

2019/2020 ANNUAL REPORT



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



CHIETA
CHEMICAL INDUSTRIES EDUCATION & TRAINING AUTHORITY

(ENABLING TODAY
TRANSFORMING
THE FUTURE)

CHIETA’S VALUE CREATING BUSINESS MODEL

CHIETA adds value to the chemical industry in South Africa and thereby the country’s economy through partnerships with stakeholders, skills development interventions, capacitating occupational groups, research and development and the sector skills plan.























OUTPUT	SKILLS DEVELOPMENT GOAL	NATIONAL DEVELOPMENT PLAN
Skills planning (SSP) the chemical sector	 8	 Chapter 3 Economy and employment
Skills training	 8  4	 Chapter 3 Economy and employment  Chapter 9 Improving education, training and innovation
Research	 9	 Chapter 4 Economic infrastructure
Skills and qualifications development	 8  9	 Chapter 3 Economy and employment  Chapter 4 Economic infrastructure
Analysis of trends and impacts	 9	 Chapter 4 Economic infrastructure
Quality assurance	 4	 Chapter 9 Improving education, training and innovation
Draft and new legislation	 8  9	 Chapter 3 Economy and employment  Chapter 4 Economic infrastructure
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Vision

World-class education and training for the Chemical Sector.

Mission

CHIETA contributes to sustainable development through facilitating the provision of skills for growth in the chemical industries sector.



Dr Blade Nzimande
Minister of Higher Education,
Science and Technology



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

PART A

GENERAL INFORMATION

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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, 300 Middel Street, Brooklyn, Pretoria, 0001
Banker's information	Nedbank Ltd, 100 Main Street, PO Box 1144, Johannesburg 0001
Company secretary	Governance and Risk (Executive Manager)
ISBN	ISBN 978-0-621-48402-1
RP	RP 148/2020

2. SKILLS DEVELOPMENT RELATED ACRONYMS

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

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

3. CHAIRPERSON'S FOREWORD

“A Working World has Education as its Milling Machinery”

The state of education in our country has never been more important than it is today, as the country's future hinges on having an empowered youth generation to lead it. Unfortunately, education systems across the world face challenges in meeting young people's needs – current curricula and teaching methods too often emphasise lecture, rote memorisation, and exams, rather than preparing youth with skills needed to succeed in life after school.

The current status is that even the brightest and most motivated students finish secondary school lacking the skills they need to secure a job and earn a living, leading to unemployment, underemployment, and an uncertain future.

Transformation across industries is affecting important areas of our lives – our workplaces and career paths, family and society, the economy and government policies – and is intensified and accelerated by forces brought on by technology and globalisation.

As human beings, we respond to transformation directly and indirectly, wanting to play a role in how it takes shape. Fortunately, we are flexible and fully capable of learning. We are born learners, and we continue to learn throughout our lives.

There is an urgent need for specialisation in certain fields and in the course of specialisation, two objectives are to be pursued. First, is to acquire all-round expertise in a particular area where passion is held. Second, is to learn how to learn – so, as the world changes, or passions shift, the time spent has not been wasted. If it turns out that the area of specialisation is still relevant to the transforming world, –good for you.

Envisioning multiple scenarios is essential. If the world keeps shifting the goal posts,

plan B, C and D should be in place.

“Applied education creates flexibility and forces one out of the box”

The world's big problems will not be solved by looking at only one discipline. They are solved at the intersection of disciplines. Current belief is that instead of giving people a menu of academic disciplines, a menu of problems and challenges that the world is facing is to be presented, curated as a learning experience around solving those problems. The end goal is to impart methods of learning rather than pure content. Let us teach problem solving rather than rote learning.

“Provide a menu of local and global problems and challenges alongside academic disciplines”

Testimonials of the young people participating in our CHIETA funded programmes exhibit the impact they are creating in their own lives and in the lives of many others, I am inspired by the power and potential of youth to create change on a global level. It is abundantly clear that with the right support, youth are able to capitalise on their inherent talents and realise their full potential, and transforming their entire communities in the process.



Wezi Khoza

For obvious reasons, youth are the key to solving our most pressing global challenges in the Volatile, Uncertain, Complex and Ambiguous (VUCA) world.

Educate is part of a growing movement, and it is exhilarating to imagine the possibilities for the future of education in our country.

We welcome the Minister of Higher Education, Science and Technology, Dr Blade Nzimande back to the department and under his leadership, the CHIETA will follow boldly and intentionally, functioning as the benchmark SETA guided by the new governance and performance frameworks from the DHET.

Our assurance as the CHIETA is that the National Skills Development Plan 2030 (NSDP) is implementable as at the 1 April 2020. We are proudly looking forward to a new and exciting era that will usher in – the expected delivery of the NSDP 2030 – to ensure our value add to the continuous enhancement of our democracy.

The CHIETA welcomes the expanded vision and we are confident that the new CHIETA Board will live up to the new and exciting challenge of implementing the NSDP 2030. The CHIETA takes this opportunity to welcome the incoming Board.

Corporate governance impacts everything that the CHIETA does. It allows us to allay stakeholder fears, build commitment both within and outside the organisation, and to focus on delivery. The CHIETA will continue to strive to position itself as the leader in corporate governance systems and structures within the public sector environment.

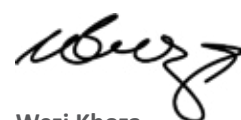
With the solid foundation that has been laid during our last financial year, we are now well positioned to fulfil our mandate of uplifting skills within the sector.

We look forward to reporting on good progress having been made in these areas in the years to come.

We are very aware of the fact that success is always a team effort and recognise that none of our achievements would have been possible without the full dedication, commitment and support of all of our sector stakeholders: organised business, organised labour, professional bodies, the

CHIETA staff, our service providers and the learners themselves.

We thank each and every one of you for your exceptional commitment and hard work during this period under review.



Wezi Khoza
Board Chairperson
30 September 2020

3. CHIEF EXECUTIVE OFFICER'S REPORT

“To influence the effective operation of the labour market, through effective skills development, so as to ensure the appropriate supply of competent labour necessary to compete in the global economy”.

It is with a sense of great pride and indeed my special privilege to once again address this report to the CHIETA stakeholders on the state of the Company's affairs for the period under review.

In preparing this report, we have taken cognisance of the legislative requirements, which are to provide an account to the Minister of Higher Education, Science and Technology, Dr Blade Nzimande, in his capacity as the Executive Authority of the Seta. We also remained mindful of the various stakeholders with whom we interact, who are beneficiaries and partners in our skills development interventions. It is only by providing a balanced account of our strategy, organisational risks, successes and challenges that a true picture of the impact of our interventions on employer organisations, learners, regulatory and professional bodies and the broader society emerges.

‘Innovation in skills development’ is the central theme of this report. It demonstrates how we have been responsive to stakeholders needs in a manner that is relevant and meaningful to addressing the skills development imperative.

The CHIETA's management team are responsible for implementing the strategies and policies aimed at achieving the mandate of the organisation. These strategies are anchored by the NSDP 2030 and the organisation's five years strategy as approved by the board which prioritises scarce skills, and hard to fill vacancies as informed by our rigorous SSP. Recognition of Prior Learning (RPL) impact

assessments, monitoring and evaluation of interventions, responding to the 4IR requirements and support for improvements at the TVET college level.

They are also responsible for implementing the core functions as defined in The Act; implementing financial administration systems and accounting in terms of the budget; researching, developing and recommending policy, monitoring and evaluating the policies implemented; disseminating information; maintaining the learner's database and website; and performing all administrative functions necessary to ensure compliance with the Skills Development Act 97 of 1998.

In this financial year the SETA has continued to be innovative in the delivery of skills development to our stakeholders in order to ensure the provision of the relevant skills required by the sector today and into the future with a specific focus on the transformation of the sector and thereby create the potential for access to current and future job opportunities. Input from our chambers, has brought to the frontline the innovation that resides in our sub-sectors. This knowledge together with intelligence from our WSPs/ATRs gave us a good understanding of current and future skills requirements which to a large extent influenced our grant funding allocations.

We celebrate the many milestones that we have reached in a quest to transform the lives of our youth in education through providing them with many opportunities to advance their skills in order to be



Khathutshelo Mike Ramukumba

employable as well as to create the much-needed employment opportunities in our country. Our ARPL project has provided quick wins in this regard, creating job opportunities to many of our youth by certifying them, resulting in significant economic mobility. Impact studies conducted by our research unit cites several cases of such beneficiaries.

2019 was not only a year of transition for the CHIETA as we had expected, it also turned out to be a very challenging year due to the global market conditions. In this adverse environment, the CHIETA team implemented our new corporate strategy with determination and passion. The CHIETA created efficiencies by establishing the Corporate Services Department with a mandate to provide administrative support services that become more standardised to the core units of the organisation. In addition, the approach of the SETA creating its own Management Information System (MIS) which in the long-term would contribute to cost effectiveness, was mobilised. That is a great achievement for the organisation as better levels of customer orientation is the goal.

Nevertheless, in this challenging environment, we leveraged our strengths which lies in the commitment, dedication and passion for development amongst our employees. We continued to rapidly reshape our portfolio and making swift progress with the implementation of

our strategic programmes. We realigned our organisation and streamlined our administration by pursuing more customer-centric approaches as a result of the roll-out of our Integrated Marketing and Communications Strategy. This led us to creating opportunities for more companies in the sector being sensitised and assisted with skills development matters. In addition, as the new CHIETA MIS gets implemented the benefits would be in realising and driving towards a paper-less based environment. We also have started aligning data requirements, as the MIS is built, to the national criteria and in this way, reporting becomes a smoother process in the future. We have simplified processes and procedures and transformed ourselves into a more agile and customer-centric organisation by exploring various methodologies for stakeholders to utilise when interfacing with the new CHIETA MIS as implementation processes gather momentum in the coming year. In addition, automation of processes is being pursued by the CHIETA across the MIS as well as for other internal operational functions: this as an end to comparing favourably and allowing for interfacing with more sophisticated systems that exist within the chemicals sector.

The SETA is continuing to develop and strengthen its strategic relationships in the sector with employers and employer organisations, labour representative bodies, government departments and other institutions by creating platforms where the several constituencies come together to engage on skills development strategies. Continuous engagements through roadshows where focus is on the Research and Skills Planning Unit, Grants, Strategic Projects, Regional Offices and ETQA Units updates to the sector are managed. Yearly colloquiums are also arranged so that skills development thought leadership is considered through presentations mainly of the research conducted. In addition the utilisation of subject matter experts in the CHIETA Chambers and Technical Functional, Advisory Committee (TFAC) governance structure assists with the updating of skills development criteria set for the sector to contribute to quality training and learning. The stakeholder engagements have assisted the SETA to identify the skills needs of the sector and to start designing initiatives

to meet the needs.

The CHIETA embarks on stakeholder engagement sessions each year, during which the CHIETA management visit provinces to engage with key stakeholders. These stakeholders include both levy paying and non-levy paying members as well as partners. The sessions will also provide an opportunity to increase awareness about the CHIETA and its sectors with the focus on:

- Increasing Access and Participation in the CHIETA's offerings;
- Strengthening the CHIETA's Capacity for Supply;
- Information Dissemination;
- Intelligence Gathering; and
- Engagement of Skills Development Facilitators (SDFs) to ensure maximum participation of member companies

The skills shortages experienced in the sector span most of the occupational groups, but are most acute among professionals and artisans. Skills shortages are monitored by the CHIETA through the WSP/ATR submissions which require employers to report on scarce skills experienced by their organisations as well through stakeholder engagements. While the WSP/ATR submissions provide quantitative perspectives on skills shortages, the stakeholder engagements provide an in-depth and qualitative understanding.

FINANCIAL PERFORMANCE

The CHIETA obtained an unqualified audit opinion for the financial year ended 31 March 2020. This achievement confirms the high levels of integrity and commitment to sound financial management practices and accountability within the organisation. Skills development levy (SDL) income decreased by 6.4%, from R577.9 million for the year ended 31 March 2019, to R540.7 million for the year ended 31 March 2020. Total revenue earned decreased by 3.4%, from R577.9 million in the prior period, to R558 million in the current financial year.

Administration expenses remained well

within the legislated 10.5% maximum legislated amount allowed by skills development regulations. During the financial year ended 31 March 2020, the CHIETA expensed over 114% of the SDL income received for the purpose of discretionary grants and project expenses.

PERFORMANCE INFORMATION

The CHIETA is proud of the fact that once again we were able to sustain our excellent track record on organisational performance by achieving or exceeding all of our fifty five(55) pre-determined organisational performance targets contracted between the Executive Authority and the Accounting Authority for the 2019/20 financial year. All four (4) of the CHIETA Organisational Performance Programmes are in a green baseline status with an average baseline achievement of 110%.

KEY OPERATIONAL PROGRAMS IMPLEMENTED DURING THE YEAR

The Accounting Authority in the 2019-2020 financial year decided to insource its MIS by developing a system that is totally owned by the CHIETA. A Service Provider as well as developers/programmers were sourced in to start the development of the MIS. In the year under review the WSP/ATR submission module was finalised and implemented as well as the Discretionary Grant (DG) Module for the applications for grants for skills development interventions supported by the CHIETA. All other modules are expected to be finalised in the 2020-2021 financial year.

Furthermore the Corporate Services Department was established where functionalities namely Stakeholder Management, Facilities Management, Marketing & Communications, Information and Communications Technology (ICT), Human Resources (HR) have been combined with the intention of providing an adequate level of administrative support to the core

mandate of the CHIETA. As the department gains experience the aim of achieving excellence in quality service delivery is ensured.

Substantial progress was also accomplished with the issuing of learner certificates through the ETQA Department in the year as attested to by the attainment of certification figures as per the performance information report.

With our strategy we are on the right path: Our stakeholders are experiencing a new CHIETA. Together with them, we want to better exploit growth opportunities and intensify collaboration. In doing so, we are guided by our mission: "contributing to sustainable development through facilitating the provision of skills for growth in the Chemicals sector."

To master global challenges, our society needs innovation based on chemistry more than ever before. At the CHIETA, innovation and sustainability are inextricably linked. Many of our innovations will contribute to achieving the NSDP 2030 goals. These goals provide us with a framework for sustainable development at the economic, environmental and social levels.

The CHIETA's successes are generated by our employees. For their skilled and passionate contributions, I thank them wholeheartedly on behalf of the entire Board of Directors. It is our goal that more than 80% of our employees would feel that at the CHIETA, they are able thrive and perform at their best.

BOARD OVERSIGHT AND GOVERNANCE

The Board was fully engaged in the Company's affairs during the period under review. Over and above its input required as a matter of course by the Companies Act and other legal and regulatory frameworks on the strategy of the organisation, the Board also had significant involvement in the successful implementation of the various programs aimed at achieving both the strategy and

mandate of the organisation through its various committees. My sincere thanks are also extended to our previous Board of Directors for their consistent wise and astute counsel and their instant availability to deal with the SETA's affairs at all times.

FUTURE OUTLOOK

The recent developments in the leadership of the governing political party and subsequent changes to the Cabinet of South Africa bode well for a future of the country and have created a sense of hope that is reminiscent of the onset of democracy in 1994.

Political developments in other countries in the Southern African Development Community add to the sense that there are fresh winds of change sweeping through the region. For any such change to consolidate, it will be important for all sectors of society to play their respective constructive roles. It is in this regard that the private sector should seriously introspect and make its value-adding contribution for the benefit of all stakeholders. As the CHIETA we stand ready to joining hands with the private sector in our sector to build partnerships aimed at making our country a better place for all, where poverty, unemployment and inequality are a thing of the past.

A key focus for the CHIETA based on research conducted, is for contributing to the transformation within the chemicals sector and assisting SMMEs in ways that are of practical benefit to them. Projects implementable in the future would include support for their business development, sustainability and possible incubation support.

The Fourth Industrial Revolution is changing how we live, work, and communicate. It is reshaping government, education, healthcare, and commerce—almost every aspect of life. In the future, it can also change the things we value and the way we value them.

One of the main effects of the Fourth Industrial Revolution is increased human

productivity. With technologies like AI and automation augmenting our professional lives, we are able to make smart choices, faster than ever before.

The fourth industrial revolution has the potential to create entirely new markets, and with them new jobs, that did not exist before. Therefore, the most significant challenge for firms and policymakers is understanding and developing the skills that are required by the new technologies as well as being adequately prepared to internalise, reskill and reallocate the workers who will inevitably lose their current employment.

DIGITAL TRANSFORMATION IN THE CHEMICALS SECTOR

Digital technology, and the data it brings, holds tremendous promise for the chemicals industry. These technologies can all play a role in driving business value.

- The Internet of Things (IoT), leveraging sensors to capture data from manufacturing, storage, and distribution
- The cloud, a platform to support a common system of record for both suppliers and customers
- Analytics, to correlate supply data to product quality and customer satisfaction
- Machine learning, to assist in predictive maintenance of operational equipment
- Blockchain, to better track transactions for assets, materials, and products

But technology alone is not the answer. In the chemicals industry, it is the use of technology against the right digital strategy that holds the real value. This requires a focus on implementing a true digital core that enables a common system of record through the business. It also requires a corporate mindset that embraces agility, adaptability, and innovation. It requires a mindset that is driven by a customer-first, design thinking perspective.

GAINING THE EDGE

Chemical companies must identify new revenue streams, including innovative services and outcome-based models. To do this, they must address an ageing and non-digital workforce and find a way to attract new talent that embraces the digital workplace. This talent will be key to leveraging technology to offer core business value. For this to happen, companies must leverage large amounts of data to better understand their operations and their customers.

The National Development Plan emphasises the importance of science and technology as the keys to development. Innovation is the most important driver of the kind of technology-based growth that is associated with higher living standards. The chemical sector is at the forefront of the drive towards an ‘innovation economy’ and the improvement of the skills of our workforce is imperative for the achievement of this.

The CHIETA has developed a host of interventions and mechanisms to address the skills needs of the sector and to overcome skills shortages. The skills development priorities and plans for the coming five years build on the work that has been started in previous years. The CHIETA interventions span the whole skills development pipeline and include interventions at school level – especially in respect of maths and science teaching, support to TVET colleges, support to and co-operation with higher education and training institutions, artisan development, qualification development and quality assurance, institutes or centres for training excellence, HIV/AIDS interventions, chamber specific responses to skills needs, partnerships with government departments, provincial engagements, support to rural learners, support to small and micro enterprises, the 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 sector include various research projects, the collection of WSP/ATR data according to individual employee records (source data) and the in depth analysis of this data, a research colloquium and several partnerships with research institutions.

ACKNOWLEDGMENTS

I would like to thank the management and staff for their continued commitment to the fulfilment of our developmental mandate, and for assisting the Board in refocusing and reinvigorating the organisational strategy.

I extend my gratitude and appreciation to the members of the Board and Board Committees, for their invaluable contributions and guidance during this financial year. Their knowledge and skills have contributed enormously to the commendable success that the SETA has achieved, and their leadership has catapulted us to even greater heights.

The contribution of our stakeholders and strategic partners has made these results possible and we commend them for staying the course and in fact increasing their efforts in making skills development accessible to all in the chemicals sector.

I would like extend our gratitude to the Department of Higher Education, Science and Technology, under the leadership of Honourable Minister Dr Blade Nzimande and Deputy Minister Mr Manamela, for their continued support and guidance.

Our team will do everything it can to achieve the best possible results for 2020. The CHIETA will have to continue to compete in a volatile economic environment in 2020, where we expect a high level of economic uncertainty due to the effects of coronavirus in companies within our sector and the country at large. Global economic growth will likely be even slower than in 2019. We expect growth in global chemical sectors to be significantly below the 2019 level which will go hand in hand with loss of jobs as some companies are forced to retrench workers in order to survive whilst others

will not survive the devastating effects of this global pandemic. We cannot influence global macroeconomic and geopolitical developments, but one thing is clear, we remain committed to doing everything we can to achieve the best possible results for 2020 despite Covid-19.

I am optimistic that the CHIETA will gain in strength in 2020 despite the economic headwinds, because we have the passion and the expertise to be the partner of choice for our stakeholders in the sectors we serve. For us, it is about creating sustainable value and sustainable livelihoods through the provision of relevant and in demand skills not only for employment opportunities, but also to drive entrepreneurship activities in our sector.

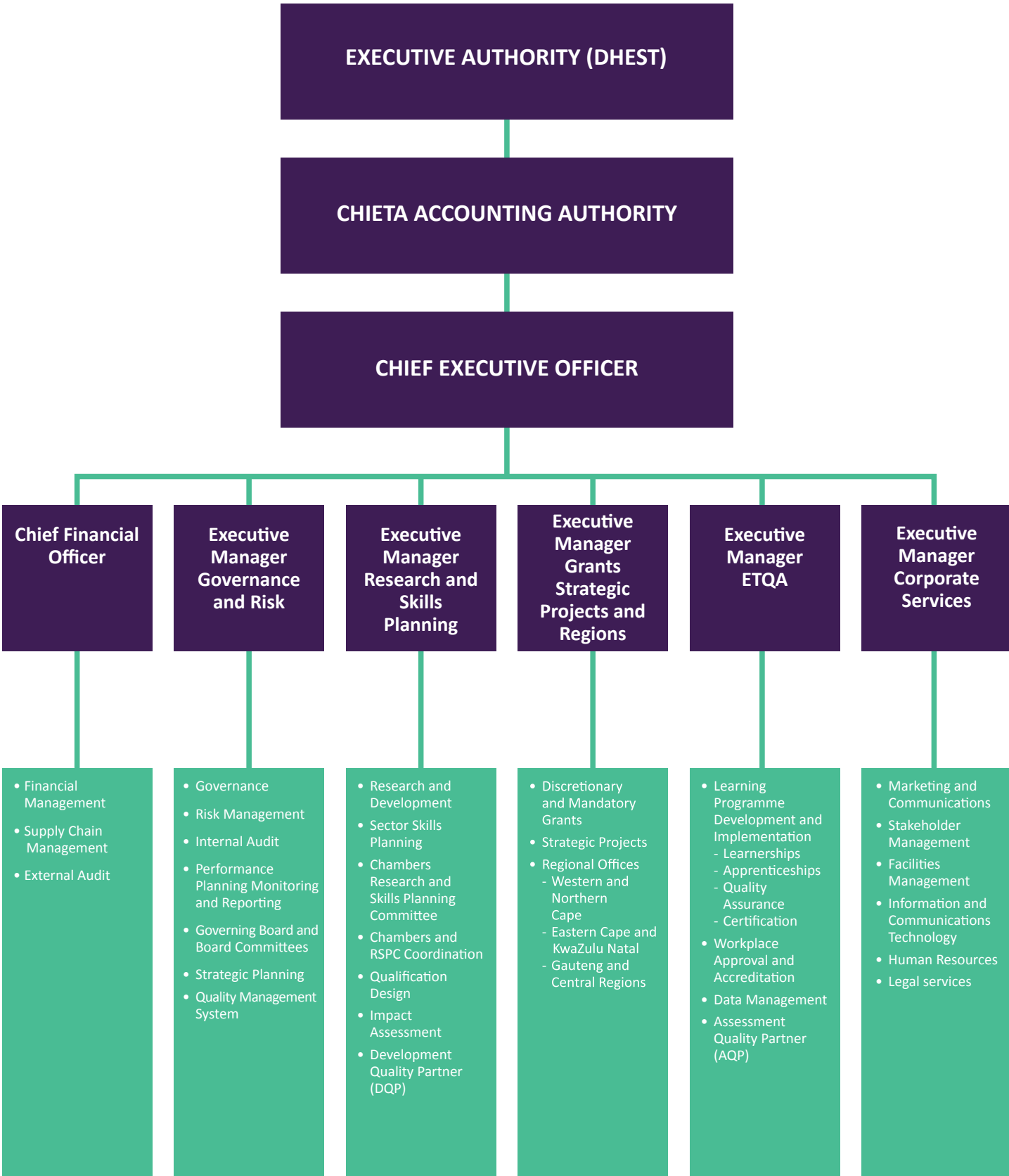
As the SETA licence has been extended until 2030, we commit ourselves to assisting our stakeholders to build a competent, capable and skilled workforce with the requisite skills of the future which is dictated by the fourth industrial revolution. We are aware of the challenges that we face and believe that with the support of our stakeholders, we will move beyond and achieve greater results.

