021	Independent member	-	192
			829	991

1. The remuneration level of Accounting Authority 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.
5. In the prior year, total earnings for board committee fees was erroneously captured as R256 000. This has been corrected to R230 000.

24. Related parties transactions (continued)

Transactions with board members companies	Transacting company	Transaction type	Contract value 2023	Closing balance 31 March 2023	Contract value 2022	Closing balance 31 March 2022
Surface Coating Employer Association	BASF Holdings	Discretionary grants	-	-	-	17
Glass	PFG Building Glass	Discretionary grants and projects	720	750	260	491
Glass Employer Industry Association	PG Glass	Discretionary grants and projects	-	-	180	186
Base chemicals and petroleum Industry	Sasol	Discretionary grants and projects	4 389	2 186	991	252
Base chemicals and petroleum Industry	Sasol FCD and Group Functions	Discretionary grants and projects	-	1 173	1 462	1 173
Base chemicals and petroleum Industry	Sasol Global Learning	Discretionary grants and projects	-	32	15 690	2 647
Base chemicals and petroleum Industry	Sasol Limited	Discretionary grants and projects	-	219	300	246
Base chemicals and petroleum Industry	Sasol Mining	Discretionary grants and projects	1 591	2 432	1 270	1 585
Base chemicals and petroleum Industry	Sasol South Africa	Discretionary grants and projects	-	214	1 188	214
Public institution	University of Johannesburg	Discretionary grant and special projects	19 451	6 392	6 440	4 478
Labour union	South African Chemicals Workers Union	Discretionary grants and special projects	500	425	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

24. Related parties transactions (continued)

Transactions with board members companies		Transacting company	Transaction type	Contract value 2023	Closing balance 31 March 2023	Contract value 2022	Closing balance 31 March 2022
Glass	PG Auto Glass	Discretionary grants and special projects	2 432	2 067	-	-	
Glass	PG Group	Discretionary grants and special projects	3 425	1 943	-	-	
			32 508	17 833	27 781	11 289	

Transaction with TVETs, Technikons and Public Entities

	Contract value	Closing balance 31 March 2023	Closing balance 31 March 2022
Boland College	605	488	985
Buffalo City TVET College	-	-	1 462
Cape Peninsula University of Technology	2 440	1 564	1 038
Central Karoo District Municipality	-	76	518
City of Cape Town	-	84	-
City of Johannesburg	2 200	-	-
Coastal KZN TVET College	910	1 114	340
College of Cape Town	1 386	2 621	3 737
Durban University of Technology	1 856	1 015	948
East Cape Midlands TVET College	1 047	529	336
Eastern Cape CET College	1 560	1 326	193
Ekurhuleni East TVET College	-	-	459
Ekurhuleni East TVET College	-	1 527	1 527
Elangeni TVET College	-	108	216
Esayidi TVET College	4 958	2 112	844
False Bay TVET College	1 260	1 460	1 627
Flavius Mareka TVET College	-	-	2 203
Free State Education Trust	2 095	726	2 301
Gauteng CET College	-	595	595
Gert Sibande TVET College	540	839	1 860