I thank you for your trust and for accompanying us on this journey.

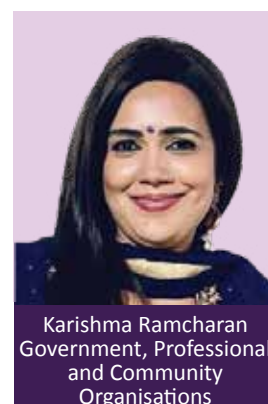
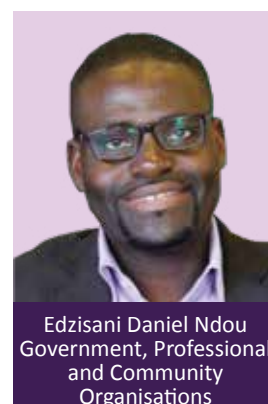
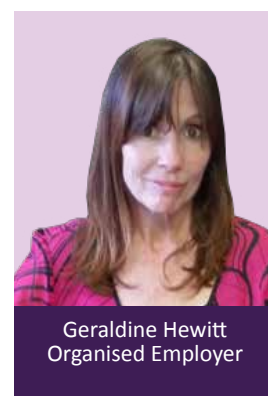
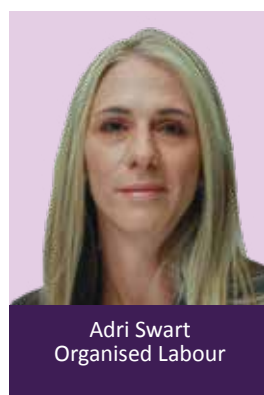


Khathutshelo Mike Ramukumba
CHIETA Chief Executive Officer
30 September 2020

4. ORGANISATIONAL STRUCTURE



MEET OUR BOARD



MEET OUR EXECUTIVES



MEET OUR MANAGERS



Ashvir Isseri
Grants Manager



Glory Nyathi
Stakeholder
Relations Manager



Bennet Kamanga
Regional Manager:
Gauteng and Central
Regions



Princess Moumakoe
Strategic Projects
and WIL Manager



Roger Adriaanse
Regional Manager:
Western Cape Region



Munya Makota
Finance Manager



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



Ronnie Naidoo
Monitoring and
Evaluation
Manager



Tshidi Magonare
Qualifications
Design and
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1. SITUATIONAL ANALYSIS OF THE CHEMICAL INDUSTRY

INTRODUCTION

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

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

The National Development Plan (NDP) provides the overall vision and framework for most of the other policies and plans. However, the Industrial Policy Action Plan (IPAP), projects steered by the dti, the National Infrastructure Plan and the Strategic Integrated Projects (SIPs) have a direct bearing on the chemical sector.

The NDP emphasises the importance of science and technology as the key to development, innovation being the most important driver of the kind of technology based growth, associated with higher living standards. The chemical sector is at the forefront of the drive towards an innovation economy and the fourth industrial revolution (4IR), with the improvement of the skills of our workforce being imperative for its achievement.

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

statistical information on the sector. The WSPs and ATRs represent more than 70 per cent of employees in the sector. The detailed data submitted enables the CHIETA to undertake a more detailed and accurate analysis of the sector.

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

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

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

The annual strategic planning workshop of the Governing Authority sets the organisation's objective and overall direction, where the board gives valuable input into the SSP, skills planning and the organisation's strategy.

Specific skills needs, developed through the CHIETA's involvement with government departments, have been factored into the SSP. Over and above sector needs, **these include skills needed to support the Department of Trade and Industry (the dti), IPAP projects on pharmaceuticals and cosmetics and the hard to fill vacancies (HTFV) needs of the Department of Energy and those related to the chemical sector.**

PROFILE OF THE INDUSTRY

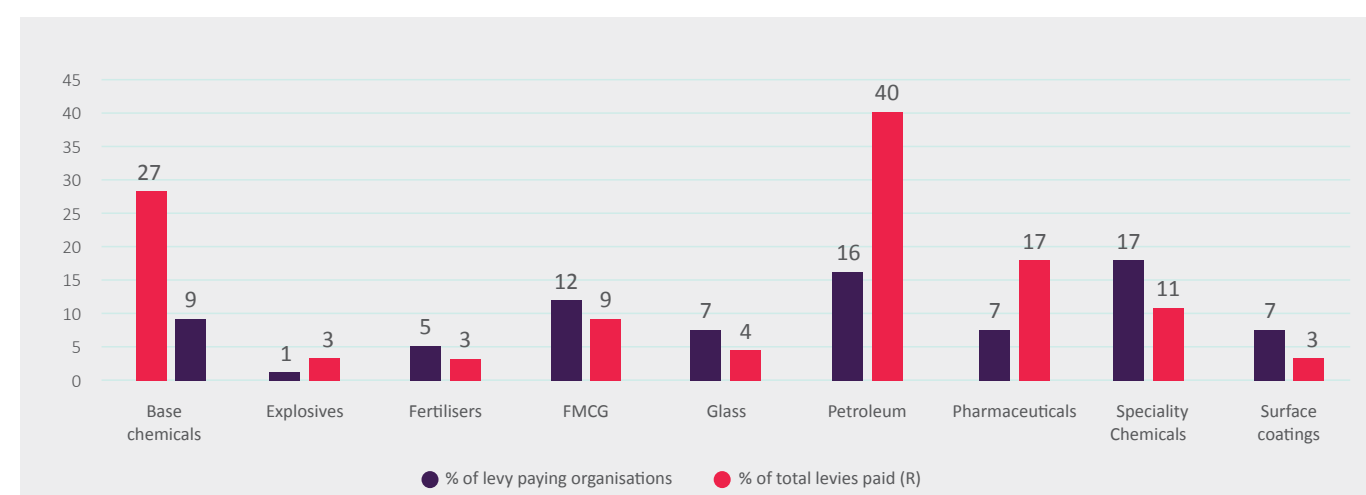
Table 1: Industrial coverage, subsectors and chambers of the chemical industry

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

In 2019/20, 2 814 companies paid skills development levies to CHIETA. This was an increase of 95 from the previous financial year. This increase can mainly be attributed to very small companies that started to pay the SDL – possibly due to their payrolls exceeding the levy threshold of R500 000 per year – and companies transferring to CHIETA from other SETAs. The petroleum subsector contributed 40 per cent of the levies paid in 2019/2020 although companies in this subsector only comprised 16 per cent of the total number of levy-paying companies in the chemicals industry (Figure 1.1). The reason for this is the presence of a few very large companies in this subsector.

The employers/entities in the sector include a few strategic state owned companies, for example, The Nuclear Energy Corporation of South Africa (NECSA) and PetroSA. These companies play key roles in government strategies to stimulate the local economy. The majority (50 per cent) of the companies in the chemicals industry are classified as either micro or small, 39 per cent are categorised as medium and 12 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: 2019/2020

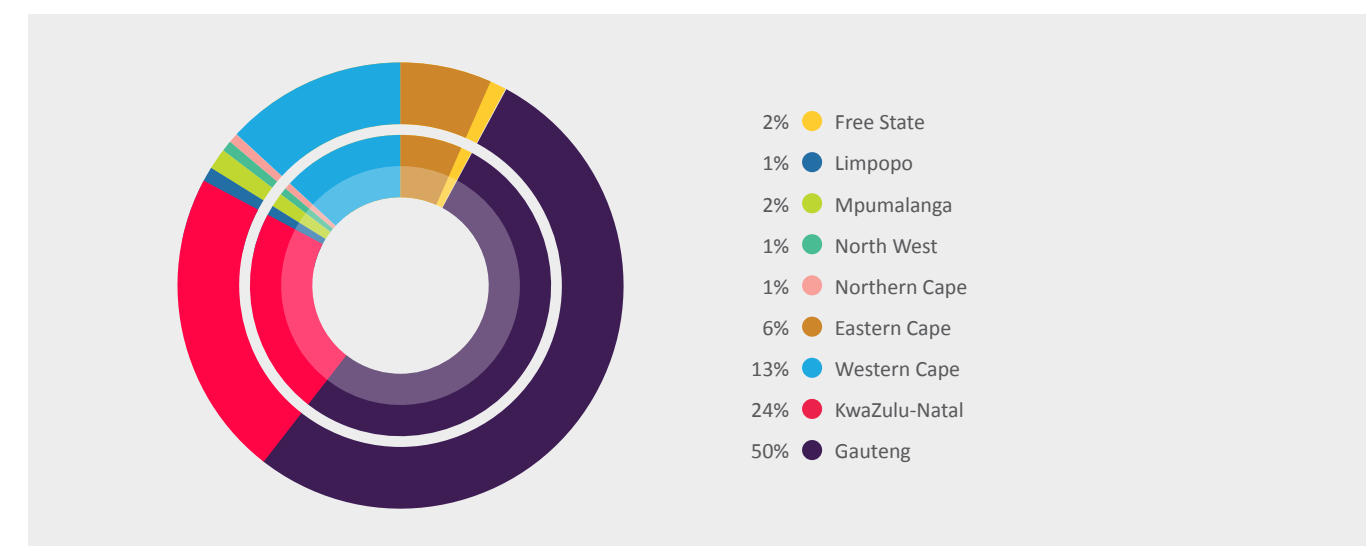


Note: Due to rounding, percentages do not necessarily add up to 100.
Source: CHIETA's data system, extracted June 2020

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.

Figure 1.2 shows that 50 per cent of companies that paid levies to the CHIETA in 2019/20 were located in Gauteng, followed by 24 per cent in KwaZulu-Natal, 13 per cent in the Western Cape and 6 per cent in the Eastern Cape. The rest of the provinces had around 1 to 2 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 2019/20



Note: Due to rounding, percentages do not necessarily add up to 100.
Source: CHIETA data system, extracted June 2020.

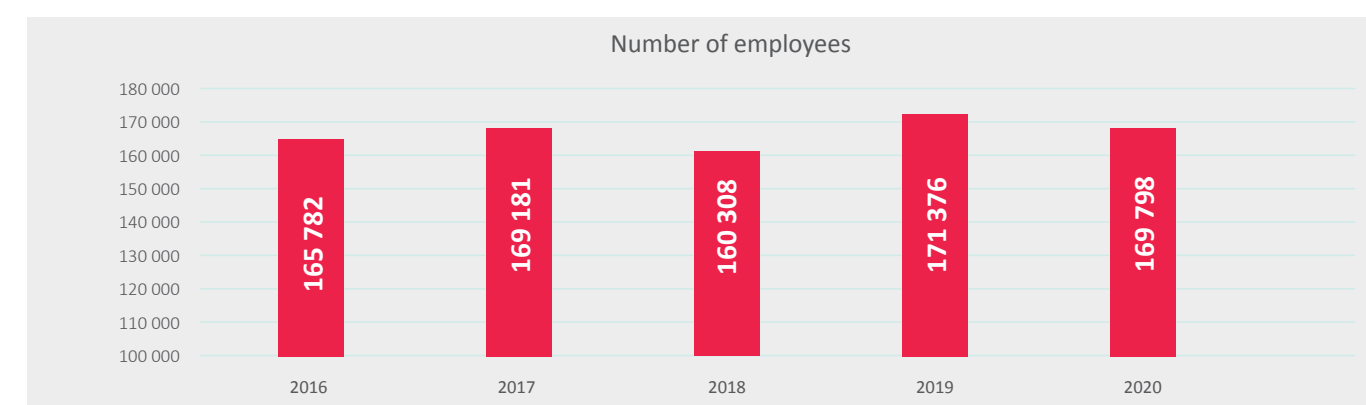
LABOUR MARKET PROFILE

Employment in the sector

Estimates of total employment in the chemical industry in 2016 to 2020 are depicted in Figure 1.3. The employment figures include all employees – those with permanent appointments as well as those on fixed term contracts.

There was a fluctuation in employment since 2016. In 2018 the estimated employment dropped to 160 308. In 2019 employment increased by just over 11 000 to an estimate of 171 376. In 2020 there was a marginal decrease to 169 798. This affected the employment trajectory to a 1.2 per cent annual average growth rate over the total period.

Figure 1.3: Estimate of total employment in the chemical industry: 2016 – 2020



Source: CHIETA source-data system June 2020

In 2020 the petroleum subsector employed the largest contingent of workers in the chemical industry representing about 33 444 (20 per cent) of the total workforce. The base chemicals subsector is the second largest with 17 per cent of the workers in the sector. This is followed by pharmaceuticals (15 per cent), FMCG and speciality chemicals (14 per cent), and the fertiliser subsector with 7 per cent of the workers. The other subsectors employ 6 per cent or fewer of the workers in the sector.

Provincial distribution of employees

Table 2: Provincial distribution of employees: 2016 – 2020

Province	2016	2017	2018	2019	2020
	%	%	%	%	%
Eastern Cape	6	8	7	8	8
Free State	6	5	6	6	6
Gauteng	44	41	42	40	42
KwaZulu-Natal	17	18	18	18	17
Limpopo	1	1	1	1	1
Mpumalanga	11	13	12	12	7
North West	2	3	3	3	3
Northern Cape	0	0	1	1	1
Western Cape	12	11	11	11	15
Total	100	100	100	100	100

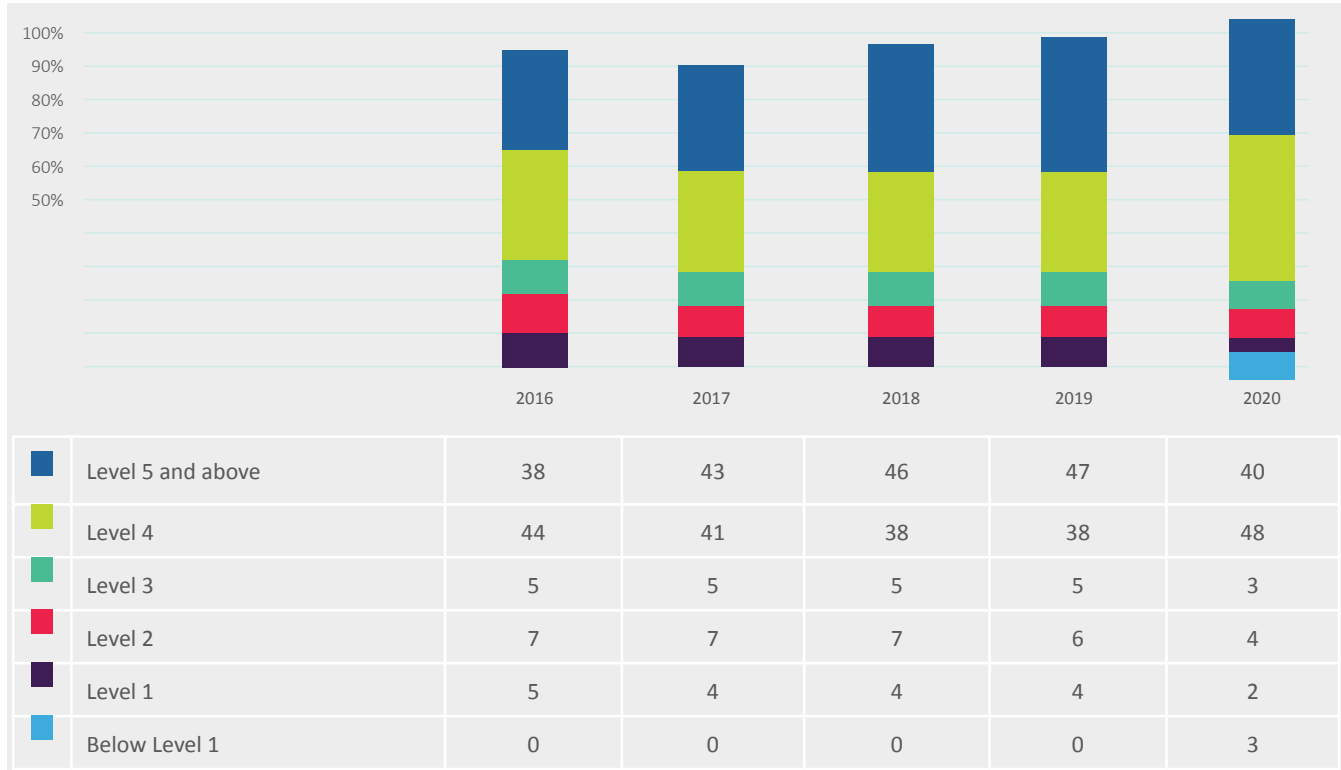
Source: CHIETA source-data system, June 2020

The provincial distribution of employees observed over the period 2016 to 2020 is shown in Table 2. In all five years, Gauteng was the province with the largest number of employees followed by KwaZulu-Natal.

Educational qualifications of employees

The qualifications of employees in the chemicals industry are shown in Figure 1.4. In 2020, 40 per cent of the employees in the sector had post matric qualifications (NQF levels 5 and above) while 48 per cent held qualifications at NQF Level 4. People with educational levels below NQF level 1 formed only 3 per cent.

Figure 1.4: Educational qualifications of employees: 2016 – 2020



Source: CHIETA data system, June 2020.

Occupational distribution of employees

Table 3 shows that the occupational distribution of employees stayed more or less the same over the five-year period from 2016 to 2020. In 2020 there are more technicians and associate professionals at 21 per cent in comparison to plant and machine operators and assemblers at 17 per cent. The proportion of managers stayed more or less the same; 12 per cent in 2016, 11 per cent in 2017, 12 per cent in 2018, 11 per cent in 2019 and 12 per cent in 2020. One per cent of workers were categorised as learners throughout the period of review.

Table 3: Occupational composition of the chemicals industry: 2016 – 2020

OFO Occupational group	2016		2017		2018		2019		2020	
	N	%	N	%	N	%	N	%	N	%
Managers	20 599	12	19 190	11	18 885	12	18 900	11	20 647	12
Professionals	22 537	14	22 416	13	19 794	12	21 375	12	21 432	13
Technicians and associate professionals	30 697	19	29 633	18	28 017	17	34 668	20	35 373	21
Clerical support workers	16 705	10	19 381	11	16 991	11	17 445	10	16 405	10
Service and sales workers	5 226	3	6 795	4	7 026	4	7 533	4	7 932	5
Skilled and related trades workers	10 893	7	12 243	7	12 505	8	12 498	7	13 059	8
Plant and machine operators and assemblers	33 932	20	33 140	20	30 949	19	32 131	19	28 172	17
Elementary occupations	23 894	14	25 289	15	24 647	15	25 481	15	25 445	15
Learners	1 174	1	1 089	1	1 346	1	1 341	1	1 332	1
Unknown	126	0	4	0	148	0	4	0	0	0
Total	165 782	100	169 181	100	160 308	100	171 376	100	169 798	100

Source: CHIETA data system, June 2020.

Note: Because of rounding percentages may not add up to 100.

Age, population group and gender distribution of employees

Table 4 shows the age distribution of workers in the chemicals industry. Throughout the period of review, the majority of the workforce has been between the ages of 36 and 54, followed by youth from the age of 35 and below, then those approaching retirement between the ages 55 and 59. Those above the age of 60 make up the smallest percentage of the workforce. They are typically specialists in their fields due to a combination of factors such as years of experience and qualification.

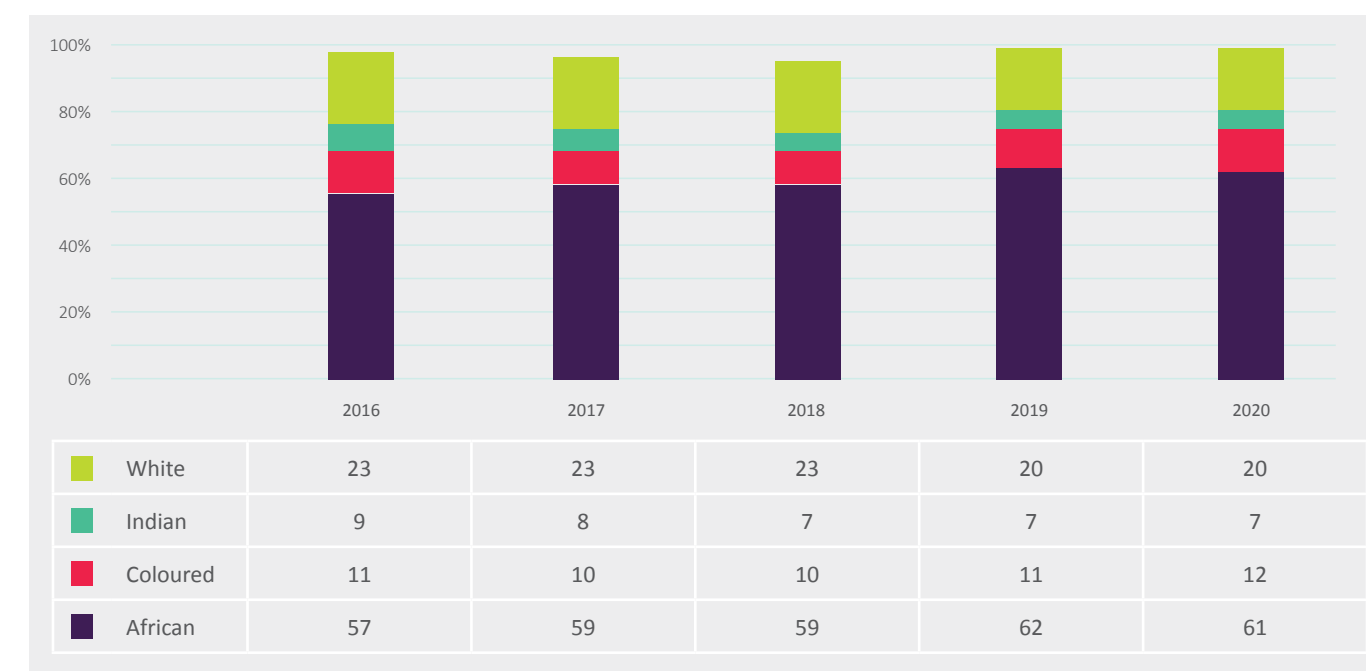
Table 4: Age distribution of workers in the chemical industry: 2016 – 2020

OFO Occupational group	2016		2017		2018		2019		2020	
	N	%	N	%	N	%	N	%	N	%
< 35	64 298	39	66 521	39	61 648	38	64 805	38	63 038	37
36-54	80 321	48	81 541	48	78 472	49	85 313	50	86 248	51
55-59	12 769	8	12 409	7	11 414	7	12 105	7	11 406	7
60+	8 395	5	8 710	5	8 774	5	9 153	5	9 106	5
Total	165 782	100	169 181	100	160 308	100	171 376	100	169 798	100

Source: CHIETA data system, June 2020.

Note: Because of rounding percentages may not add up to 100.

Monitoring of the population group and gender distribution of employees is important in order to keep track of employment transformation in the sector. The composition of the total population group employment is shown in Figure 1.5. The percentage of whites decreased from 23 per cent in 2016 to 20 per cent in 2020 while Africans' share in employment increased from 57 per cent in 2016 to 61 per cent in 2020. The percentage of Indian and Coloured employees remained more or less the same over the period.

Figure 1.5: Population group composition of employees in the chemicals industry: 2016 – 2020

Source: CHIETA data system, June 2020.

Figure 1.6: Gender composition of employees in the chemical industry: 2016 – 2020

Source: CHIETA source-data system June 2020

There have been minor changes year-on-year and a lack of tangible gender transformation in the sector. In 2016 the sector employed 52 236 (32 per cent) women. In 2017 there were 54 635 women in the sector and they formed 32 per cent of the total workforce, in 2018 there were 52 464 women forming 33 per cent, 58 169 in 2019 making 34 per cent, and 58 931 in 2020 making 35 per cent of the total workforce.

People with disabilities

Table 5 contains a profile of workers with disabilities according to population group, gender and age. The total employment percentage of disabled workers year-on-year has been around 1 per cent or less. In 2020 there were 1.1 per cent workers with disabilities employed in the sector. Throughout the period of review, male workers with disabilities have exceeded females at a smaller rate in comparison to the general gender population composition in the sector.

Table 5: Workers with disabilities according to population group, gender and age: 2016 – 2020

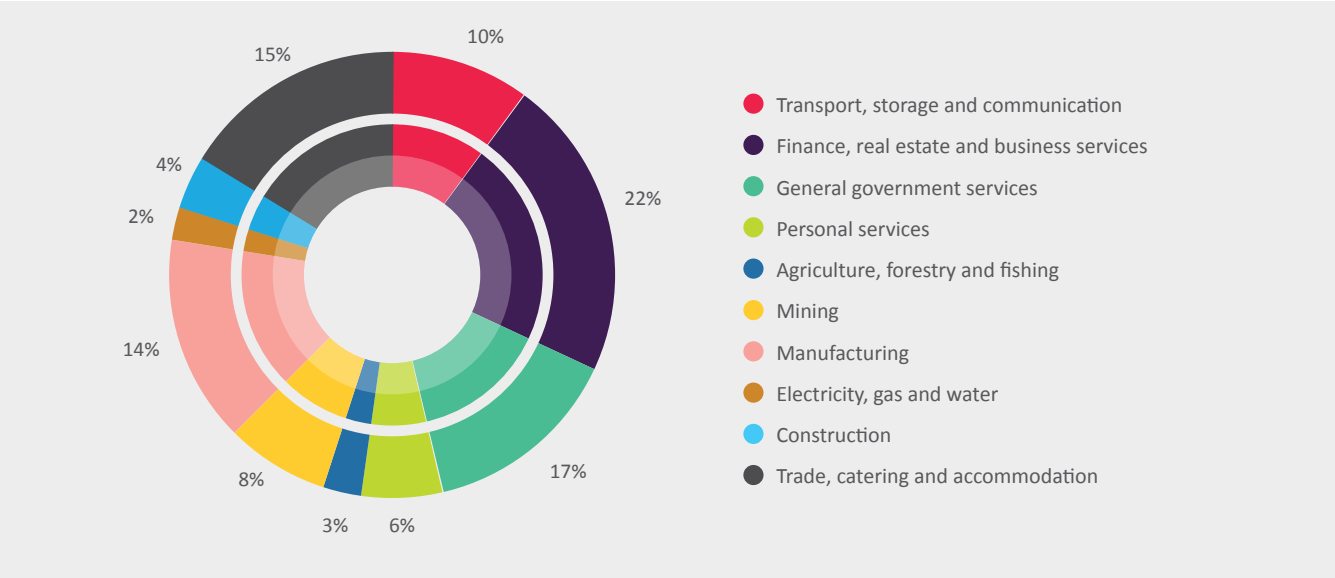
Disabled workers		2016		2017		2018		2019		2020	
		N	%	N	%	N	%	N	%	N	%
Population group	African	601	48	751	52	875	56	863	56	1 032	58
	Coloured	172	14	250	17	203	13	223	14	231	13
	Indian	177	14	99	7	113	7	113	7	126	7
	White	306	24	338	24	365	23	343	22	406	23
	Total	1 256	100	1 437	100	1 557	100	1 541	100	1 795	100
		N	%	N	%	N	%	N	%	N	%
Gender	Female	474	38	613	43	664	43	668	43	785	44
	Male	782	62	824	57	893	57	873	57	1 011	56
	Total	1 256	100	1 437	100	1 557	100	1 541	100	1 795	100
		N	%	N	%	N	%	N	%	N	%
Age	16-34	320	25	476	33	552	35	510	33	571	32
	35-54	647	51	638	44	711	46	721	47	855	48
	55-59	178	14	167	12	174	11	193	13	192	11
	60+	112	9	157	11	120	8	117	8	177	10
	Total	1 256	100	1 437	100	1 557	100	1 541	100	1 795	100
Percentage of total employment			0.8		0.8		1.0		0.9		1.1

Source: CHIETA data system June 2020

ECONOMIC PERFORMANCE

Figure 1.7 shows a comparison of South African industries’ contribution to the GDP. In 2019 the manufacturing industry contributed 14 per cent of the South African gross domestic product (GDP). It is the fourth largest contributor followed by trade, catering and accommodation contributing 15 per cent; general government services contributing 17 per cent, and the largest GDP contributor was finance, real estate and business services contributing 22 per cent.

Figure 1.7: Industries’ share of GDP 2019



Source: Statistics South Africa, 2019.

In 2019 the chemical industry contributed 3 per cent to the total economy and 20 per cent of total manufacturing. The subsector coke and refined petroleum products contributed 1.0 per cent and the subsector other chemicals and man-made fibres contributed 0.8 per cent. The sector was responsible for 15.8 per cent of the country’s imports. The coke and refined petroleum products subsector was responsible for 4.8 per cent of imports and the other chemicals and man-made fibres subsector for 6.0 per cent. At the same time the chemicals industry contributed 7.7 per cent of the country’s exports.

The chemical industry is capital intensive. In 2019 it accounted for 4.6 per cent of the gross fixed capital formation while it contributed only 1.4 per cent of total formal employment and 1.0 per cent of total informal employment in the country, mainly of high level and artisanal related skills.

Table 6: The chemicals industry’s contribution to the South African economy: 2019

Subsector	Gross Value Added	Imports	Exports	Gross Fixed Capital Formation	Employment Formal	Employment Informal
Coke & refined petroleum products	1.0%	4.8%	2.4%	1.6%	0.2%	0.1%
Basic chemicals	0.5%	3.9%	2.7%	1.3%	0.2%	0.1%
Other chemicals & man-made fibres	0.8%	6.0%	2.3%	0.5%	0.6%	0.3%
Non-metallic minerals	0.3%	0.9%	0.3%	0.5%	0.4%	0.4%
Glass & glass products	0.1%	0.3%	0.1%	0.6%	0.1%	0.0%
Total petroleum, chemicals & glass	2.6%	15.8%	7.7%	4.6%	1.4%	1.0%

Source: Quantec

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 775 different occupations. The largest major group occupation was technicians and associate professionals (35 373), followed by plant and machine operators and assemblers (28 172), elementary occupations (25 445), professionals (21 432), managers (20 647), and clerical support workers (16 405). The rest were in occupations that made less than 10 per cent of the total employment respectively. These were skilled and related trades workers (13 059) and service and sales workers (7 932). Learners and those who were not mapped to occupational titles 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, there has been substantial growth in the numbers of new graduates from universities and universities of technology in certain engineering fields from 2014 to 2018. The growth in the average annual output for national diplomas is reported to be 0.1 per cent for diplomas in chemical engineering and 5.7 per cent for first degrees in the same field. Despite these positive growth trends, increases are insufficient to meet the needs of the national economy in general, and the chemical industry in particular. In order to ensure future growth, it will be necessary to support higher education institutions through a variety of initiatives such as:

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

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 2019.

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
- HIV/AIDS interventions
- Chamber-specific responses to skills needs
- Partnerships with government departments
- Provincial engagements

- Support for rural learners
- Support for small and micro enterprises
- Recognition of prior learning and PIVOTAL programmes to address critical skills needs.

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

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

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

THE SKILLS NEEDS OF THE INDUSTRY

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

As part of their WSP submissions, employers report on occupations for which they have difficulties finding suitable candidates and the number of vacancies that they find hard to fill. In the WSPs submitted in March 2020, 26 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 2 312 equating to 1.3 per cent of the total number of positions in the industry. The total number of HTFVs reported in the period 2016 to 2020 is shown in Table 1-12. The total number of vacancies increased by 49 between 2019 and 2020. The number of professional vacancies increased from 2019 to 2020 by 93. The number of vacancies for skilled craft and related trades workers declined in 2020 by 89 and the number of vacancies for elementary occupations increased sharply by 133.

On the right hand side of the table the HTFVs are expressed as a percentage of the total number of positions in the occupational group. The percentage vacancies for managers decreased from 1.8 per cent in 2019 to 1 per cent in 2020. The vacancies for professionals increased from 2.2 per cent in 2019 to 2.6 per cent in 2020. The vacancy rate for skilled craft and related trades workers (mostly artisans) remained relatively high at 5.2 per cent in 2019 then decreased to 4.3 per cent in 2020.

Table 7: Hard to fill vacancies reported by employers: 2016 - 2020

Occupational Category	Number of vacancies					Vacancies as % of positions *				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Managers	296	225	468	338	213	1.4	1.2	2.4	1,8	1,0
Professionals	601	565	946	476	569	2.6	2.5	4.6	2,2	2,6
Technicians and associate professionals	305	313	512	326	395	1.0	1.0	1.8	0,9	1,1
Clerical support workers	97	77	89	62	91	0.6	0.4	0.5	0,4	0,6
Service and sales workers	160	46	202	87	101	3.0	0.7	2.8	1,1	1,3
Skilled craft and related trades workers	964	1076	838	681	592	8.1	8.1	6.3	5,2	4,3
Plant and machine operators and assemblers	326	263	348	253	174	1.0	0.8	1.1	0,8	0,6
Elementary occupations	238	153	129	40	173	1.0	0.6	0.5	0,2	0,7
Total	2 987	2 718	3 552	2 263	2 312	1.1	1.6	2.2	1,3	1,3

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 2020

Although employers identified a total of 164 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. In order to prioritise the skills that are in short supply in the industry a shortened list of hard to fill vacancies was developed.

Skills gaps are sometimes linked to a critical element of an occupation. The glass subsector for example, reported that a number of glaziers also needed to be qualified scaffolders as they work extensively on scaffolding and need to take responsibility for their own safety and for that of their co-workers.

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

- Managers in production, sales and marketing
- Instructing/leadership (coaching and mentoring)
- Management (financial resources, material resources, personnel resources)
- Complex problem solving
- Professionals in chemistry, engineering, and sales of industrial and pharmaceutical products
- Critical thinking
- Time management
- Technicians that can work at the level of chemical plant coordinators
- Operations (control, monitoring, and analysis)
- Judgement and decision making
- Quality control analysis
- Various artisans
- Equipment maintenance
- Mathematics (basic maths computing)
- Speaking (communication), writing, and reading comprehension

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

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

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

2. ORGANISATIONAL PERFORMANCE REPORT FOR 2019/20

2.1 BACKGROUND

The CHIETA Governing Board mandated the adoption of the CHIETA Strategic Plan and 2019/20 Annual Performance Plan (APP) with clear performance targets defined into Four (4) Performance Programmes. In terms of governance and organisational performance management principles, the CHIETA management reports quarterly and annually to the CHIETA Governing Board on actual organisational performance against pre-determined targets in order to assist the board in discharging its oversight function in a responsible and proactive manner.

The CHIETA performed exceptionally well in the 2019/20 financial year and the CHIETA have achieved and/or exceeded all pre-determined targets agreed with the Executive Authority with an overall baseline achievement average of **108%**.

The CHIETA prides itself on its achievements and impact as a Sector Education and Training Authority and as a value adding business partner to the Chemical Industry in South Africa. Through sustained partnerships with our stakeholders, our skills development interventions continuously contributed to capacitating the various occupational groups in the sector and ensured supply of skilled learners to contribute to the sustainability and competitiveness of the sector on a national and global level. The alignment of the CHIETA Strategic Plan and Annual Performance Plan (APP) with the CHIETA Sector Skills Plan (SSP) formed a credible basis and guiding framework for the CHIETA's performance targets, funding allocation and monitoring and reporting on skills development in the Chemical Industry.

ANALYSIS OF LEARNERS PARTICIPATING IN LEARNING PROGRAMMES

A total of **17 221** learners participated in all learning programmes in 2019/20 demarcated as follows namely:

- Employed learners made up **6269 (36 %)** and unemployed learners **10 952 (64 %)** of the total number of learners supported.
- Total male learners participating in learning programmes were **10 505 (61%)**, while **6716 (39 %)** were female learners.
- People living with disabilities comprised **382** learners representing **2.2 %** of the total number of learners supported.
- The number of youth participating in all learning programmes was **9145** representing **53 %** of the total number of learners supported.
- The number of learners from TVET Colleges was **4272** representing **25 %** of the total number of learners supported.
- The number of learners from rural districts was **11078** representing **64%** of the total number of learners supported.
- A total of **121** SMMEs were supported to sustain their Small and Medium Enterprises on learning programmes and a further **55** non-governmental organisations were supported

2.2 ORGANISATIONAL PERFORMANCE REPORT

The performance report is structured in direct correlation with the approved CHIETA Strategic Plan and Annual Performance Plan (APP) 2019/20. The report reflects four (4) Strategic Programmes and relevant performance indicators and performance targets within each programme. The CHIETA reports on the actual performance on fifty five (55) performance indicators/targets as per the approved APP 2019/20.

The performance dashboard indicates the status of each indicator and programme in direct correlation to the total annual targets set for 2019/20.

The annual performance dashboard 2019/20 attached to this narrative indicates actual performance against pre - determined targets on a three robot dashboard system namely:

- 2.1 A **red robot** indicates that actual performance is between nil and 50% and below the annual target.
- 2.2 An **amber robot** indicates movement on actual performance is between 50% and 99.9% and below the annual target.
- 2.3 A **green robot** indicates achievement or exceeding the annual target.

All four programmes are in a green baseline status. All of the **55 performance indicators reported achieved green status.**

THE CHIETA PERFORMANCE PROGRAMME CONSOLIDATED AND BASELINE PERFORMANCE DASHBOARD

The table below reflects the status of the CHIETA's four (4) Performance Programmes over the 2019/20 financial year and the percentage of achievement per Strategic Programme. **All four (4) strategic programmes are in a green status with an average baseline achievement of 108% as at 31 March 2020.**

CHIETA STRATEGIC PROGRAMMES BASELINE PERFORMANCE DASHBOARD COMPARATIVE							
Programme number	Strategic Programme	Planned Target 2019/19	Actual Achievement 2018/19	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement for 2018/19	Percentage Achieved	Status 2018/19
Programme 1	Administration	31	34	42	3	110%	😊
Programme 2	Research and Skills Planning	585	836	842	251	143%	😊
Programme 3	Occupationally directed programme	16 798	17 868	29 367	1 070	106%	😊
Programme 4	ETQA	565	671	1 193	106	119%	😊
TOTAL CHIETA BASELINE ACHIEVEMENT		17 979	19 409	31 444	1 430	108%	😊

2.3 DETAILED STRATEGIC PROGRAMME PERSPECTIVE

2.3.1 Programme 1: Administration

This programme focuses on sound governance, risk and financial management in support of the execution of the CHIETAs Skills Development mandate in an accountable, ethical and transparent manner. Effective Governance oversight from the CHIETA Accounting Authority impacted positively on the achievement of the targets of not only this programme but on all four (4) Performance Programmes of the CHIETA.

In accordance with the requirements of the Public Finance Management Act, the CHIETA has sustained an effective organisational wide Risk Management Framework to pro-actively mitigate organisational risks preventing CHIETA from achieving its contracted Organisational Performance deliverables.

The CHIETA conducts risk assessments (both strategic and operational) on an on-going basis to identify new and emerging risks that may impact negatively on service delivery capacity and the realisation of pre-determined objectives. These risks are monitored frequently so as to ensure the effective implementation of associated risk mitigation strategies. The CHIETA has a fully functioning Risk Management Steering Committee, which assists the CHIETA Governance structures with their oversight role on risk management.

There were five (5) Performance Indicators in Programme one (1). The status of the programme is in a **green status with a baseline achievement of 110%.**

2.3.2 Programme 2: Research and Skills Planning

Research and Skills Planning refers to the efforts undertaken to ensure that there is a strategic, systematic, and co-ordinated Skills Planning effort in the Industry to enable skills development interventions that are relevant and contribute to the National and Global Competiveness of the South African Chemical Industry. These skills planning efforts are intended to impact the development of appropriate capacity of employees to perform effectively in the workplace and of those pursuing careers in the chemical and related Industries with relevant job mobility within the South African labour market. Information is retrieved from the Workplace Skills Plans and Annual Training Reports from levy paying companies to guide relevant Skills Development interventions required and to create an integrated link between National Skills Development policy and government imperatives.

The CHIETA Skills Planning process is further supported through credible and independent research undertaken as per the respective research indicators in this Performance Programme. This programme reports on performance indicators relating to specific research and skills planning interventions in support of the CHIETA SSP, track and trace system, research reports and Industry / University partnerships.

There were ten (10) Performance Indicators in Programme two (2). This programme is in a **green status with a baseline achievement of 143%.**

Below is a breakdown of the relevant research report concluded.

NO	RESEARCH AGENDA	RESEARCH TOPIC	OBJECTIVES
1	Sustainability and Socio-economic Development	Special Economic Zones	<ul style="list-style-type: none"> Determine the operational status of all identified SEZs and IPs in South Africa Understand skills development needs, opportunities and growth areas for the chemical sector
2	Impact Assessment	An evaluation of the drop -out rate on the CHIETA learning programmes	<ul style="list-style-type: none"> Measure the difference in enrolments vs. completions Understand the root causes of the variance for improved implementation Analyse the effectiveness of learning programmes in the sector (Learnerships artisan and non-artisan, apprenticeships)
3	Sustainability and Socio-economic Development	Chemical Manufacturing and the 4IR	<ul style="list-style-type: none"> Assess the state of readiness of the Chemical Manufacturing sector companies to the adoption and integrate 4IR solutions Determine the skills requirement of the work force to reap the benefits of 4IR Frame the discussions for sector wide engagements on 4IR
4	Impact Assessment	Track and Tracing of learners trained and completed in selected programmes	Conduct a tracer study on SETA beneficiaries in line with specified DHET requirements for 2019
5	Sustainability and Socio-economic Development	Study to understand value chain within the chemical sector and identify viable opportunities for small business enterprises to enable small and medium business participation in the main stream economy	Identify business opportunities which small and medium enterprises can benefit from

NO	RESEARCH AGENDA	RESEARCH TOPIC	OBJECTIVES
6	Impact Assessment (One impact study to measure the effectiveness of CHIETA Programmes)	A Review of Employers and Training Providers funded through the CHIETA Discretionary Grants for Learning programmes, Strategic Projects and Research Projects in the previous 5 years	<ul style="list-style-type: none"> To create a baseline of where we are in terms of driving transformation by providing empirical evidence. To determine company/enterprise ownership in terms of gender, race and nationality. To determine the size and type of business or enterprises supported (Small, Medium, Large, National or Multinational) To determine the age profile of the owners (Youth owned or not) To determine the funding allocation per category (Learning Programme, Strategic Projects, Research Projects) over the 5 year period To determine the funding allocation category over the 5 year period (How much was funded to women owned enterprises, white owned enterprises, youth enterprises, youth owned enterprises, South African and non-South African enterprises). To provide a breakdown of funding allocations per size (S,M,L), how much we have funded for the various sizes? What was the % rate for companies that were funded for the first time in each of the 5 years (How many new role players are we funding and how many repeat companies were funded over the period?)
7	Other – Relevant Research to advance the chemical sector	The cost of private education and training (private provisioning)	The project aims to check spending on private provisioning, to see which synergies and leverages the SETA can utilise in its funding to improve the quality of Technical and Vocational Education and Training (TVET) colleges to meet the standards of private provision

2.3.3 Programme 3: Occupationally Directed Programmes

Organisations in the Chemical Industries Sector are diverse, complex and individually unique in respect to matters related to skills development. Each organisation has its own training structures and delivery patterns to deliver Occupationally Directed Programmes. The CHIETA through the development of its Sector Skills Plan identifies with the CHIETA stakeholders scarce and critical skills and hard to fill vacancies. This is further conceptualised into specific Discretionary Grants Funding Window for Skills Development participation in the sector. Funds are allocated within the CHIETA Discretionary Grant Guidelines and are used in a prudent, relevant and value-adding manner to support the skills priorities defined by the Industry Stakeholders.