24. Related parties transactions (continued)

Transaction with TVETs, Technikons and Public Entities

	Contract value	Closing balance 31 March 2023	Closing balance 31 March 2022
Harry Gwala District Municipality	-	-	126
Ingwe TVET College	910	774	168
King Hintsa TVET College	-	-	168
KZN CET College	795	2 354	1 786
Letaba TVET College	345	293	-
Maluti TVET College	870	882	867
Mangosuthu University of Technology	3 441	2 796	2 841
Mnambithi TVET College	4 704	3 759	1 049
Mthashana Technical Vocational Education and Training College	6 213	3 462	-
National Youth Development Agencies	-	1 152	-
NECSA	3 495	3 574	2 035
Nelson Mandela University	928	365	254
Nkangala TVET College	3 630	2 613	-
North West Community Education Training College	-	769	769
North West University	152	129	-
Northern Cape Rural TVET College	-	202	336
Northern Cape Urban TVET College	-	104	104
Northlink College	1 210	1 371	1 682
Port Elizabeth TVET College	5 370	2 227	3 910
Sefako Makgatho Health Sciences	-	-	267
Sekhukhune TVET College	511	204	-
Sol Plaatje University	684	581	-
South West Gauteng TVET College	8 979	7 135	536
Technical and Vocational Education Training	2 080	281	-
The petroleum Oil and Gas Corporation	6 409	6 392	113
Thekwini TVET College	840	336	336
Tshwane South TVET College	-	454	807
Tshwane University of Technology	6 413	5 711	2 084
Umfoloji TVET College	14 340	6 699	3 148
University of Johannesburg	19 451	17 570	4 478
University of KwaZulu-Natal	-	61	122
University of Pretoria	-	61	365

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

24. Related parties transactions (continued)

Transaction with TVETs, Technikons and Public Entities

	Contract value	Closing balance 31 March 2023	Closing balance 31 March 2022
University of Free State	300	255	685
University of Western Cape	3 970	1 701	144
University of Witwatersrand	6 240	5 304	60
Vaal University of Technology	462	393	833
Vuselela TVET College	7 590	6 864	5 089
Walter Sisulu University	3 782	4 206	1 400
Walter Sisulu University Foundation Trust	350	172	-
West Coast TVET College	2 198	1 438	1 399
Western Cape Community Education and Training College	-	-	786
	137 519	108 828	59 944

25. Segment information**Segment surplus or deficit, assets and liabilities****Information about the surplus, assets and liabilities for the year ended 31 March 2023**

	Administration	Mandatory grants	Discretionary grants	Total
Revenue				
Skills development levy income	81 459	154 978	384 181	620 618
Skills development levy income penalties and interest	-	-	7 399	7 399
Interest income	-	-	26 175	26 175
Total segment revenue	81 459	154 978	417 755	654 192
Entity's revenue				654 192
Expenditure				
Employer grant & project expenses	-	137 264	356 010	493 274
Employee related expenses	57 753	-	-	57 753
Administration expenses	33 359	-	-	33 359
Loss on disposal of assets	182	-	-	182
Total segment expenditure	91 294	137 264	356 010	584 568
Total segmental surplus/(deficit)				69 624
Assets				
Cash and cash equivalents	10 728	168	453 974	464 870
Receivables from non-exchange transactions	-	-	244	244
Receivables from exchange transactions	379	-	-	379
Inventories	27	-	-	27
Property, plant and equipment	8 378	-	-	8 378
Intangible assets	4 446	-	-	4 446
Total segment assets	23 958	168	454 218	478 344
Total assets as per Statement of Financial Position				478 344
Liabilities				
Accounts payable from exchange transactions	7 562	-	-	7 562
Accounts payable from non-exchange transactions	-	10 653	72 946	83 599
Provisions	10 630	1 242	174	12 046
Total segment liabilities	18 192	11 895	73 120	103 207
Total liabilities as per Statement of Financial Position				103 207

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

25. Segment information (continued)

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

	Administration	Mandatory grants	Discretionary grants	Total
Revenue				
Skills development levy income	76 953	146 613	362 739	586 305
Skills development levy income penalties and interest	-	-	5 585	5 585
Interest income	-	-	12 895	12 895
Other income	117	-	856	973
Total segment revenue	77 070	146 613	382 075	605 758
Entity's revenue				605 758
Expenditure				
Employee related expenses	51 387	-	-	51 387
Employer grant and project expenses	-	128 971	342 608	471 579
Administrative expenses	28 741	-	-	28 741
Loss on disposal of assets	146	-	-	146
Total segment expenditure	80 274	128 971	342 608	551 853
Total segmental surplus/(deficit)				53 905
Assets				
Cash and cash equivalents	9 455	-	414 615	424 070
Receivables from non-exchange transactions	-	554	1 864	2 418
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	554	416 479	436 438
Total assets as per Statement of Financial Position				436 438
Liabilities				
Accounts payable from exchange transactions	11 023	-	-	11 023
Accounts payable from non-exchange transactions	-	24 653	87 267	111 920
Provisions	6 750	1 236	-	7 986
Total segment liabilities	17 773	25 889	87 267	130 929
Total liabilities as per Statement of Financial Position				130 929

26. Going concern

As at 31 March 2023, 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 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.