This programme reflects primarily the DHET Service Level Agreement contracted between the CHIETA and the Department of Higher Education Science and Technology and on which CHIETA also reports quarterly to the Department as part of monitoring and evaluation protocols. This programme is designed to provide optimal access and delivery on occupationally directed programmes that will contribute to the production of high, intermediary and elementary levels of priority skills in support of the Chemical Industry in partnerships with member companies, Higher Education Institutions and TVET colleges.

The performance targets are categorised for employed and unemployed learners entered and certified in the following indicators:

- Learnerships
- Bursaries
- Internships
- Skills Programmes
- Artisans
- Centres of Specialisation
- Candidacy Programmes
- Recognition of Prior Learning
- TVET College / University Programmes
- Youth and Adult Language Numeracy skills

- Support to Coops, Small Enterprises, NGOs, CBCs and CBOs
- Career and Vocational Guidance
- Medium Term Government Strategic Priorities & Rural Development Projects
- Maintaining and operationalising the two (2) CHIETA TVET College offices

There are thirty seven (37) Performance Indicators in this programme.

The programme is currently in a **green status with a baseline achievement of 106%**.

2.3.4 Programme 4: Education Training Quality Assurance (ETQA)

This programme focused on three specific quality assurance areas namely that of workplace approvals, skills development provider programmes and the registration of assessors and moderators. The main purpose of this programme is to ensure the required quality standard in the delivering of CHIETA Skills Development interventions. **The programme is in a green status with a baseline achievement of 119%.**

3. CONCLUSION AND RECOMMENDATION

In conclusion the CHIETA has delivered excellently and has achieved and/or exceeded all of its pre-determined Organisational Performance Targets contracted with the Executive Authority in the approved CHIETA Strategic Plan and Annual Performance Plan for 2019/20. The CHIETA management (MANCO) and staff want to place on record their sincere appreciation to the Department of Higher Education, Science and Technology, the CHIETA Governing Board, Board Committees (with special reference to the Governance and Strategy and Audit and Risk Committees), Employers and Stakeholders for the assistance, leadership and support during the 2019/20 financial year in contributing to the achievement of the CHIETA's organisational performance targets.

PROGRAMME 1 ADMINISTRATION - Strategic Objective: A Disciplined and transparent functioning of CHIETA business, financial and governance frameworks

	Performance indicator	Planned Target 2019/20	Actual Achievement 2019/20	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement for 2019/20	Percentage Achieved	Status 2019/20	Comments
1.1.1	Maintaining an unqualified Audit Report at the end of the financial year 2019/20	1	1	1	0	100%	😊	Achieved as per AGSA report.
1.1.2	Ensuring the effective functioning of the CHIETA 5 Governance and Constitutional structures	24	27	27	3	112%	😊	Target exceeded as per scheduled Governance Meetings and engagements. Special Governing Board & EXCO Meetings were arranged to further strengthen Governance oversight on key organisational areas.

PROGRAMME 1 ADMINISTRATION - Strategic Objective: A Disciplined and transparent functioning of CHIETA business, financial and governance frameworks

Performance indicator		Planned Target 2019/20	Actual Achievement 2019/20	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement for 2019/2020	Percentage Achieved	Status 2019/20	Comments
1.1.3	Ensuring the planned CHIETA annual admin budget to be a 10% reduction	1	1	1	0	100%	😊	Target achieved and subject to final AGSA confirmation via final audit on financial statements.
1.1.4	Effective functioning of CHIETA Risk Management Framework: One Framework	1	1	1	0	100%	😊	Target achieved through the maintaining of a CHIETA Strategic Risk Management Framework inclusive of strategic risk registers and cross functional business unit risk registers.
1.1.5	Providing 4 Governance Charter Reports	4	4	4	0	100%	😊	Target achieved through quarterly submissions and verifications by DHET.
	Baseline	31	34	34	3	110%	😊	Baseline Target Exceeded

PROGRAMME 2: RESEARCH AND SKILLS PLANNING - Strategic Objective: Implementing a total number of 585 interventions in support of a quality SSP

Performance indicator		Planned Target 2019/20	Actual Achievement 2019/20	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement for 2019/2020	Percentage Achieved	Status 2019/20	Comments
2.1.1	Providing annual WSP and ATR analysis and reporting	1	1	1	0	100%	😊	The analysis commissioned through the WSPs & ATRs provides a profile of the Chemical Sector on Skills Development initiatives within the sector.
2.1.2	A total of 5 Research Reports inclusive of Research partnerships are formed	5	6	5	1	120%	😊	Research Reports were achieved as a result of the Research Agenda commissioned by the Research and Skills Planning Unit.
2.1.3	Updating and maintaining of the nine Sub Sector Chamber Skills Plans	9	9	9	0	100%	😊	This was achieved through several chamber meetings where skills priorities were identified and conceptualised into sub-sector skills plans.
2.1.4	Maintaining the track and trace system for graduates (including all learning programmes) in the sector	1	1	1	0	100%	😊	This was achieved as a result of the methodology used to populate learner data through strategic relationships with institutions and the active usage by SDFs of CHIETA companies. Thus the data management of the Supply-Side involves several key role players; HET and TVET institutions (providers), and active CHIETA company participants in recruiting and placing suitable learners.

PROGRAMME 2: RESEARCH AND SKILLS PLANNING - Strategic Objective: Implementing a total number of 585 interventions in support of a quality SSP

Performance indicator		Planned Target 2019/20	Actual Achievement 2019/20	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement for 2019/2020	Percentage Achieved	Status 2019/20	Comments
2.1.5	The SSP is well researched providing a credible institutional mechanisms for skills planning	1	1	1	0	100%	😊	This was achieved through the on-going collaborations with CHIETA Stakeholders on submission of Board approved Sector Skills Plan to DHET.
2.1.6	Funding support to 3 industry and university partnerships	3	4	7	1	133%	😊	This was exceeded through industry and university partnerships through the CHIETA Discretionary Grants Funding Windows.
2.1.7	The number of WSPs from Large Firms	114	129	120	15	113%	😊	This target was exceeded through the extensive Regional Skills Forums, road shows and national interventions to encourage large member companies to participate. The online process of the submission of WSPs and ATRs encouraged member companies to participate and yielded positive results.
2.1.8	The number of WSPs from Medium Firms	150	245	170	95	163%	😊	This target was exceeded through the extensive Regional Skills Forums, road shows and national interventions to encourage medium member companies to participate. The online process of the submission of WSPs and ATRs encouraged member companies to participate and yielded positive results.
2.1.9	The number of WSPs from Small Firms	300	439	320	139	146%	😊	This target was exceeded through the extensive Regional Skills Forums, road shows and national interventions to encourage small member companies to participate. The online process of the submission of WSPs and ATRs encouraged member companies to participate and yielded positive results.
2.1.10	One impact study to measure CHIETA's effectiveness	1	1	1	0	100%	😊	
	Baseline	585	836	635	251	143%	😊	Baseline Target Exceeded

PROGRAMME 3: OCCUPATIONALLY DIRECTED PROGRAMME: Strategic Objective- Optimal access and delivery on Occupationally Directed Programmes: Ensuring 16 798 learners are participating in Occupationally Directed Programmes

Performance indicator		Planned Target 2019/20	Actual Achievement 2019/20	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement for 2019/2020	Percentage Achieved	Status 2019/20	Comments
3.1.	Enrolling 1000 Employed learners to enter learnership programmes (Non Artisan)	1000	1150	1570	150	115%	😊	Target exceeded. This indicator was exceeded through the Discretionary Grants Funding Model. Member companies responded very favourably to this Funding Programme in enhancing productivity and performance within the Workplaces of the Chemical Sector.
3.2	Enrolling 97 Employed bursary holders entered	97	109	98	12	112%	😊	Target exceeded with greater uptake on employed bursaries entered. Companies are favouring bursaries and skills programmes for their workforce over learnerships and apprenticeships. They no longer have budget for replacing a worker in the plant when they go on training. Bursaries, contact sessions and exams come out of study leave unlike learnerships and apprenticeships, learning is happening during company time.
3.3	Enrolling 2000 Employed learners on Skills Programme Entered	2000	2260	3018	260	113%	😊	Target exceeded. Chemical Sector assisted in achieving and exceeding this indicator in providing specific work related and skills programmes for workers that could progress on the NQF and provide for upward mobility of positions within their workplaces.
3.4	500 Employed learners are certificated (non-artisan) on learnership programmes	500	509	84	9	102%	😊	Target exceeded. This indicator was exceeded through the efforts of the CHIETA Providers and the ETQA Unit to accelerate the issuance of certification of Learnerships.
3.5	45 Employed bursary holders are certificated on completion of their qualifications	45	50	69	5	111%	😊	Target exceeded. Learners were encouraged to complete their qualifications and this resulted in an increased certification of bursary learners.
3.6	1000 Employed learners are certificated on Skills Programmes	1000	1020	1525	20	102%	😊	Target exceeded. This was exceeded through the Regional Strategy in terms of the Implementation timeframes. Member companies Short skills programmes are preferred and easier for employers to manage.

PROGRAMME 3: OCCUPATIONALLY DIRECTED PROGRAMME: Strategic Objective- Optimal access and delivery on Occupationally Directed Programmes: Ensuring 16 798 learners are participating in Occupationally Directed Programmes

Performance indicator		Planned Target 2019/20	Actual Achievement 2019/20	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement for 2019/2020	Percentage Achieved	Status 2019/20	Comments
3.7	Enrolling 3000 Unemployed learners to enter learnership programmes (non Artisan)	3000	3032	3434	32	101%	😊	Target exceeded. This indicator was exceeded through the Discretionary Grants Funding Model. Member companies responded very favourably to this Funding Programme in enhancing productivity and performance within the Workplaces of the Chemical Sector and to obtain benefits from the BBBEE code.
3.8	Enrolling 60 Unemployed bursary holders	60	65	65	5	108%	😊	Target exceeded. Last year with the fees must fall campaign, we funded the maximum that our budget could support. We also had success with the NSFAS, CHIETA Bursary scheme and Free state top achiever project. The CHIETA also responded and aligned in assisting a substantial number of unemployed youth with the bursary programme in support of Government's Free Higher Education Plan.
3.9	Enrolling 684 Unemployed learners to enter internships / Workplace Experience programmes	684	695	588	11	102%	😊	This indicator was exceeded through the Discretionary Grants Funding Model where member companies responded favourably to provide internship programmes for the unemployed learners.
3.10	Enrolling 1000 Unemployed learners on skills programme entered	1000	1015	2048	15	102%	😊	Target exceeded. In a drive to place learners in workplaces sooner, more accredited skills programmes were being implemented, that lead to a full qualification. Hence we are prioritising continuing learners as well, so that they can complete the relevant qualifications. This was also further supported by co-funding partnerships with Industry.
3.11	1500 Unemployed learners are certificated (Non-Artisan) on learnership programmes	1500	1515	1662	15	101%	😊	Target exceeded as part of companies showing interest on BBBEE benefits to be obtained.

PROGRAMME 3: OCCUPATIONALLY DIRECTED PROGRAMME: Strategic Objective- Optimal access and delivery on Occupationally Directed Programmes: Ensuring 16 798 learners are participating in Occupationally Directed Programmes

Performance indicator		Planned Target 2019/20	Actual Achievement 2019/20	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement for 2019/2020	Percentage Achieved	Status 2019/20	Comments
3.12	30 Unemployed bursary holders are certificated on completion of their qualifications	30	35	35	5	117%	😊	Target exceeded.Last year with the fees must fall campaign, we funded the maximum that our budget could support. We also had success with the NSFAS, CHIETA Bursary scheme and Free state top achiever project The CHIETA also responded and aligned in assisting a substantial number of unemployed youth with the bursary programme in support of Government's Free Higher Education Plan.
3.13	342 Unemployed learners are certificated on completion of internships /Workplace Experience are certified	342	345	317	3	101%	😊	Target exceeded. CHIETA has been driving placement of unemployed interns, for job creation.This was also due to the co-funding partnership model between the CHIETA and TVET Colleges.
3.14	500 Unemployed learners are certificated on skills programmes	500	506	1080	6	101%	😊	Target exceeded. In a drive to put learners in workplaces sooner, more accredited skills programmes are being implemented, that lead to a full qualification. Hence we are prioritising continuing learners as well, so that they can complete the qualification. This was also exceeded through the co- funding partnership model between CHIETA & the Employers.
3.15	Enrolling 1730 learners on Artisan programmes	1730	1740	1751	10	101%	😊	Target exceeded. The Discretionary Grants Funding Model prioritised this programme. The prioritised SIPs Programmes and DHET Centres of Specialisation(COS) project also contributed to exceeding this indicator.
	Enrolling 120 learners on Artisan programmes for Centres of Specialisation	120	140	120	20	117%	😊	
3.16	479 learners are certificated on completion of their Artisan qualifications	479	675	797	196	141%	😊	Target exceeded. The support and increased efficiency from the National Artisan Moderating Body (NAMB) assisted the CHIETA pipeline learners in exceeding this target.

PROGRAMME 3: OCCUPATIONALLY DIRECTED PROGRAMME: Strategic Objective- Optimal access and delivery on Occupationally Directed Programmes: Ensuring 16 798 learners are participating in Occupationally Directed Programmes

Performance indicator		Planned Target 2019/20	Actual Achievement 2019/20	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement for 2019/2020	Percentage Achieved	Status 2019/20	Comments
3.17	Enrolling 80 learners on Work Integrated Learning (HET) programmes	80	107	175	27	134%	😊	Target exceeded through increased Discretionary Grants Funding uptake and responding to Industry and National needs.
3.18	40 learners are certificated on completion of their Work Integrated Learning (HET) programmes	40	50	96	10	125%	😊	Target exceeded. CHIETA has been driving placement of unemployed interns, for job creation. The co-funding partnership between the CHIETA and HET Institutions also exceeded our achievement.
3.19	Enrolling 30 learners on Candidacy Programmes	30	31	33	1	103%	😊	Target exceeded. The Discretionary Grants Funding Model prioritised this programme. The prioritised SIPs Programmes also contributed to exceeding this indicator.
3.20	15 learners are certificated on Candidacy Programmes for completions after 3 years	15	16	0	No Target Set	107%	😊	This is a 3 year programme. Certifications will only be reported in 2019/20.
3.21	Enrolling 600 learners on Recognition of Prior Learning programmes	600	605	975	5	101%	😊	Target exceeded. The Discretionary Grants Funding Model prioritised this programme.
3.22	The number of employers in partnership with CHIETA	130	145	173	15	112%	😊	Target exceeded. The Discretionary Grants Funding Model is strongly focused on stakeholder partnership and delivery as per CHIETA and DHET priority area.The CHIETA through the Regional Skills Forums were able to attract more Employers in the Chemical Industries Sector to participate in Skills Development Interventions.
3.23	820 TVET Graduate learners to enter workplace experience	820	852	901	32	104%	😊	Target exceeded.CHIETA has been driving placement of unemployed interns, for job creation. The co-funding partnership between the CHIETA and TVET Institutions also exceeded our achievement.

PROGRAMME 3: OCCUPATIONALLY DIRECTED PROGRAMME: Strategic Objective- Optimal access and delivery on Occupationally Directed Programmes: Ensuring 16 798 learners are participating in Occupationally Directed Programmes

Performance indicator		Planned Target 2019/20	Actual Achievement 2019/20	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement for 2019/2020	Percentage Achieved	Status 2019/20	Comments
3.24	410 TVET Graduate learners are certificated on completion of their workplace experience programmes	410	547	456	137	133%	😊	Target exceeded.WIL is a key focus in the NSDS III. CHIETA has been driving placement of unemployed interns, for job creation. The co-funding partnership between the CHIETA and TVET Institutions contributed to exceeding the target.
3.25	18 TVET College campus partnerships are concluded	18	23	18	5	128%	😊	Target exceeded. The CHIETA responded to a Discretionary Grant application in partnership with Public TVET Colleges together with the recent opening of the Centres of Specialisation.
3.26	70 TVET lecturers are entered on capacity building programmes	70	82	84	12	117%	😊	Target Exceeded.White paper requires SETAs to support TVET Lecturer development, hence we looked at maximum that can be funded with the available budget.
3.27	40 TVET lecturers are certificated on completion of their capacity building programmes	40	47	59	7	118%	😊	Target Exceeded.White paper requires SETAs to support TVET Lecturer development, hence we looked at maximum that can be funded with the available budget.
3.28	Maintain and operationalise the 2 SETA Offices in TVET Colleges	2	2	2	0	100%	😊	Target Achieved.
3.29	150 learners in AET entered & bridging programmes	150	160	260	10	107%	😊	Target exceeded. This was a focus area in the CHIETA Discretionary Grants Funding Model and the CHIETA Strategic Plan that resulted in positive participation and achievement from CHIETA stakeholders.A strategic programme was implemented for disabled learners participating in AET Learning Programmes.
3.30	75 learners in AET entered and bridging programmes are certificated	75	87	230	12	116%	😊	Target exceeded. This was a focus area in the CHIETA Discretionary Grants Funding Model and the CHIETA Strategic Plan that resulted in positive participation and achievement from CHIETA stakeholders.The CHIETA prioritised and responded to a need on AET applications concentrating on Learners living with disabilities and from rural areas.

PROGRAMME 3: OCCUPATIONALLY DIRECTED PROGRAMME: Strategic Objective- Optimal access and delivery on Occupationally Directed Programmes: Ensuring 16 798 learners are participating in Occupationally Directed Programmes

Performance indicator		Planned Target 2019/20	Actual Achievement 2019/20	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement for 2019/2020	Percentage Achieved	Status 2019/20	Comments
3.31	40 Co-ops participating on learning programmes	40	46	40	6	115%	😊	Target exceeded. This was a prioritised Rural funding model that encouraged co-ops to participate through the CHIETA Strategic Projects. This programme was also implemented within the framework of the actual outcomes of one of the NSDS III strategic goals.
3.32	115 small business participating on learning programmes	115	121	122	6	105%	😊	Target exceeded. Strategic focus of the CHIETA Board in support of DHET National priorities , to grow the sector with new SMMEs and support current SMMEs, to impact the development and sustainment of entrepreneurs which can make a significant contribution to job creation within the Industry.
3.33	50 NGO/CBO/CBC enrolled on learning programmes	50	55	54	5	110%	😊	Target exceeded. This was a prioritised Rural funding model that encouraged co-ops to participate through the CHIETA Strategic Projects.
3.34	5 worker initiated training interventions are entered	5	6	5	1	120%	😊	Target achieved. Target achieved through the Regional Outreach Strategy for Skills Development Committee support.
3.35	Develop 1 CHIETA career guide inclusive of maths and science guide	1	1	1	0	100%	😊	Target achieved through the development of the Scarce and Critical Skills Guide.
3.36	A total of 10 career guidance events are planned and implemented	10	12	8	2	120%	😊	Target exceeded due to the National call by DHET to participate in Career Guidance Expo's and workshops. This was also one of the prioritised funding areas within the Discretionary Grants Funding Programme and specific attention was given to Maths and Science Career Guidance Programmes with positive uptake and feedback from stakeholders.
3.37	10 Rural Development Projects planned and implemented	10	12	11	2	120%	😊	Target exceeded. This was also a prioritised funding programme through the Strategic Projects that encouraged and resulted in many member companies and providers to participate positively in this intervention.
	Baseline	16 798	17 868	21 964	1 069	106%	😊	Baseline Target Exceeded

PROGRAMME 4: LPDI / Quality Assurance -Strategic Objective: Ensure the sustainability of Chemical Industry accreditation of Service Providers, curriculum development of qualifications and sustaining effective certification processes: Accreditation and management of CHIETA Training Providers, Moderators & Assessors

Performance indicator		Planned Target 2019/20	Actual Achievement 2019/20	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement for 2019/2020	Percentage Achieved	Status 2019/20	Comments
4.1.	A total number of 75 workplaces to be approved	75	81	82	6	108%	😊	Target Exceeded through ETQA planning frameworks and governance oversight to increase efficiencies in the CHIETA Stakeholder driven TFAC Committee.
4.2	310 skills programmes learner certificates issued for the Chemical Industry	310	393	419	83	127%	😊	Target Exceeded through efficient coordination and implementation by the ETQA Business Unit and demands from the Industry.
4.3	180 Assessors and Moderators are registered	180	197	238	17	109%	😊	Target Exceeded through a positive application rate received and effective ETQA processes around accreditation.
	Baseline	565	671	1 193	106	119%	😊	Baseline Target Exceeded

PART C

RESEARCH AND SKILLS PLANNING



The work of the research division informs and underpins the credibility, understanding, and implementation of the skills development strategy by the Board and Executive Management of the CHIETA. Under the visionary and strategic leadership of the Research and Skills Planning Department the division continues to give the sector the quantum leap and send it once again into a new growth trajectory giving it the sustainability and competitive edge by achieving a performance of 143 per cent against its organisational performance targets

While the skills contribution of the TVET sector has traditionally been limited, government’s determined focus on increasing both the quality and quantity of output from TVET Colleges means that this sector is playing an increasingly important role in skills development in the sector. With a new focus on repositioning TVET colleges as institutions of choice for learners who are seeking skills to secure employment or create sustainable businesses, a number of partnerships and collaborations with TVETs were forged during the period under review, including and not limited to, artisan development.

During the reporting period, the CHIETA has created new partnerships, and strengthened existing ones with our stakeholders that include post-school training institutions, government departments, employers, employer associations, labour unions, and other SETAs; to collaborate and produce skills development activities that contribute towards sector sustainability and competitiveness, amongst others.

We are especially proud to have established strategic collaborations and partnerships with a number of higher education and training institutions, TVET colleges, universities and universities of technology. The CHIETA, as part of the DHET–SETA Directorate, is providing excellent leadership and guidance in establishing a best practice model for the implementation of the Co-ordinating SETA TVET Office Model (CSTO Offices), for national roll-out to all TVET Colleges in the Republic of South Africa.

The CHIETA is actively investigating ways to drive new skills development interventions that will develop our people and it must be noted that the ultimate goal here is to introduce initiatives that will promote ongoing sustainability and to introduce skills that would remain relevant in the long-term. The CHIETA is vigorously pursuing and realising the promotion and facilitation of an improved skills profile for the sector’s workforce, employers and the economy of the country at large.

As the CHIETA, we see ourselves as a business that operates in a fast-changing and challenging market. We are also cognisant of the reality that the way we conduct our work is changing at

a rapid rate, and as result our skills development models need to be adapted too. In their recent report, the World Economic Forum (WEF) pointed out that disruptive changes to business models will have a profound impact on the employment landscape over the coming years. WEF indicates that the major drivers of transformation currently affecting global industries are expected to have an important impact on jobs, ranging from significant job creation to job displacement, and from heightened labour productivity to widening skills gaps. In many industries and countries, the most in-demand occupations or specialties did not exist ten or even five years ago, and the pace of change is set to accelerate.

For the CHIETA, this is around the Fourth Industrial Revolution. We saw this as an as an opportunity and not a challenge. Organisations that overlook this trend should brace themselves for an absolute failure ahead. For the CHIETA, we aim to be the principal influencers towards this new trend. As skills development leaders, we are prepared to show our partners and stakeholders the bigger picture in terms of sustainable skills, and educate our stakeholders on where we should be investing our resources in preparing our people for the workplace of the future. While South Africa is one of the most progressive countries on the African continent, it is also very unfortunate that the majority of the least economically developed countries in the world are in Africa.

With that said, South Africa should set the example on readying its people for the Fourth Industrial Revolution.

Research – the Game Changer that is making a much greater impact on skills development for the chemicals sector.

Research continues to form the backbone of the CHIETA. The Chemical Industries Education and Training Authority (CHIETA) has achieved its strategic objectives during the past decade by identifying, prioritising and communicating the varied critical skills that are needed for the sustainable growth and development of the chemical industries sector in South Africa. Currently, with the new fast paced revolution, there was a need to ensure that the chemical manufacturing sector learners receiving training are equipped with skills aligned to the revolution 4.0, however, that can only be achieved if the chemical manufacturing sector displays a satisfactory state of readiness. It is against this backdrop that CHIETA assessed the state of the chemical manufacturing sector companies to operate in the 4th industrial revolution.

Findings from the research concluded that the digital revolution is a human revolution. While new technologies are what is driving the 4th Industrial Revolution (4IR), ultimately, it is people who will bring it to life in businesses.

In summary the findings of the study show much perceived benefits to the companies as they transform to the 4IR (reduction in costs, high quality service, improved efficiency, high production and profits). Employers see a bright future in their companies, whilst the working class is gripped with fear of job losses, stiff competition, being out paced and a need to be re-skilled in order to remain relevant. Furthermore, the research concludes that the Chemical Industry and South Africa as a whole is not ready to adopt the 4IR in full swing due to lack of funding, relevant skills and in adequate infrastructure to support it. There is also resistance towards the 4IR due to fear of job losses and this is attributed to lack of assurance from employers that they will not lose their jobs.

The rise of the fourth industrial revolution, or Industry 4.0, is likely to drive such changes. Industry 4.0 brings together a number of digital and physical advanced technologies to form a greater physical-to-digital to-physical connection and it can potentially transform the chemicals industry by promoting strategic growth and streamlining operations. The CHIETA believes that the time is ripe for such a transformation: Advanced technologies relevant to the chemicals industry such as the Internet of Things (IoT), advanced materials, additive manufacturing, advanced analytics, artificial intelligence, and robotics together have reached a level of cost and performance that enables widespread applications. More importantly, these technologies are now advanced enough that they can integrate with chemicals companies’ core conversion and marketing processes to digitally transform operations and enable “smart” supply chains and factories as well as new business models. As the authoritative body of skills development within the chemicals industry, the CHIETA will continue to drive the process of 4IR as research suggests the pros of 4IR clearly outweigh the cons.

There is need for organisations to embrace change management models in order to manage change brought in by the 4IR in the Chemical Industry. As the Chemical Industry moves deeper into the 4IR era, the success in the future of work will depend heavily on their ability to effectively prepare the workforce by fostering a culture of re-skilling, upskilling and lifelong learning.

The study draws attention to the diversity of sub-sectors, their knowledge of 4IR, level of preparedness and skills requirements.

KEY FINDINGS OF THE 4IR RESEARCH

- 4IR is an ongoing technological advancement.
- Chemical Manufacturing Industry in South Africa is not prepared to adopt 4IR.
- Companies have neglected to mentally prepare the workforce to operate in the 4IR.
- Lack of 4IR awareness and its benefits, as it is mostly perceived as leading to job losses.
- Lack of intra-organisational synergy - international holding companies are ready, their South African based subsidiary companies are not, due to lack of resources and skills wherein, some are still in the process of receiving training.
- The lack of readiness poses a challenge on global competition.
- Multi-national companies must practice standardisation of processes to ensure uniformity on a global level;
- Foreseeable 4IR benefits include cost reduction, high quality service, improved efficiency, high production and profits.

Future Skills that were highlighted from this study globally especially for the Chemicals sector is as follows:

FUTURE SKILLS		INTERNATIONAL SKILLS
Critical thinking	VERSUS	Complex Problem Solving
Cognitive Abilities		Critical Thinking
Resource Management Skills		Cognitive flexibility
Content (Machine Operating Skills)		People Management
Technical Skills		Emotional Intelligence
Process skills (or processing?) (system Skills)		Judgement and Decision Making
Analytical Skills		Cloud Computing

KEY FINDINGS: BENCHMARKING GLOBAL TRENDS ON FUTURE SKILLS IN MANUFACTURING

CHIETA	GLOBAL FUTURE JOBS
Mechanical Engineers (with practical technical skills to cope with advancing technology in plant design and operating)	Engineers (Mechanical Engineers)
Chemical Engineers	Scientists
Electrical Engineers (with practical technical skills to cope with advancing technology in plant design and operating)	Machine Learning Specialist
Operator Technicians	Artificial Intelligence (Artificial Intelligence Specialists)
Industrial Chemists (to address Green Developments)	Product development
Green Economy Jobs (Water and waste treatment plant operators, industrial mechanics)	Green Professions (Green Marketers)
Safety, Health, Environment & Quality (SHEQ) manager (based on technological advancements)	Cloud Computing
Data Analysts	Data Analysts

While the future profile of the global chemicals industry is unclear, this brief review of digital disruptions within the industry, raise some clear medium-term lessons for the South African chemicals industry that potentially lay a starting framework for the development of a proactive response.

1. The future of chemicals is increasingly automated, connected and data driven. Vastly different skills sets are required if the South African chemicals sector is to follow this global trend and remain competitive and relevant.
2. Technology, as it is currently, will be controlled by multinationals. The vast sums of money being invested by the world’s leading chemicals manufacturers and technology providers is unlikely to lead to major fragmentation of the industry’s dominance by a few players.
3. Chemicals manufacturing processes are unlikely to fundamentally change in the near to medium term although accelerating adoption will undoubtedly be observed.

Supporting the South African chemicals industry as it incorporates these technologies will be essential to its long-term success. Many of the digital disruptions cut across all manufacturing sectors and need to be supported at that level, but their specific combinations within the chemicals industry also need to be understood and responded to.

To this end, the CHIETA as a vital institution of the South African economy has an important role in preparing and moulding human capital to make them fit for the labour market. It also has an important role in refining skills for already engaged human capital with a view to making them remain competitive and relevant to the labour market. Even with these important interventions, the problem of skill mismatch between the job description (employers) and the applicants; between the school graduates and labour market; is contributing immensely to the increasing rate of unemployment (29.1%), (Statistics South Africa, 2019; Trading Economy, 2019).

Further Research done in the reporting period is a follow up from the SMME Research study conducted in 2017 on product fit and opportunities for value chain participation by SMMEs in the chemical sector. The objective of the study was to strengthen the role of SMMEs in national and Southern African value chains. This was intended to assist them to ultimately become the chemical technology core for future local, regional and national industrial development. The CHIETA then commissioned another report on Value Chain within the SMME sector. This study aimed to gain an understanding from the previous research commissioned on product fit and opportunities for SMME’s of the broader value chains available in the chemical sector and to identify alternative opportunities and points of entry through which small, medium and micro enterprises (SMMEs) can access the mainstream chemical sector and the wider economy. A detailed report and findings from this study can be read on page 62 to page 66

In concluding with the Research done for this financial year, the CHIETA commissioned research to investigate the causes of the high dropout rates in CHIETA funded programs in order to contribute to the existing knowledge and theories about why student dropout rates in the chemical industry funded programs are on the increase and the results of this study is reflected on pages 58 to 62 of this report.

For the CHIETA, I am proud to say that despite the complexity of our country and the challenges that we continue to encounter, we still manage to touch many lives, across races, class, gender, disability status and age. The National Skills Development Plan emphasises that access to training and skills development opportunities is a major priority and key imperative, and everyone in the education and training domain must strive towards achieving the fundamental transformation of inequities linked to class, race, gender, age and disability in our society.

No matter what challenges a country faces, or how its economic sectors evolve and advance in response to external influences and the increasing responsibilities of good corporate citizenship, all progress rests on skills. Without skills, there can be no growth

INTRODUCTION

The introduction of the National Skills Development Strategy (NSDS) III in 2011 placed greater emphasis on research and analysis. The strategy also mandated SETAs to become authoritative voices on skills planning in their respective industrial sectors. As a result, CHIETA formally established and capacitated the Research and Skills Planning unit to ensure alignment to the strategic guidance document. In so doing it recognised the importance of sound research in guiding decision making.

Research within CHIETA and the industry is critical in skills planning, stakeholder engagement and 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, both of which are approved by the Accounting Authority. The purpose of this policy framework and research agenda is to guide the implementation of research in areas of strategic importance.

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

- Core labour market research
- Technical Vocational Education and Training (TVET) including Work integrated learning (WIL)
- Impact assessment
- Sustainability and socio-economic development and
- Other

The role of governance structures in skills planning

Skills planning, together with the development and finalisation of the SSP update, strategic plan and annual performance plan, are key elements of the governance structures of CHIETA and its stakeholder constituencies.

The strategic direction for CHIETA is set by the Accounting Authority, which provides effective leadership to ensure that CHIETA implements the goals of the NSDS and its performance agreement with the Minister. The Accounting Authority’s governance and strategy committee (GSC) oversees the skills planning and reporting processes.

The committee’s responsibilities include:

- Overseeing CHIETA’s Sector Skills Planning (SSP) process and research agenda
- Informing and guiding CHIETA on relevant scarce, critical and priority skills for the chemical industry
- Overseeing CHIETA’s strategic planning process in terms of its strategic focal areas in support of the SSP, also based on industry needs and
- Overseeing organisational performance and monitoring of deliverables against the SSP, strategic plan and annual performance plan.

The Accounting Authority has delegated the approval of CHIETA’s SSP to the chairperson of the governance and strategy committee (GSC). Subsequent governing board meetings ratify decisions made in terms of this delegated authority. As the process unfolds the governing board ratifies and approves SSP development and progress.

The functional work of the GSC is carried out by the research and skills planning committee (RSPC). This is a GSC subcommittee consisting of five chairpersons of the CHIETA chambers set up for this purpose. The core mandate of the RSPC is skills planning. The chambers represent all nine economic subsectors in the chemical sector.

The functions of the RSPC are:

Recommend the CHIETA’s research policy framework and research agenda to the Governance and Strategy Committee and

Oversee relevant research projects undertaken by CHIETA and reported on, on a quarterly basis in respect of the CHIETA SSP

Receive and discuss reports from the chambers on skills needs and priorities in the sector

Advise CHIETA on scarce occupations/skills and critical skills for the sector

Support and advise CHIETA on the qualifications framework/matrix by identifying priority areas for learning programme development

Monitor the implementation of the sector skills plan (SSP) and

Review and make recommendations on the SSP process to the governance and strategy committee and seek board mandates on the SSP through this committee.

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

- Petroleum
- Base chemicals
- Fast moving consumer goods
- Pharmaceuticals
- Explosives
- Fertilizers
- Speciality chemicals
- Surface coatings
- Glass

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

The roles of the chambers are:

- Facilitate and participate in the development of the SSP reflecting skills requirements of the sector and subsectors.
- Submit a chamber skills plan, Qualifications Matrix and contribute to a critical/hard to fill vacancies list for the relevant subsector(s) and a PIVOTAL list for the sector.
- Monitor the implementation of the chamber skills plan in support of the SSP.
- Identify and assist, where possible, relevant research projects undertaken by CHIETA in support of the SSP.
- Review the SSP process and make recommendations to governance structures via the RSPC to the GSC.

Exercise and perform any function, power and duty that is conferred upon it in terms of the CHIETA constitution or which is delegated to it by the Governing Board except where such power, function or duty may not be delegated.

THE SECTOR SKILLS PLAN

The Sector Skills Plan (SSP) continues to receive excellent reviews from the Department of Higher Education and Training. The CHIETA produces a well-researched SSP, together with a sector analysis, to enable effective skills planning for the sector. The SSP is informed by research, which analyses the sector and establishes baselines for employment in the sector in terms of equity concerns. It provides a sound analysis of industrial sectors and articulated sector strategies that address current and future scarce and critical skills and occupations in demand within the sector. The SSP aims to identify employment and growth trends, the skills requirements of the relevant sectors and to prioritise these in terms of skills development. The process takes account of the environment, the nature of the sector and the demand and supply of skills.

CHIETA once again achieved its mandate in 2019/20. During this period, it developed and submitted the SSP final for the chemicals sector for the period 2020 to 2025 to the Department of Higher Education and Training (DHET).

Endorsed by CHIETA’s board, the SSP update was prepared in accordance with the National Skills Development Plan (NSDP 2030) for the period 2020 to 2030, and guided by the DHET’s revised SSP framework and requirements.

In the third year of its implementation, this policy guiding document assists to ensure the standardisation of SSPs

developed by the SETAs. It also enhances the accessibility of these strategic documents by all stakeholders. This SSP is aligned with the NSDP 2030 and relevant legislation, strategies and debates around skills development. This includes sector-specific and broader national imperatives related to the growth and development of the economy, including the grant regulations.

Skills development initiatives in the chemical industry are based on guidance and information provided annually by the SSP. The report is the result of a sound research process and extensive stakeholder consultation. Such consultation, in particular, takes place through the involvement of CHIETA’s chambers. CHIETA stakeholders took ownership of this plan and committed themselves to working with CHIETA over the next five years to address skills development priorities in the chemical sector, and to achieve the goals and objectives set out in the SSP. As the plans become operational, annual revisions and updates will be undertaken to ensure alignment with sector relevant government policies and growth plans.

As part of its skills development planning function, CHIETA collects data annually from employers on occupations that they consider hard to fill (critical and scarce). The information on these vacancies was obtained by analysing the results set out in the hard to fill vacancies table of the WSPs-ATRs submitted for 2018/19, and in discussion within the chambers.

At the end of March 2019 the Chemicals Industry employed 12 498 people in 124 designated trades. The largest group of artisans was mechanical fitters (1 828), followed by quality controller (manufacturing) (1 171), industrial machinery mechanic (1 134), and millwrights (1 053). At the same time there were slightly more than 14 000 employees in the chemical industry working in occupations identified on the OFO 2017 as ‘green’. The largest occupational group is chemical production machine operator (11 378), followed by handyperson (5 253), chemical plant worker (4 198), visual merchandiser (3 949), and chemistry technician (3 876).

Once shortages in skills have been reported and analysed, it is imperative that stakeholders are consulted to contextualise the analysis in order to better understand it. This is an important aspect of skills planning in CHIETA as numbers and lists need to be contextualised. Based on the hard to fill vacancies and incorporating relevant factors and variables, CHIETA has developed a priority skills list that, once endorsed by the Accounting Authority, is submitted to the DHET.

RESEARCH PROJECTS FOR 2019/20

To supplement the SSP processes and implement CHIETA’s research agenda, the following research projects were concluded in 2019/20:

CHIETA Research Agenda Implementation Report		
Research Agenda Theme	Aim/Objective	Research Title
Sustainability and Socio-economic Development	To determine the operational status of all identified SEZs and IPs in South Africa, and understand their skills development needs, opportunities and growth areas for the chemical sector	Understanding the special economic zones (SEZs) and Industrial Parks (IPs) in South Africa
Sustainability and Socio-economic Development	The primary aim of the study was to assess the state of readiness of the Chemical Manufacturing sector companies for the adoption and integrate 4IR solutions by determining the skills requirement of the work force to reap the benefits of 4IR, and frame the discussions for sector wide engagements on 4IR. The study also reviewed the adoption of the 4IR y the chemical sector from a global perspective.	Chemical Manufacturing and the 4IR
Sustainability and Socio-economic Development	This study aims to gain an understanding of the broader value chains available in the chemical sector and to identify alternative opportunities and points of entry through which small, medium and micro enterprises (SMMEs) can gain access to the mainstream chemical sector and the wider economy.	A study on value chains and opportunities for small and medium businesses in the chemical sector

CHIETA Research Agenda Implementation Report		
Research Agenda Theme	Aim/Objective	Research Title
Impact Assessment	The aim of this research study was to investigate the causes of the high dropout rates in CHIETA funded programs in order to make a contribution to the existing knowledge and theories about why student dropout rates in the chemical industry funded programs are on the increase.	Drop-out rate on CHIETA learning programmes
Impact Assessment	The objective of this study was to conduct a review of Employers and Training Providers funded through the CHIETA Discretionary Grants for Learning programmes, Strategic Projects and Research Projects in the last 5 years.	A review of employers and training providers funded through the CHIETA discretionary grants for learning programmes, strategic projects and research projects in the last 5 years

CHIETA's latest career guide is informed by CHIETA's comprehensive occupational handbook, its qualifications matrix, and engagements with stakeholders. The handbook and the qualification matrix are updated biennially. CHIETA continues to support companies to improve the accuracy and quality of data for the next WSP-ATR and PIVOTAL reporting cycle.

The skills supply and demand database (SSDD) has been developed by CHIETA so that it can make a holistic impact in all its interventions. This also ensures that it can match the supply and demand in the chemical sector.

This user friendly web based platform has three objectives:

- To assist its member companies in the chemical sector to match their needs with appropriately qualified graduates
- To create a platform for students and graduates to assist them in seeking work and gaining experience in the chemical industry in occupations that match their qualifications and interests and
- To evaluate and measure the impact through tracking and tracing the placement of students and graduates in the chemical industry.

The SSDD has been well received in the sector. As a result, the database, and participation from both the supply and demand sides of the chemical sector, is growing.

RESEARCH

Research is the backbone of the CHIETA and we believe that proper research always improves the likelihood of effective implementation. Thus, CHIETA places great store in creating a comprehensive foundation for all its interventions. The research-rich SSP is the SETA's guiding document in focusing initiatives and implementation to produce the desired impacts. It is developed in consultation with stakeholders to develop a highly skilled workforce, improve firm-level productivity and increase the competitiveness of the sector through skills development. The SSP is now a more structured document whose development is guided by a new framework that requires it to take heed of most of the research conducted at the SETA.

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

Skills shortages are rated as one of the most central factors hindering the success, competitiveness and sustainability of companies within the CHIETA sector. In the medium term, the CHIETA endeavours to be an important contributor in supporting the growth of small, medium and micro enterprises through skills development, improving access to quality and occupationally directed programmes, ensuring that a pool of talent gives the CHIETA sector a quantum leap in world-class chemical strategies.

It is critical that our research agenda focuses on what the skills of the future will look like, and how to prepare for this new reality. Due to the specialised and highly technical nature of the CHIETA industry, the need for knowledge-based workers with high-level skills and competencies is a priority need. Research must inform planning of skills for the next 30 years if we are to address competitiveness and sustainability of our industries in the long term.

In our quest to improve research capacity and expertise the CHIETA depends on quality research to inform decision making, process improvements, impact assessment and to better understand the sector for planning. Research is at the center for credible skills planning.

As the NSDS III winds down, it is essential that research studies identify the successes and failures of past SETA interventions and detail what lessons were learnt during the NSDS tenure. Going forward, the National Skills Development Plan (NSDP) has identified the need for SETA research into the implications of the fourth industrial revolution (4IR) – how technology and automation will change the labour profile and what skills humans need not to become redundant in the age of robots, big data and self-drive vehicles. Research going forward will need to be more focused and intense, and, given the quick-fire changes happening already, more dynamic.

Topic	Nature (Design) of the study	Nature (Design) of the study	Data collection methods	Data collection methods	List of data sources and datasets	Time frame
A study on value chains and opportunities for small businesses in the chemical sector	- Qualitative	This study aims to gain an understanding of the broader value chains available in the chemical sector and to identify alternative opportunities and points of entry through which SMMEs can gain access to the mainstream chemical sector and the wider economy.	-Interviews -Secondary resources	SMMEs in the chemical sector	- Dti - CHIETA - SEDA	2019 to March 2020

Drop-out rate on CHIETA learning programmes	-Qualitative	The aim of this research study was to investigate the causes of the high dropout rates in CHIETA funded programs in order to make a contribution to the existing knowledge and theories about why student dropout rates in the chemical industry funded programs are on the increase.	-Interviews (face-to-face and telephonic)	The sample aimed for was 25% of the target population from the following categories: ex-students (drop-outs), training providers, employers, student support/mentors.	- CHIETA database	2019 to March 2020
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Highly summative Research Report on Drop- out rate on CHIETA funded Learning programmes- March 2020

The CHIETA, which is the custodian of all skills development initiatives for the Chemical Industries sector is guided in its strategy by the National Skills Development Plan (2030) NSDP. The NSDP, which is a progression from previous national skills development strategies, aims to ensure increased access to training and skills development opportunities in order to achieve the fundamental transformational objectives of the new South Africa. In addition, it aims to redress the skills shortages and mismatches of skills currently faced by the country. It also aims to improve productivity in the economy by supporting development initiatives such as the new growth plan, the industrial policy action plan, and the human resource development strategy and in particular, sector development plans which must all include government's goals for rural development.