27. Events after the reporting date

Subsequent to year end there were none.

28. Comparison of budget and actual amounts for the year ended 31 March 2023

28.1 Skills development levy income

Skills development levies for the year were 9% above budget. This was due to a full recovery from COVID-19 epidemic and industry growth.

28.2 Investment income

Investment income for the year was 103% higher than projection owing to higher interest rates for the year as well as higher cash holdings earlier in the year. 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 movements in interest rates will affect interest income. Interest income is utilised for additional discretionary grants and therefore will not negatively affect the operations of the CHIETA.

28.3 Employer grants and project expenditure

Employer and strategic projects expenditure for the year were within budget.

28.4 Administration expenditure

Administration expenditure was 2% lower than budget. This was as a result of management exercising effective cost containment measures.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

26. Going concern (continued)**28.5 Employee costs**

Employee costs were 5.2% below budget. This was as a result of a number of positions being vacant for some periods during the year under review.

28.6 Loss on disposal of assets

The loss on disposal of assets 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

28.7 Approved retained surplus

The organisation applied to the executive authority to retain surplus funds and permission was granted. Of this, R100,436 million was allocated to the current year.

29. Prior period errors

Trade receivables exchange of R359 000 were omitted in the financial instruments disclosure.

Discretionary grants and strategic projects commitment closing balance was incorrectly disclosed in the prior year resulting in a correction of the balance that was disclosed.

Financial instrument payable exchange that were previously disclosed as R7, 317 million were restated to R6, 576 million.

Discretionary grant and strategic project commitment balances restated

	As previously disclosed 31 March 2022	Correction	Restated balance 1 April 2023
RPL	9 398	113	9 511
Learnership grant	54 057	287	54 344
Apprenticeships	31 789	(13)	31 776
Bursaries	10 964	23	10 987
Research and skills planning	3 134	304	3 438
	109 342	714	110 056

30. Prior year adjustments

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

Statement of Financial Position

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

	As previously reported	Correction of error	Re-classification	Restated
Receivables from non-exchange transactions	6 120	(3 702)	-	2 418
Payables from exchange transactions	(11 530)	(210)	739	(11 023)
Payables from non-exchange transactions	(113 544)	2 363	(739)	(111 920)
	(118 954)	(1 549)	-	(120 525)

Statement of Financial Performance

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

	As previously reported	Correction of error	Restated
Employer grant and project expenditure	469 504	2 075	471 579
Administration expenses	28 531	210	28 741
Skills development levy: Income	(585 592)	(713)	(586 305)
Skills development levy: penalties and interest	(5 562)	(23)	(5 585)
	(93 119)	1 549	(91 570)

Cash Flow Statement

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

	As previously reported	Correction of error	Restated
Cash flow from operating activities			
Levies, interest and penalties received	(589 054)	(4 664)	(593 718)
Grants and project expenditure	440 729	3 699	444 428
Cash payments to suppliers and others	27 458	965	28 423
	(120 867)	-	(120 867)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

30. Prior year adjustments (continued)

Prior year trade receivables from non-exchange was overstated by R3, 702 million due to DHET levy debtor that was incorrectly raised.

Prior year trade payables from exchange were understated by R210 000 due to omission of invoices accruals.

Prior year trade payables from non-exchange were overstated by R2, 363 million due to omission of employer grant accruals.





2022|23 INTEGRATED ANNUAL REPORT

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