The CHIETA aligns its goals and strategic objectives to focus on the identified fundamental skills areas which include apprenticeship training, learnerships, work integrated learning (Internships and graduate programs) and other skills programs that should allow for job mobility.

The government's and inevitably the CHIETA's desire to achieve its vision of a skilled and capable diverse workforce to support an inclusive growth path for the individual and for the nation is however, being eroded by the high numbers of learners dropping out from assigned learning programs.

The problem of students dropping out of vocational training colleges is not unique to South Africa and the characteristics of this phenomenon show similarities across the globe. The problems generally faced in the more developed countries are associated with students expressing dissatisfaction with a number of issues including programme selection, lack of student support, outdated course content, poor infrastructure and lack of financial support leading to a desire to exit early and start earning better pay.

The student dropout rates in the South African Technical Colleges (TVET) are a cause for concern among the different stakeholders who include among others, Government, the TVETs themselves, the taxpayers who indirectly fund this program, the parents and the students.

The CHIETA commissioned research to also better understand the cause of this phenomenon plaguing basic and post school education and training in South Africa. The research is intended to inform planning. The aim of the research study was to investigate the causes of the high dropout rates in CHIETA funded programs in order to contribute to the existing knowledge and theories about why student dropout rates in the chemical industry funded programs are on the increase. Secondly, to understand why these learners are dropping out of their studies at different stages in the students' life cycle.

The intended outcome was aimed at, helping students meet their unfulfilled needs, enabling thousands more talented students to complete their studies and be ready to plug the critical skills gaps in the economy. It was hoped that the new knowledge so gained will would enable the CHIETA to become an authoritative voice on skills development and to conduct its mandate in a more direct and impactful way.

The objectives of the research study were as follows;

- To understand the root cause of the variance between enrolment and completions in the targeted programs for improved implementation thereof
- To analyse the effectiveness of learning programs for Apprenticeships, learnerships and Work Integrated Learning (WIL)
- To make recommendations on how to support "at-risk" students and to help them stay engaged on the program by enriching their experiences
- To make recommendations to improve retention rates and increase student's chances of successful outcome.

The research study revealed that the following factors contribute to the high student dropout rates being experienced on CHIETA funded Program. Factors identified included the following: -

- Poor alignment of programs with industry needs
- Lack of adequate preparation for attachment
- Poor training models
- Quality of lecturing
- Lack of adequate training facilities within TVETs
- Lack of clear learning pathways for programme articulation
- Poor recruitment processes
- Social distance between the SETA and what is going on in the TVET colleges

Some important survey results from the Research Study revealed the following:

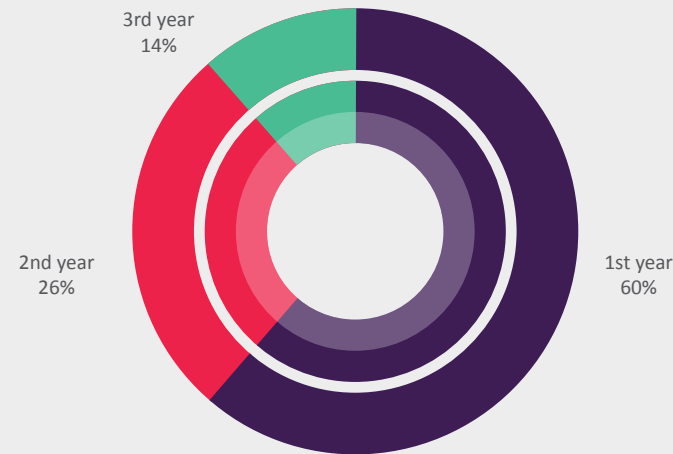
The questions asked during the data collection phase were meant to tease out the reasons why students enrolled at technical and vocational colleges decide to drop out at various levels of their studies. A large percentage (94%) of students in TVET colleges enter the institutions with a diploma pass, which is just a few points below the bachelor pass, that grants students entry to University. While a few students interviewed indicated that they enrolled at a TVET college as part of plan B, to improve their matric grades and achieve a bachelor's pass for University entry.

Studies have shown how the gap between formal schooling and vocational learning can influence what happens to some students when they rejoin the learning stream. More than 18% of the students interviewed had been out of college for over a year, meaning they would have lost the proclivity for study required at tertiary level. This could mean they might have found it difficult to re-engage with formal or self-directed learning required at this level, leading to possible dropout.

A well- coordinated registration process across the 53 TVET colleges nationally would help alleviate the problems associated with students dropping out of studies, because they are not fully engaged or committed from the commencement of the programme. 60% of the students interviewed thought about dropping out in their first year of study, and they eventually dropped out. Early detection systems that pick up students struggling emotionally or academically would have assisted students to settle down as year one appears to be the most critical in terms of determining whether students will proceed to year 2 and year 3 of study. 26% of the students interviewed dropped out in their 2nd year and 14% in their third year clearly indicating that with the right support, they might have completed their programs.

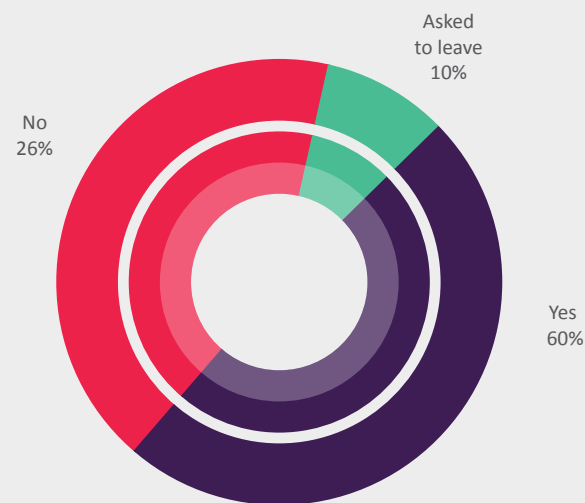
60% of the students dropped out from their own volition, citing personal reasons, such as adequate finance and lack of motivation to pursue their studies. 10% abandoned their studies because they had been asked to do so by the college. 40% of the students received academic support, and 48% did not receive academic support, as the definition is not uniform and it may mean different things, offered by different people and experienced differently.

AT WHAT POINT IN YOUR STUDIES DID YOU START THINKING OF DROPPING OUT OF YOUR STUDIES?



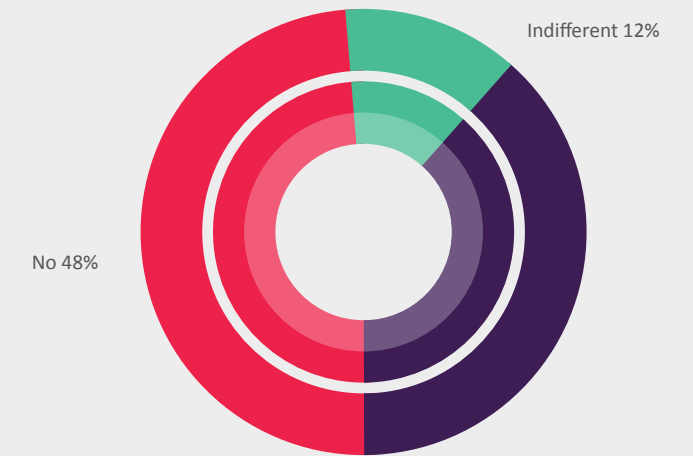
From the pie chart above, it is clear that more than half (60%) of the students who eventually dropped out had thought about this in their first year. Early detection systems that pick up students struggling emotionally or academically would have assisted students to settle down as year one appears to be the most critical in terms of whether students will proceed to year 2 and year 3 of study.

DO YOU DROP OUT ON A VOLUNTARY BASIS?



60% of the students who dropped out did so of their own volition, showing that they did so due to personal reasons. The reasons ranged from a lack of adequate finance, death in the family and having to step up as a breadwinner, illness and lack of motivation.

WERE YOU GIVEN ENOUGH ACADEMIC SUPPORT IN YOUR STUDIES?



The responses received do not show much of a difference between those who agreed that they had been given enough academic support (40%) and those who said that they had not (48%). The ambivalence of the 12% who were recorded as indifferent seems to suggest that the issue of student support was not considered as being of much importance regarding student dropout.

Recommendations

The research study revealed the significance of improving the way in which student dropout is currently viewed and managed in colleges in South Africa. The recommendations below, if adopted, should see a drop in the current dropout rate which should minimise its effects on TVET colleges, the individual students and the community which will result in financial gains for the SETA.

Key recommendations from the findings include the following:

1. Student Enrolment

Colleges need to take note of each student's high school academic profile, as such data enables provision of a bridging or foundational program to assist students with identified learning needs especially around English, mathematics and science, to cope better on their program.

In the case of apprenticeships, colleges should be encouraged to set up a "career start" program where students can be assisted to observe and experience their trade of choice and the real world of work for a period of two weeks to allow prospective students to test out a programme before enrolling for it.

2. Programme Improvement

In view of the high unemployment levels in the country, program content should lean heavily towards nurturing entrepreneurship over targeting employment. For successful implementation of apprenticeships, internships and graduate programs, employers need to be encouraged to offer well-structured and monitored on-the-job schemes training, to improve the quality of graduates and artisans.

3. Faculty factors

Continuous professional development of college lecturers, through peer reviews to evaluate their teaching methods, and attendance of relevant local and international training and conferences, as part of development and capacity building.

4. Social factors

Employ peer education activities aimed at improving student's communication and cooperation skills that will mould student behavior at colleges. Students need to be involved in the planning and carrying out of community service projects as part of corporate social responsibility (CSR). For students, this would help towards improving self-esteem and helping them become more accountable to their families and the society.

5. Data Analytics

Colleges to start keeping learning analytics as they assist with retention rates, Should a learner be identified as being at risk of dropping out because of poor marks, absenteeism from class or attitudinal problems, a red flag is raised and timely and appropriate support can be given and keep results of exit interviews to ascertain student reasons for dropping out

6. Student support

Provide individual support through one-on-one and face to face interaction between students and mentors, for student seeking support and immediate remedial of their needs in real time. In trades and occupational areas, provide female mentors for female students to navigate those uncharted areas, in fields such as engineering, which are male dominated

Way forward

An in-depth analysis of the Research commissioned by the CHIETA revealed that the problem of students dropping out of vocational training colleges shows similarities across the globe.

In South Africa, lack of finances, the quality of pre-tertiary education, the lack of foundational programs that could alleviate language problems and motivational issues contribute to high dropout rates. It was also found that another contributory factor to the dropout rate was the inadequate preparation in mathematics which is a foundational skill in many technical subjects. Students had also not learnt how to think critically or problem solve as these skills were not taught in the schooling system. Students entering vocational and technical colleges also showed a lack of study skills, poor understanding of higher education expectations as well as difficulty in managing their time. Most had no idea of how to set personal and work goals and how to prioritise tasks.

Sound retention practices were in this study positioned as recommendations. Trends in the literature on dropout rates lean towards a number of recommendations.

The recommendations included aspects such as academic and social preparedness, pre- entry screening aimed at supporting students, financial education and assistance and the fostering of campus environments that are conducive to learning and personal growth. CHIETA will continue to work with colleges to set up structures that can identify early, students at risk of dropping out as well as close monitoring systems of such students should be in place so that students at risk should be referred to professional councilors for holistic support interventions at an early stage.

The full research document is available on the CHIETA website for download: www.CHIETA.org.za

A STUDY ON VALUE CHAINS AND OPPORTUNITIES FOR SMALL BUSINESSES IN THE CHEMICAL SECTOR

Small, Medium and Micro Enterprises (SMMEs) form a significant component of economies and can serve as the core contributor, particularly in developing countries. The chemical industry of South Africa is mainly associated with the well-established component of the economy and represents a major source of national income and employment.

Government policies, especially those relating to Broad-Based Black Economic Empowerment (B-BBEE) and Preferential Procurement, have focused on inclusion to grow economic sectors and to extend their benefits to all communities. However, previous studies have shown that, although valuable channels to entry do exist for SMMEs in the chemical sector, they are limited in number and attempts to broaden participation through existing national value chains alone are likely to deliver constrained results.

The chemical sector has been identified by a Presidential working group as one with a central role to play in accelerating growth in gross domestic product (GDP) in South Africa.

The contribution to employment by the chemical sector, both overall and by the small business component, has shown essentiality stagnant performance over a five-year period. However, the job creation potential of the sector, with a multiplier of 12, suggests that a greater contribution to employment remains possible if overall sector performance can be raised.

The study on Value Chains and Opportunities for Small Businesses in the Chemical Sector follows from and builds upon the findings of a 2017 work, “Product Fit and Value Chain Participation for SMMEs in the Chemical Sector”, which focused primarily on existing products of small enterprises in the sector and the needs of large and better-established industry participants and buyers. The primary aim of this study was to gain an understanding of the broader value chains available in the chemical sector and to identify alternative opportunities and points of entry through which SMMEs can gain access to the mainstream chemical sector and the wider economy.

The study further looked beyond existing opportunities for inclusion to examine wider options for SMME involvement, including through targeting of new markets, enabling SMMEs to offer greater value addition, direct import substitution, entry to activities currently undertaken by well-established firms, and provision of supporting products and services to the established chemical sector.

The study focused primarily on opportunities in the chemical sector. Secondary sources were mainly relied upon, with primary sources consulted to supplement published information. Matters examined included:

- Trends in the contribution of the Chemical sector to Gross Domestic Product, employment over time and the number of businesses involved.
- Value chain strategies that have been successful in other countries
- Regional and Global Value Chains, including prospects for entry by South African small businesses.
- Opportunities for small businesses in the chemical sector from a broad perspective, including importing and exporting, marketing, packaging and labelling.

The contribution to employment by the chemical sector, both overall and by the small business component, has shown essentiality stagnant performance over a five-year period. However, the job creation potential of the sector, with a multiplier of 12, suggests that a greater contribution to employment remains possible if overall sector performance can be raised.

Two support services that are closely related to the chemical sector are the development of marketing services and packaging.

Marketing is a crucial element in the success of a business as it creates and maintains the critical connection between a company and its existing or potential customers. The study highlights that little marketing is undertaken by SMMEs in general, hence their high failure rate in South Africa. Lack of time has been cited as one of the marketing challenges faced by SMMEs. The number of tasks that need to be performed in running a business, together a limited number of staff members, leads to SMMEs usually overlooking the importance of marketing.

Other emerging opportunities that can be identified in marketing include offering of comprehensive options, such as selling outcomes rather than products. These may include guaranteed crop yields or volumes of purified water, rather than agrochemicals or water purification products. A proposed ‘living business’ approach to customer relations in the chemical sector also appears from literature.

Support services that may be of assistance to SMMEs to enable them to access opportunities include several funding instruments offered by the South African government.

These range from development loans and grants to incentives. The instruments differ in form and purpose, with three main

types of funding being the following:

- Full or cost-sharing grants,
- Incentives, and
- Equity funding

Findings and Recommendations

The recommendations arising from the study can be grouped into the following themes:

Partnerships and the forming of clusters

The building of networks and associations will be necessary to enable SMMEs to survive and compete effectively in the chemical sector. Evidence from literature suggest that the forming of alliances, clustering and networking assists small firms to compete, grow and cooperate with large firms. By working together, firms can gain the benefits of collective efficiency, enabling them to link with larger producers and to break into national and global markets.

Intra African Trade

Trade is commonly accepted as an essential engine of economic growth and development. The 2017 African Economic Outlook states that the trade between African countries presents major sustainable economic development and integration opportunities. The African Continental Free Trade Area (AfCFTA) is an initiative intended to advance economic integration in Africa and may provide a channel through which SMMEs can establish long term relationships with buyers in other African countries. Interaction by CHIETA with counterparts in other African countries may assist in to form linkages that may be used to introduce SMMEs to parties that may be interested in their products or services.

Introduction of networking opportunities / conferences and information sharing sessions

Lack of information is one of the leading challenges which inhibit the success of SMMEs. The lack of communication about support programmes that are available to SMMEs leads to a lack of awareness and low utilisation of available support.

Networking events, conferences and information-sharing sessions are therefore recommended as channels through which CHIETA may be able to both inform SMMEs of expanded product and service ranges that they may consider, and to enable co-ordination of joint programmes for value chain access, export promotion and related skills development.

To access the opportunities noted by the study, support and action for improving performance and participation of SMMEs throughout the chemical value chain will be required. All initiatives to develop small businesses should therefore include co-operation between relevant developmental and institutional stakeholders.

It is therefore recommended that any programmes for SMMEs to develop wider product ranges, or to broaden their market access, should be built on collaborative platforms. SMME representation should be included in such platforms.

Skills Development

Skills development is a key element of competitiveness and affects SMMEs' ability to benefit from the opportunities available in the value chain. Greater skills can improve efficiency of operations and the quality or form of the product being sold to the next link in the value chain. Industry-specific training relating to quality, standards-setting, and innovations, as well as development of adequate supplier programs, are critical for long-term sustainability of SMMEs.

Improving SMMEs access and use of digital technologies

Use of digital technologies has opened new opportunities for SMMEs to participate in value chains, but challenges remain that relate both to access and use of digital technologies to support integration of SMMEs into production networks. In addition, lack of digital skills has been identified as one of the key impediments to SMMEs participation in the value chain. Skills are therefore needed among SMMEs on how to participate in the digital economy and in the operation of the necessary technologies.

Access to funding

SMMEs are said to lack the knowledge to identify sources of funding and/or have trouble satisfying loan requirements to secure external funding. To address such challenges, effective communication is recommended on available funding schemes, deadlines, and required documentation.

Aside from direct contact with SMMEs, use may be made of modes of communication such as the media (television) to communicate funding opportunities to the relevant parties. Standing arrangements should further be introduced to ensure that all SMME support institutions with differing developmental mandates are able to refer SMMEs to organisations that are able to provide the most appropriate types of support.

The chemical sector is revealed as a key contributor to the South

African economy, with continuing growth potential. While a need to reduce reliance on international sources of chemicals is no longer supported by national policy, and the sector must be competitive in the face of global competition, it continues to play a foundational role in enabling the development other key sectors.

In terms of employment contribution, both the overall sector and the small business component have shown essentiality stagnant performance over a five-year period. The diversity and job creation potential of the sector however suggest that a greater contribution to growth remains possible.

SMMEs and value chain participation

The acceleration of globalisation, aided by the rapid development in information and communication technologies, improved transport facilities and tariff reductions, presents opportunities and challenges to small and medium-sized enterprises (SMEs). Participation in GVCs can give SMMEs the opportunity to attain financial stability, increase productivity and expand their markets. Cooperation within a network of upstream and downstream partners can further enhance a firm's status, information flows and learning possibilities, as well as lead to introduction of new business practices and more advanced technology (UNCTAD), 2010.

On the other hand, SMMEs' involvement in value chains demands greater managerial and financial resources, the ability to meet international standards and the protection of in-house intellectual property. To meet these challenges, even in developed countries, SMMEs need the support of their governments (OECD, 2007).

The challenge for SMMEs is to determine how and where (in which niche markets) to position themselves to best reap the benefits of globalisation. What they need in order to create competitive capabilities is the capacity to continuously upgrade their skills to increase their returns.

The study conducted for CHIETA on Product Fit and Value Chain Participation for SMMEs in the Chemical Sector examined value chains, SMME products and corporate needs, and found that only limited products and services that could be sourced from SMMEs were needed by the dominant role players in the industry (e.g. SASOL, Omnia Group, BASF, Johnson and Johnson, Unilever, etc.). This suggested that avenues through which SMMEs might find entry to markets were limited. In addition, the realities of economies of scale in upstream processing placed cost barriers on the areas of the industry available to SMMEs.

Few channels for entry were therefore found; however, some small manufacturers had been able to reach markets for FMCG products in their local communities and to develop niche products in cosmetics and personal care that appealed to particular clients. In light of this, the approach of the State-funded chemical incubator, Chemin, in introducing emerging manufacturers to the chemical industry through such products, and the support of CHIETA for the building of skills that might support chemical manufacturing, were found to be appropriate to the narrow band of activities open to new entrants. Other options for small suppliers and service providers in the supply chains of large chemical sector participants were in lower-value services, such as cleaning and electrical and mechanical repairs.

A further deficiency facing small firms was found to be inflexibility in their product lines and inability to innovate due to limitations on technical chemistry knowledge. This was found to require specialist, high level education.

Existing programmes aimed at improving mathematics and science education at high school level therefore appeared appropriate to build a pool of expertise and couple this to a system which enabled small businesses to access such expertise. Therefore, the types of skills development suggested for SMMEs were in those areas which would optimise their capabilities to reach such markets and to develop products for them.

South African market structure and trade data to determine patterns of demand that may allow for increased SMME involvement.

Chemical sector participants in South Africa

Most categories of chemical sector imports by the SADC region are dominated by those of South Africa. The national industries are diverse in their nature and a high proportion of value is added locally.

Perusal of the locations of chemical sector participants reveals that they occur in all provinces in various concentrations but they are primarily found in Cape Town, Durban, Johannesburg and Port Elizabeth. Examination of profiles from websites reveals that the sector is underpinned by a group of companies, primarily multinational, which are both distributors and manufacturers of products. Above this level are a group of medium and small but established enterprises primarily producing speciality products, and which in some cases offer services related to their products.

Products with potential for small business participation

The need for SMMEs in the economy of South Africa cannot be overemphasised. The chemical sector has been characterised by the presence of larger companies, and very often by the importing of already packed products. However, SMMEs in the chemical industry can become a major player in the sector by providing employment, by providing services to larger players, by innovating and by initiating new and niche products into the market.

Support services for small businesses

Several funding instruments are offered by the South African government for small businesses. These range from grants to incentives, which offer some form of financial support for entrepreneurs. The instruments differ in form and purpose, with three main types of funding being available. These are:

- Full or cost-sharing grants. These are usually not repayable. Grants that are less than 100% require the applicant SMME to fund the balance required for the project at hand.
- Incentives, which are grants that do not require the money to be repaid. Unlike full or cost sharing grants, incentives are paid after the event or work has occurred. In the case of Tax Incentives, businesses may deduct a certain amount from the money they owe in tax.
- Equity funding, which means that the government funding agency buys part of a business in return for a percentage of shareholding. The equity investment provides finance to grow the recipient business, while the investor receives a share of the profits and a lump sum upon exiting from the period of investment (SME South Africa, 2019).

Key Findings and Conclusion

Although South African import data suggests that several billion rands' worth of chemical and related products are imported into the country, SMMEs face limitations on the products that they may be able to deliver. However, the discussion of products with potential for SMME participation highlights that possibilities exist for the establishment of niche products or markets.

Potential benefits were further identified in the use of South African assets in the chemical field, such as the added value products from PetroSA distillates and extracts from indigenous

plants. In addition, new regulations on the disposal of solvents raises the possibility that chemicals may be extracted for reuse from waste materials, while recycling of plastic and rubber products may also offer scope for expanded industrial participation by SMMEs.

Skills development and training were mentioned as requiring urgent support. A large portion of people who possess the required skills were reported to have emigrated, leaving South Africa with a skills shortage.

The skills required include engineering, design, fitters and other technical services, and sound knowledge in standard business skills, including understanding of the market and business legalities. Furthermore, basic knowledge of packaging and types of packaging are required. These training requirements include that of plastics and the circular economy, as it was mentioned that an evident gap still exists.

Compliance and regulation. Manufacturers have found that there is lack of consistency in the application and enforcement of regulations, with stringent laws for South African products over those imported and differences in application of regulations between South African products.

The study has considered the structure and participation in the value chains in areas that are most accessible to South African SMMEs, namely those of the Southern African Development Community. The most significant observation is that these markets are already heavily traded, not least by the same large companies that have achieved significant dominance in South Africa. Nevertheless, certain areas of opportunity do appear, especially in improved-quality packaging and labelling and possibly in the supply of intermediate products for small chemical manufacturers in the SADC region. Building of relationships with specific clients and use of group-based approaches to exporting appear as potential measures that may be applied to overcome constraints to trade with the SADC region.

The study has further sought to identify products which SMMEs can supply, aside from in which they are already involved. The study of SADC imports revealed a number of product categories where SMMEs may be able to play a role, however the dominant position of South Africa as the leading SADC importer suggests that greater opportunities may lie in domestic import substitution. Significantly. The study has also shown that use of local resources, including existing products of PetroSA, plant-based products, and products made from processing of waste, may open options for SMMEs.

Support from external stakeholders, including CHIETA and government-affiliated departments and agencies, will however

be needed for further information gathering, overcoming of barriers to market entry, establishment strategic linkages, and marketing, as well as for technical research, development, and proof of feasibility.

BUILDING PARTNERSHIPS

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

CHIETA has fully embraced this partnership approach and has seen the value of implementing skills development projects and interventions as a result. The success of CHIETA can be largely attributed to the functioning and successful partnerships across the skills development value chain.

Traditionally, partnerships have been viewed mainly as comprising funding from the SETAs. In recent years, however, CHIETA has adopted a far more collaborative approach and has engaged stakeholders in many different ways.

THE CHIETA PARTNERSHIP MODEL

The work that the CHIETA does is centred around the relationships and partnerships that we have cultivated over the years. These partnerships have availed post-school education and training opportunities to learners, as well as opportunities for employment. This is evident in the outcomes of the projects we have executed and is further reflected in the performance reports of the SETA.

A partnership can be defined as an arrangement where parties agree to cooperate to advance their mutual interests. DHET (Department of Higher Education, Science and Technology, DHET, 2019) contextually defines partnerships as "a collaborative agreement between two or more parties intended to achieve specified outcomes directed towards addressing mutually inclusive skills priorities or objectives within a specified timeframe". The purpose of this chapter is to identify successes and challenges in creating and maintaining partnerships and propose measures for deepening TVET college partnerships. The chapter will also outline research conducted in the 2018/19 year to build on TVET college support and collaboration.

The National Skills Development Plan (NSDP) 2030 affirms the role of SETAs as facilitators of both the supply and demand side of skills development. Outcome 2 maintains that SETAs should link education and workplaces. Core to the achievement of this objective is a collaborative or partnership approach that improves the linkages with universities, colleges and employers. Outcome 5 of the plan sees supporting the growth of the public college institutional type as a key provider of skills required for socio-economic development. The promotion of training to meet employers' needs at public institutions is therefore a priority. A key finding of this SSP in Chapter 2, which also translates into a key change driver articulated by industry, is the need to improve the quality of the TVET sector. The chemical sector relies significantly on and uses artisanal and technical skills. The TVET and University of Technology (UoT) sector therefore remains a very important component of skills supplied to the sector.

CHIETA uses a structured approach that leverages the unique skills and expertise of each stakeholder. Stakeholders with shared interests and mutual benefits are brought together to achieve alignment while CHIETA acts as the coordinator, funder, and facilitator in the process. Evidence of this collaborative and consultative approach is seen in the establishment of task or steering committees for strategic projects. The advantage of the model is that it leads to the correct identification of supply and demand side needs and fit-for-purpose projects and project outcomes. The role played by CHIETA's constitutional structures and stakeholders in the skills planning process and hard to fill vacancies identification forms part of the successful partnership model for skills planning. CHIETA's governance structures, including stakeholder constituencies, are central to skills planning, including the development and finalisation of the SSP updates, strategic plans and annual performance plans.

As partnerships are established and enhanced, they are often characterised by challenges. Some of these include inadequate project management, some leaders not taking skills development as an imperative, general administrative inefficiencies and delays in delivery of projects often resulting from inadequate capacity especially at TVET colleges. On the other hand, partnerships with other institutions including industry and universities are characterised by challenges such as change of management affecting specific projects, change requests from initial planned skills development interventions, requests for extensions on projects timeframes, and inadequate evidence submitted to process grants payments.

The CHIETA continues to engage its stakeholders and explore various ways to address these challenges. Some of the interventions put in place include the capacity building of new skills development facilitators, developing of relevant skills planning and implementation tools, continuous improvements

on the credible system for skills planning and quality assurance, and sharing best practices during regional skills forums.

THE STATE OF EXISTING PARTNERSHIPS IN THE CHIETA

The CHIETA has partnerships with stakeholders across the skills development value chain. A selection of projects that have successfully used this approach are singled out for purposes of this chapter. Included are strategic partnerships to implement national priorities, partnerships with government departments, including provincial and local governments, partnerships that depict linkages with other SETAs, programme delivery partnerships, and partnerships between industry and institutions.

Existing Partnerships

Name of institution/ partner organisation	Nature of partnership (start & end dates)	Objectives of partnership	Value of partnership
TVET College Sector Partnerships with advancing technology in plant design and operating)	For the 2018 and 2019 skills development years the SETA entered 28 partnerships with TVET colleges across all 9 provinces. The areas of partnerships or interventions are wide ranging and have been identified through research and stakeholder engagements. They include but not limited to work integrated learning, apprenticeships, skills programmes, lecturer development, bursaries and occupational trainer development. Support at university and university of technology level is mainly in research, graduate and post graduate funding. with advancing technology in plant design and operating)	The partnerships are in line with the mandate of the SETA and have the objective of capacitating the TVET college sector. The chemical sector has a heavy reliance on technical and artisan skills. The TVET sector therefore plays a critical role in the supply of skills for the sector.	The value of the partnerships is the improvement in the quality of learning delivery and supply from TVET colleges.
The challenge with implementation so far has been administration and project management at the colleges. As TVET colleges by their nature are learning institutions, that takes priority. The CHIETA over the years has strengthened its support to TVET projects through its regional skills advisors and offices.			
Centres of Specialisation with advancing technology in plant design and operating)	The CHIETA is supporting the two trades allocated by DHET, namely riggers and welders. These trades will be supported through Umfolozi, False Bay, Boland and East Cape Midlands TVET Colleges. A total of 120 apprenticeships, made up of 60 welders and 60 riggers, are being supported. Contracting and the recruitment of learners by employers have been concluded. with advancing technology in plant design and operating)	The initiative is designed to meet two objectives: firstly to address the demand for priority trades needed for the implementation of government's National Development Plan in general and its National Infrastructure Plan more particularly; and secondly to contribute towards the building of the capacity of its public Technical and Vocational Education and Training (TVET) College system to deliver trade qualifications with employer partners.	The value for the programme lies in its partnership approach that links TVET colleges and workplaces. The programme aims to develop 13 priority trades that have been identified as being in strong demand for the infrastructure programmes as well as for other strategic programmes such as the War on Leaks and the new Ocean Economy programme, Operation Phakisa. Should government decide on nuclear energy, then many of the same trades will be needed for that investment too which can be delivered through the CoS model. with advancing technology in plant design and operating)
Challenges: The main challenges with the project are finding approved workplaces and fast-tracking workplace approvals. The CHIETA has been looking at efficient approaches to workplace approval which includes collaboration with other SETAs as well as endorsements.			
Gandhi Mandela Centre of Specialisation for artisan skills in South Africa	Partnership project between the governments of India and South Africa. The CHIETA through strategic engagements with the Deputy High Commissioner of India collaborated on the project in four trades with the Tshwane West TVET College. In addition, CHIETA is supporting the Gandhi Mandela Centre of Specialisation with a further 20 apprenticeships for mechanical fitter, electrician (industrial and domestic), millwright and boilermarker through the Tshwane South TVET College.	The collaborative partnership aims to expand and strengthen bilateral cooperation in skills development and promote quality vocational education and training.	The value of the partnership is in meeting the training requirements of young people and the artisan skill requirements of the country, through linking institutions with industry.
Challenges: The main challenges with the project are finding approved workplaces and fast-tracking workplace approvals. The CHIETA has been looking at efficient approaches to workplace approval which includes collaboration with other SETAs as well as endorsements.			

Name of institution/ partner organisation	Nature of partnership (start & end dates)	Objectives of partnership	Value of partnership
Operation Phakisa	The CHIETA has been participating in Operation Phakisa Ocean's Economy leg since 2015. The CHIETA is actively involved in the Oil and Gas Exploration and the Manufacturing Skills Initiative working group. The working groups were tasked with developing the skills strategy roadmaps for industry and governance based activities related to the project life cycle. The skills strategy roadmaps include the mechanism for knowledge generation and human capacity building, which is achieved through the establishment of university research chairs among other things. The Oil and Gas Exploration working group identified the need for the establishment of such a research chair to drive knowledge generation, human capacity building and transformation in the oil and gas industry.	Support for Operation Phakisa focuses on undersea explorations, providing artisanal skills for the maintenance of equipment, the training of engineers and on occupation health and safety related interventions. The CHIETA in collaboration with SAIMI, the Energy and Water Sector Education and Training Authority (EWSETA) and the Transport Education and Training Authority (TETA), are co-funding and supporting the establishment of the oil and gas research chair in line with South African Research Chairs Initiatives (SARChI) protocols. Among others, the key objectives of the research chair will include promotion of an integrated system of research, research training, information and documentation in the oil and gas field and facilitation of the localisation and transfer of new technology.	The value of the partnership is the accelerated development of South Africa's ocean economy

Industry/institution partnerships

The industry/institution model is the most prominent in the CHIETA. The model can be applied at various levels, and at the conceptual phase should exhibit mutual benefit for stakeholders involved. The partnership can be for curriculum design and development, training and skills development, research, technology development and transfer. The chemicals industry, through research and stakeholder engagement, highlighted their skills development needs and challenges limiting skills development. Some of the supply-side challenges identified are the quality of education at school level, the capacity of TVET colleges to deliver technical courses, and the shortage of learners with good maths and science grades to undertake chemical industry qualification at tertiary institutions.

Within the CHIETA, the model has achieved prominence largely due to the commitment and participation of role players to find solutions to problems and challenges in skills development. These industry/institution partnerships are focused on forging strategic partnerships with industry and HET institutions to contribute to the technical and statistical content of the SSP and closing the skills development gaps identified. The purpose of the projects include the provision of current research trends and empirical evidence for the chemical industry and positioning the CHIETA with HET institutions and other industry associations in supporting the national agenda of chemical related skills development demands. The model has been extended to other projects and is the main delivery model on projects for CHIETA. In 2018/19 the CHIETA had three new industry and institution partnerships.

Industry Institution Partnerships

Industry/institution partnerships	Partnership focus	Areas of support/ interventions
University of the Witwatersrand	CHIETA funded Wits University and industry to establish the Africa Energy Leadership Centre (AELC) to develop leadership and management skills to tap into Africa's vast, untapped energy potential and fastest growing regions for energy demand.	Postgraduate and executive education
Unilever SA	CHIETA funded Unilever to offer practical exposure and bursaries for tuition fees which includes accommodation, textbooks and meals for students studying towards a BSc degree at University of the Witwatersrand.	UN engineering bursary
Group Technology (Sasol)	CHIETA funded Sasol to offer work integrated learning opportunities to 16 matriculants (ten African females and six African males) from local communities surrounding the Sasolburg site. The project aims to increase participants' employment opportunities by 60%, communicate effectively using corporate communication tools (such as e-mails) and business language skills in oral and written presentation, demonstrate basic numeracy skills, use systems and technology effectively and professionally showing responsibility and ownership towards their work environment, team members and other stakeholders in the organisation.	Sasol WIL and Youth development programme
Tshwane University of Technology	CHIETA funded Tshwane University of Technology to support 26 students by exposing them to the industry to gain industrial experience in the technology station in chemicals working on industrial projects and problem solving for future employment.	TUT Wil & Industry Exposure
South African Petroleum Industry Association (SAPIA)	CHIETA funded SAPIA for women in leadership to understand and appreciate their personal and professional journey in relation to leadership and understand emotional intelligence as an enabler for their work and leadership environment. CHIETA funded SAPIA for the Advanced Certificate in the Management of Oil and Gas to understand strategic imperatives of the oil and gas sector, understanding key governance principles relevant to the sector, key performance indicators on how to manage people, talent management process and succession planning and operational excellence from theory to practice in the oil and gas industry.	TUT Wil & Industry Exposure
Unilever SA	CHIETA funded Unilever to provide practical workplace exposure to disadvantaged candidates from rural areas studying towards a BSc Engineering degree at University of the Witwatersrand. This programme enables students to master the theoretical subject better when they go back to the institution to complete their third and fourth years of study. The practical workplace exposure will give them competitive advantage when applying for employment.	Wits WIL Programme

Linkages with other SETAs

To address some of the identified weaknesses with the Gandhi Mandela CoS project, the British Council has approved funding for a project called the "A21 Digital Guideline". The project objectives include the design, development and publication of digital online guidelines to allow stakeholders looking to implement a quality apprenticeship system to understand and enhance their roles and responsibilities. The CHIETA hosted the British Council and relevant SETAs on 27 June 2019 at the CHIETA offices to implement a detailed project planning process from May to November 2019. This project is seen as an enhancement of the CoS project and a collaborative SETA project to be facilitated by CHIETA. CHIETA continues to extend its work with various SETAs. This includes working and collaborating with other SETAs and relevant stakeholders for the design and development of qualifications.

Planned partnerships

In 2011, CHIETA had set as one of its main strategic objectives the strengthening and expanding of partnerships, in response to the goals of National Skills Development Plan (NSDP). The NSDP sees the core role of SETAs as linking the workplace and industry through collaborations and partnerships. Over the last few years, CHIETA has enjoyed great success in this regard. New partnerships that innovatively advance the skills development mandate, take forward the objectives of the NSDP and now the plan, and enrich the post school education and training sector continue to be prioritised. Of great importance are industry/institutional partnerships. Below are planned strategic partnerships that will take CHIETA's strategic objectives forward.

Planned partnerships (New partnerships)

Name of institution/ partner organisation	Gaps that the partnership will be addressing	Objectives of partnership
Post learnership absorption strategy	To address the challenges of a slow growing economy, changes in jobs and business processes brought about by 4IR and unemployment. The CHIETA has identified the need to improve the impact of skills development in the short- term for beneficiaries	<p>The Post Learnerships Absorption Strategy is aimed at improving post education and training of placements in employment or entrepreneurship opportunities, utilising re-envisioned programmes:</p> <p>Work readiness and job preparedness programmes</p> <p>Work Integrated Learning programmes</p> <p>Entrepreneurship development programmes (New Venture Creation Learnerships)</p> <p>Mentorship (work place mentorship and business development mentorship)</p> <p>The objectives are to use entrepreneurship as a driver of small business development for job creation. This is to be achieved by unpacking the CHIETA industries value chains and identifying opportunities for creating simple business models that can be taken to scale, investing in environments that enable the industry to take up emerging entrepreneurs and provision of mentorship and small business subcontracting opportunities for the learners, formulating partnerships with TVETs and higher education and training institutions to ensure sustained capacity for our SETA in the areas of training and research to test new models and design programmes with scale as a desired end.</p>

PART D

EDUCATION AND TRAINING QUALITY ASSURANCE

Name of institution/ partner organisation	Gaps that the partnership will be addressing	Objectives of partnership
World Skills Competition	The SETA, TVET college and private provider partnership, which focuses on the implementation of the World Skills Competition standard as a vehicle for impact in skills development and capacity building of the TVET colleges, focusing initially on the electrical trade. Once developed, the pilot will be documented and presented as a scalable model to various TVET colleges and other programmes including welding.	Evaluation of the college workshops to identify gaps in tools, equipment, layout and a plan to close these to enhance the quality and flow of practical teaching and learning. Development and capacity building of selected lecturers on full electrical curriculum and international standards used at the World Skills International competition (WSI), standardised training methodologies and learning materials leading to improved quality of teaching and learning in the college, establishment of partnerships with industries and schools in the proximity of the college in order to present colleges as higher institutions of choice as well as to facilitate placement of learners for workplace learning. Development and testing of the learner selection guide/tool prior to their enrolments and career advice A tested case study ready to be duplicated across the country targeting learners between 14-21 years as pipeline candidates for future skills completions alongside their career development.
Partnerships with new universities and TVET colleges	The CHIETA endeavours to expand its partnership model between the universities and TVET colleges through the development of college management and lecturers. CHIETA has supported and partnered with the Northern Cape Rural TVET in work integrated learning but aims to strengthen its support in areas of relevance. Partnerships are also planned with the Sefako Makgatho and Mpumalanga Universities in areas of common interest for the sector.	Infrastructure support remain a critical success factor for TVET colleges, particularly rural TVETs. A collaborative stakeholder approach will be explored that sees other stakeholders involved in bringing support that CHIETA cannot offer in TVET colleges.

QUALIFICATIONS DESIGN AND DEVELOPMENT

During the past year CHIETA continued to come into its own by facilitating stakeholder participation for the development of the occupational qualifications needed to fulfil the skills requirements of the sector. A number of new developments in the qualifications sphere were reported and several updated.

The **quality controller** qualification, which was completed in the previous year, aiming at fulfilling a generic and crucial role in the value chain in all chemical manufacturing processes, was expanded to build in articulation from lower to higher levels of this occupation during the year under review. To this end, the CHIETA developed the **Quality Inspector** at and entry level and further partnered with SERVICES SETA for the development of the **Quality Assurer and Quality Systems Manager** to create progression in the management of quality matters for products and services oriented environments. The value added by quality assurance and quality management practices cannot be over-emphasised in our daily lives across economic sectors. Globally and in all economic sectors, companies and customers focus on quality products and services which ultimately reduce costs, waste and the likelihood of liability claims.

The CHIETA had to support its own Glass constituency by facilitating the development of the **Autoglazier** occupational qualification at NQF Level 3 with 5 part qualifications, namely, **Autoglass Chip Repairer Automotive Film Applicator, Advanced Driver Assistance Systems (ADAS) Fitter, Windscreen Replacement Fitter and Automotive Body Glass Replacement Fitter**. In addition to providing transportation and employment opportunities by the automotive industry, it is in the interest of the public safety that all windscreen repairs, windscreen instalment and body glass replacement meet safety standards and that the autoglaziers are fully equipped with the skills and competences to adhere to these safety standards. The concept of smart cars is the standard of the future in line with the technological advancements (4IR).

Finally, it is reported that with continuous engagements with the QCTO processes and on-going developments, there are now **7 occupational qualifications that are registered by SAQA** within the quality assurance scope of the CHIETA. These qualifications are ready for the next steps of implementation in order to provide the skills supply within the chemical sector. They are **Maintenance Planner, Glass Forming Operator, Glass Melt Operator, Chemical Plant Operator, Chemical Laboratory Analyst, Mobile Explosives Manufacturing Units Operator and Chemical Plant Controller**.

1. BACKGROUND

As a result of the QCTO revoking of the SETA's oversight and development role relating to its delegated functions as provided for in Section 26 of the Skills Development Act No 97 of 1998 (SDA) as amended, the QCTO developed the rules of engagement through a Service Level Agreement (SLA) to enable it to perform the oversight and policy development, whilst the CHIETA continues to implement the delegated functions.

The five domains upon which the Service Level Agreement is executed are the following:

- Qualification Development
- Accreditation
- Assessment
- Certification
- Workplace Approval

The Quality Council for Trades and Occupations (QCTO) delegated its quality assurance functions, in accordance with Section 26 of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended, on 1 October 2012 to SETAs and various other professional bodies. These quality assurance bodies (ETQAs) are now called Quality Assurance Partners (QAPs) and their responsibilities include ensuring the quality delivery of historical qualifications. The QCTO remains responsible for ensuring that occupational standards and assessment integrity are upheld.

2. THE ROLE OF THE EDUCATION AND TRAINING QUALITY ASSURANCE (ETQA) DEPARTMENT AS A QUALITY ASSURANCE PARTNER (QAP):

Centralised Administration Sub-Unit: Receipt, capture and log all documents submitted to the ETQA department for processing.

Accreditation Sub-Unit: Accredite and approve skills development providers (SDPs) for specific skills programmes and qualifications. Monitor SDPs in order to improve quality and relevance of education and training in the sector and in this way support skills development and provider development.

Quality Assurance of Learner Achievements (QALA) and Certification Sub-Unit: Veto QALA endorsed by registered assessors in accordance with required standards and criteria. Establish and maintain a database for the recording of learner achievements. Provide for the certification of learners and accredited skills development providers. Register assessors and moderators for specific unit standards, skills programmes and qualifications. Certify learners for skills programmes or qualifications achieved.

Data Management Sub-Unit: Quality assurance of documents submitted, learner enrolments and verifications of competency to ascertain learner completions on NQF learnerships and skills programmes.

Artisan Development and Workplace Approval Sub-Unit: Quality assurance on approval, monitoring and evaluation of workplaces, enrolment and completions on apprenticeship programme, artisan recognition of prior learning (ARPL) and trade tests.



The above structure mainly provides for the administrative support requirements for quality assurance activities. In addition to the above personnel, the ETQA department uses technical teams of subject matter experts (SME), known as stakeholder support teams (SSTs).

The role of the SSTs is to assist the ETQA department to evaluate the following:

- Whether SDPs have sufficient capability to provide learning interventions. This would not have been possible without collaboration between the chemical industry and the CHIETA.
- Whether workplaces are adequate for providing structured learning and externally moderate learners achievements.

The Technical Functional Advisory Committee (TFAC) has also been established to endorse the quality assurance activities conducted. The TFAC is required to approve recommendations presented for accreditation, deaccreditation, suspension, appeals by organisations and monitoring and evaluation of provider workplaces, decentralised trade test centres and training related matters pertaining to artisan and NQF training programmes. They further provide an advisory role in technical, strategic and policy related matters and activities with regards to artisan and NQF training programmes.

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

3. QUALITY COUNCIL FOR TRADES AND OCCUPATIONS PROCESS AMENDMENTS

In July 2018, the QCTO made amendments to the process for the accreditation of SDPs who seek approval to provide for learning of whole qualifications. SDPs are now required to submit a letter of intent to the QCTO. Once the QCTO approves the intent for provisioning and assessment, a referral letter is provided indicating which institution should conduct the audit.

SDPs are then requested to apply for the accreditation of the historical qualifications to the relevant SETA. The SETA conducts the audit and provides a recommendation for accreditation to the QCTO. The QCTO would then award the accreditation status to the SDP. For the new occupational curriculum based qualifications, the QCTO continues to be responsible for accreditation matters through the support of assessment quality partners (AQPs).

ETQA DEPARTMENT ACTIVITIES CONTRIBUTED TO THE FOLLOWING ACHIEVEMENTS FOR 2019/20:

Table 8: Learner enrolment related achievements

Indicator	Target	Achieved	Variance	% achievement
Skills development interventions issued for the Chemical Industry (QALA /Accreditation / Monitoring / New applications)	310	393	83	127%

Table 9: Workplace approval related achievements

Indicator	Target	Approved / Endorsed Workplaces	Variance
Total workplaces approved/endorsed	75	81	6

Table 10: CHIETA constituent assessor and moderator registrations

Indicator	Target	Achieved	Variance
Assessors and moderators registered	180	197	17

4. ADDITIONAL FOCUSED INTERVENTIONS OF THE QAP

The QAP spent time on the following activities in 2019/20:

Centres of Specialisation (COS) Project: This project was centrally coordinated by the Department of Higher Education and Training (DHET) to implement 13 engineering trades new curriculum based qualifications through the public TVET colleges in the country. Approval of workplaces to conduct the workplace based learning underpinning these qualifications was required. The ETQA department supported the approval of workplaces for this project. National Learner Record Database (NLRD) Uploads: Two NLRD uploads were performed in July 2019 and January 2020. Both these uploads met the SAQA criteria and achieved green status for both compliance and performance requirements. The CHIETA continues to assist the National Artisan Moderating Body (NAMB) with accreditation audits: Together with other SETAs, CHIETA assisted NAMB with quality assurance audits for accreditation of trade test centres during the year.



PART E

GRANTS, STRATEGIC PROJECTS AND REGIONS

STRONGER TIES WITH PARTNERS BY THE CHIETA IS KEY TO STIMULATION OF THE SECTOR

Strategic partnerships and strengthening relationships with all the regions (nine provinces) and TVET colleges have been in the forefront as the CHIETA has incessantly built relationships throughout the year. The CHIETA plays a key role in the chemical sector by providing guidance and information to the sector, while stimulating new ventures that facilitate training opportunities.

During the year a concept paper was produced exploring SMME development and optimisation of the CHIETA's relationships with TVET colleges. This is being further explored through an external research service provider.

The role of the regional offices of the CHIETA is important, not least because of the vast geographical areas some of them cover. For instance, the KwaZulu-Natal and Eastern Cape offices, in particular, both cover large rural areas. The Western Cape office also covers the rural areas of the Northern Cape. The importance of these offices is self-evident given the need for training in outlying areas.

The past year has been one in which the need to work more closely with our stakeholders, and to develop strategies for partnerships, was imperative. The CHIETA adopted a dynamic approach to developing new partnerships, and seized opportunities wherever relevant. SMMEs have been identified to become full partners in this initiative, assisting in training in the workplace and, where able, providing on-site working opportunities. Whilst the CHIETA maintains a vigilant guiding role in this process.

The Department of Higher Education, Science and Technology (DHET) has asked the CHIETA to enter close relationships with TVET Colleges, ensuring that relevant vocational courses are offered and experiential learning occurs. The launch of the fulltime presence at the Flavius Mareka College, following the Port Elizabeth TVET office, was exciting and puts a marker down for even greater success in learners experiencing the reality of the workplace, thus providing a sound foundation for their learning and future productive participation in the South African economy. This has all been done with a view to ensuring that we are better able to align other TVET colleges to our work, and to decentralise regional offices, where possible, so that the CHIETA's active presence on college campuses means that we can have greater flexibility to respond dynamically to the needs of those being trained. The foundation laid in 2018/19 ensures that we can directly be in contact with the learner at his or her place of training.

This is integral to the strategy of the CHIETA - ensuring that we actively support our learners. During the year under review the CHIETA awarded more grants towards the continuation of Centres of Specialisation projects. Part of the CHIETA's progressive approach to training is going to companies, including SMMEs, and seeking placement training, both to obtaining work for the learners, but also for companies to provide training programmes. CHIETA is further looking for various partnerships with all type of stakeholders, including employers, government departments, and institutions of higher learning to ensure adequate absorption of learners after they complete their training programmes. . This is consistent with our Workplace Integrated Learning Programme (WIL). These educational activities, integrating theoretical and academic learning of a discipline with its practical application in the workplace, is a prerequisite as we prepare learners for the challenges that they will have to meet in the actual job environment. It's a win-win situation, because WIL involves a deliberate, professional approach that benefits both employer and student.

Discretionary grant continues to remain a priority to deliver on the SETA mandate. Since the call for free education, the CHIETA has been proactive in awarding bursaries for training learners in skills relevant to the chemical sector. For example, bursaries awarded at the University of Johannesburg in programmes related to skills required in the chemical sector have increased to more than 250 per annum.

1. INTRODUCTION

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

This division is made up of five units:

- Grants Management
- Strategic Projects & WIL
- KwaZulu-Natal Regional Office
- Western Cape Regional Office
- Gauteng and Central Regional Office.

2. MANAGEMENT OF GRANTS FOR 2019/20

From 1 April 2019 to 31 March 2020, R287 121 702, 02 was disbursed for discretionary grants and R90 543 098.70 for strategic projects. As at 31 March 2020, the total CHIETA commitment based on contractual obligations was R158 878 792, 43 for discretionary grants and R29 021 446.34 for strategic projects.

During the year under review, the discretionary grants policy, framework, internal controls, processes, procedures, funding guidelines and models of the discretionary grant allocation were reviewed in line with relevant legislation. A number of improvements to the grants system were made in 2019/20, including drawing up discretionary grants (DG) processes for the development of a Management Information System (MIS).

The CHIETA discretionary grants funding policy in particular was revised to address and keep up with the critical areas in the strategic framework of the business, national imperatives, and some of the critical areas of the National Skills Development Strategy III (NSDS III). The discretionary funding windows (among other critical focus areas) address and emphasise strong partnerships between employers, public education institutions (TVET colleges, universities, universities of technology) and private training providers to promote work integrated learning (WIL).

Key functional areas directly involved with the organisational performance management are the CHIETA's regional offices in Gauteng and Central Regions, KwaZulu-Natal, the Western Cape and the Eastern Cape. Through these offices the CHIETA ensured increased stakeholder support, increased monitoring and verification of projects, and the roll out of an integrated project management framework with all the business units at head office.

3. DISCRETIONARY GRANT (DG) LEARNING AND STRATEGIC PROJECT SUPPORT SUMMARY FOR 2019/20

Table 13: Learning Projects

Programmes	Total amount approved (R)
AET Provision Incentive	763 000.00
Artisans	42 405 000.00
Bursaries	25 534 221.00
Learnerships	130 838 900.00
RPL	31 042 000.00
Skills Programmes	23 955 534.50
TVET College Lecturer Development	2 420 000.00
Work Placement/Employment Creation	22 738 200.00
Workplace Experience/WIL	43 742 400.00
Grand total	323 439 255.50

Table 14: Strategic projects

Programmes	Pivotal (P)/Non Pivotal (NP)	Total budget 2019/20 (R)
Chemical Industry Stakeholder support (PST and M/E)	NP	R9 600 000,00
World Skills Competition	NP	R3 245 000,00
Regional Stakeholder Support	NP	R2 200 000,00
Career and vocational guidance integrated marketing and relationship management	NP	R3 000 000,00
Qualification Development	NP	R720 000,00
CEO Strategic Projects	NP	R4 000 000,00
Trade Union Support	P	R5 056 462,20
Maths & Science teacher and learner support	NP	R8 981 460,00
Rural Development Projects	P	R12 278 424,00
Cooperatives, NGOs, CBOs, CBCs support	P	R4 606 000,00
Career Guidance Projects	NP	R3 219 900,00

Programmes	Pivotal (P)/Non Pivotal (NP)	Total budget 2019/20 (R)
Learners with disabilities	P	R3 308 495,00
Institutional-Industry Partnerships	P	R11 880 734,50
Strategic Infrastructure Projects (SIPs) - Centres of Specialisation	P	R4 497 673,12
Small Business Support (Pivotal)	P	R4 851 196,50
Programme 2 Research and skills Planning PIVOTAL	P	R11 582 373,38
Programme 2 Research and skills Planning Non-PIVOTAL	NP	
Bursary Project	P	R6 220 000,00
Public Sector Capacity Building	P	R122 500,00
TERS Project	P	R600 000,00
Grand total		R99 970 218,70

4. MANDATORY GRANT (MG) FOR 2019/20

For the year under review the CHIETA has received 902 WSPs, all of which were approved.

Figure 1.8: Total WSPs

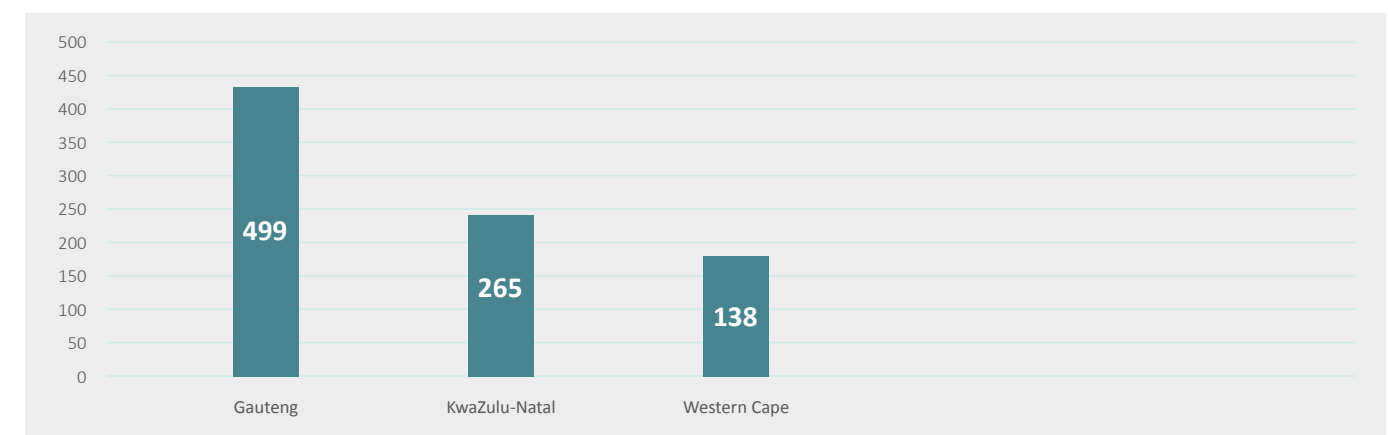
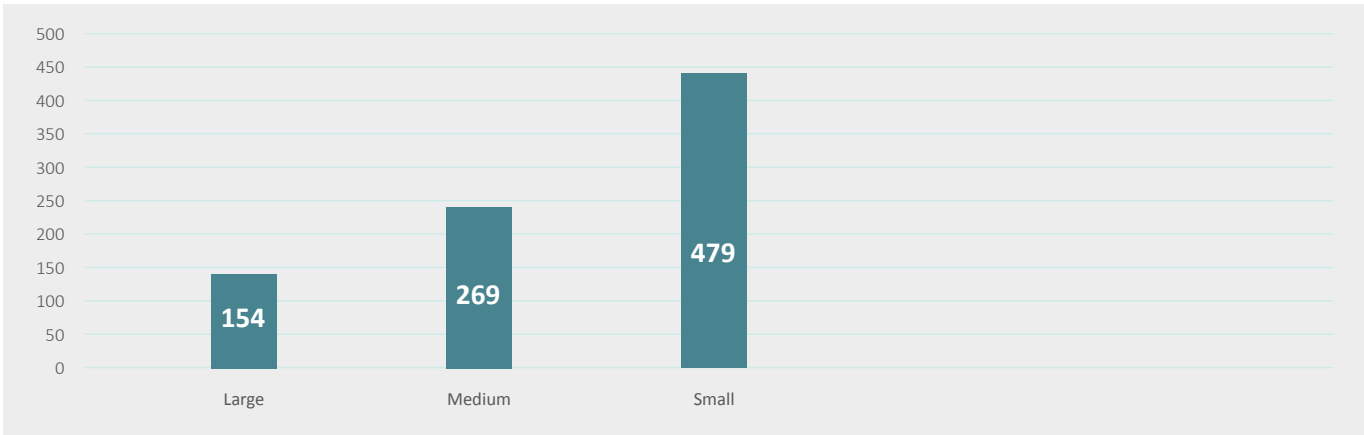


Figure 1.9: Total WSPs by size



5. THE CHIETA DELIVERS ON ITS GRANT MANDATE

CHIETA has delivered on its mandate to its stakeholders and has met its strategic and SQMR targets during the period under review. This was achieved using a highly credible electronic skills planning platform from which company information was sourced and analysed in order to plan for skills.

6. STRATEGIC PROJECTS OVERVIEW

It was a positive year for strategic projects, which are flagship organisational interventions that yield a significant and sustainable impact on all of the delivery areas of the CHIETA.

Strategic projects are funded through discretionary grant funding. They are continuously monitored in terms of project and financial performance, and reported on quarterly to the Accounting Authority. They cover a range of functional areas, across the CHIETA business units assuming accountability for the deliverables and in line with the pre-determined performance standards.

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

Strategic projects are also implemented in rural areas. Through its partnerships with the Free State Education Trust, the CHIETA is prioritising bursaries in the Free State province. In line with this, the CHIETA has since increased the number of projects funded to support learners with disabilities in the rural areas.

7. PROJECTS

Regional stakeholder support

In terms of project deliverables in 2019/20, three regional skills forums were held in four provinces. Stakeholders were updated on artisan development, qualifications development, administration and grants disbursement policy, learning and strategic projects, the progress of the CHIETA chamber mandate process, and the Sector Skills Plan (SSP). Captains of industry were also invited to present on skills development related topics.

Trade Unions Capacity building programmes

The CHIETA board approved a budget of R5 056 462.20 in 2019/20 towards the Trade Unions capacity building programmes. This was used to support the national skills accord imperative and to ensure increased stakeholder participation in skills development. These programmes are implemented by the University of the Witwatersrand, Permoseal Pty Ltd, Shatterprufe, University of Johannesburg, Workers College SA and Ditsela workers Education Institute.

CHIETA offices in public TVET colleges

The CSTO project is a pilot project identified by the Department of Higher Education, Science and Technology. In each province a SETA and a TVET college were identified. CHIETA is the coordinating SETA and has offices at two TVET colleges namely:

- Port Elizabeth TVET College
- Flavius Mareka TVET College

We are proud to report that the Port Elizabeth TVET College has been the most successful CSTO project from all provinces thus far, and has achieved the objectives of the project and its model will be used as a benchmark to implement the project in other provinces.

The main objectives of the project are:

- To support Work Integrated Learning initiatives in Colleges regarding the facilitation of workplace based experience for students and graduates.
- To build College and SETA relationships with employers and advocate for collaboration between employers and TVET Colleges.
- To increase learner access to the workplace through services offered by SETAs e.g. learnerships, career advice, etc.
- To support lecturer development through providing access for lecturers to industries in the chemical sector.

TVET college projects

The CHIETA committed a budget of R83 729 000.00 for the TVET college sector. This was in support of 30 TVET college partnership programmes, the total is made up of R49 488 000.00 from the current financial year, and R34 241 000.00 from the previous financial year.

Table 15: Funding for TVET college partnership programmes

Programme	Total funded (R)
Artisans	11 750 000.00
Bursaries	5 715 000.00
Learnerships	3 344 000.00
RPL	1 080 000.00
Skills Programmes	1 245 000.00
TVET College lecturer development	2 420 000.00
WIL - Workplacement for Employment	900 000.00
Workplace Experience/WIL	23 034 000.00
Total	49 488 000.00

Centres of Specialisation Project

The CHIETA has partnered with the DHET, private employers, TVET colleges and other SETAs, in implementing training of the registered occupational qualifications and trades. CHIETA has allocated R3 297 673,12 through the Strategic Projects budget towards this project.

The CHIETA internal Bursary project

In 2019/20 a budget of R5 720 000.00 was allocated towards the CHIETA internal bursary project. A total of 26 learners were awarded bursaries through this project.

Maths & Science Teacher and Learner support Projects

In response to the low mathematics and physical sciences learner performances in most public schools in South Africa, the CHIETA board approved a budget of R8 981 460,00 in 2019/20 towards the Maths & Science Teacher and Learner support Projects. These projects are aimed at improving the mathematics and science learner performance at schools and TVET level and whilst introducing robotics to some of the learners. These projects are implemented by the Free State Department of Education, Nelson Mandela University(Govan Mbeki Mathematics Development Centre), Sefako Makgatho Health Sciences University, University of the Western Cape and West Coast TVET College.

The Nelson Mandela University (Govan Mbeki Mathematics Development Centre) was implemented in the Eastern Cape. The beneficiaries of the project are 750 historically disadvantaged learners from 10 schools in the Nelson Mandela Bay Municipality and Buffalo City Metropolitan Municipality. In addition to the learner support, 60 teachers also benefit from the project. The amount funded for the project is R 1 500 000.

The project aims to achieve the following:

- Providing professional skills training and support of Mathematics and Science Teachers with the Gamma Tutor device and TouchTutor materials.
- Provide offline technology assisted support platforms at project schools for improved Mathematics and Physical Sciences knowledge and skills of learners.
- Improvement in Self-Directed Learning-collaborative learning skills, career orientation and motivation for all mathematics and physical sciences learners.

This project will contribute significantly to improving the mathematics and physical science learner performance in the Eastern Cape.

Rural Development Projects

The CHIETA proudly supports people in the deep Rural Communities of our country to sustain enriching livelihoods and at the same time meeting the needs of local business as well as creating entrepreneurship opportunities. The CHIETA board approved a budget of R12 278 424,00 in 2019/20 towards Rural development projects. Various training interventions were offered to people in different rural areas across all regions of CHIETA. Key deliverables of this project are that participants acquire skills that increase their chances of employability whilst enabling participants to also start their own businesses.

Cooperatives, NGOs, CBOs, CBCs support Projects

One of the greatest challenges in the field of skills development is the upskilling of people with limited or no formal education because most training interventions have minimum literacy requirements. This is why people who never went to school for various reasons remain outside the ‘training circle’.

The CHIETA board approved a budget of R4 606 000,00 in 2019/20 towards Cooperatives, NGOs, CBOs, CBCs support Projects. The beneficiaries of these projects are mainly previously disadvantaged individuals within small businesses based in rural areas. These projects are implemented by GNBR Solutions (Pty) Ltd, Hope for the Hopeless, Limpopo Department of Economic Development, Environment and Tourism, Tloumogale Business Development and Consulting (Pty) Ltd, Tshwane University of Technology, VUCA Institute of Leadership Development and African Alabaster Square

The CHIETA partnered with the African Alabaster Square, a black female-owned company which specialises in making beauty products using natural plants and chemicals. This partnership identified Ray Nkonyeni municipality in the South Coast of KwaZulu-Natal as the area of operation. The CHIETA awarded African Alabaster funding to train ten (10) Co-operatives in soap and beauty product making using various organic plants which grow in the area. This project received the full support from the Ugu District Municipality, the local traditional leaders and the community at large as learners who received this training were able to successfully apply their newly acquired skills to make various all natural beauty products as well as market this creating an income for themselves.

Small Business Support Projects

The CHIETA board approved a budget of R4 851 196,50 in 2019/20 towards Small Business support Projects. These projects aim to assist in growing and developing skills within the SMMEs in the chemicals sector. These projects are implemented by GNBR Solutions (PTY)LTD, Limpopo Department of Economic Development, Environment and Tourism, Masithuthuke Holdings, Tshwane University of Technology and University of Johannesburg.

Through the project implemented by University of Johannesburg, the participants received technical skills training in cosmetics and detergent manufacturing as well as training in business coaching and mentoring.

The CHIETA in partnership with Masithuthuke Holdings (Pty) Ltd implemented an Entrepreneurs skills programme in KwaZulu-Natal and Western Cape. The programme is designed to respond to the various business challenges that entrepreneurs are faces with.



PART F

GOVERNANCE

1. INTRODUCTION

Corporate governance embodies the processes and systems that hold the CHIETA accountable as a public institution. Its corporate governance system occurs within a legislative environment and best practice governance frameworks as articulated in the King codes of corporate governance.

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

1. Developing a Sector Skills Plan (SSP) within the framework of the National Skills Development Plan (NSDP) 2030
2. 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.
3. Collecting and disbursing of 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.
4. Fulfilling the functions of an ETQA as delegated by the QCTO.
5. Monitoring of education and training in the sector.

The legislative and policy framework which directs and guides CHIETA functions is as follows:

1. National Skills Development Strategy III (NSDS III).
2. Skills Development Act, 1998 (Act No. 97 of 1998).
3. Skills Development Amendment Act, 2003 (Act No. 31 of 2003).
4. Skills Development Amendment Act, 2008 (Act No. 3 of 2008).
5. Skills Development Act, 1998 (Act No. 97 of 1998).
6. Service Level Agreement Regulations under regulation No. R716 of 18 July 2005.
7. Skills Development Levies Act, 1999 (Act No. 9 of 1999).
8. Regulations regarding the establishment of Sector Education and Training Authorities under Notice R106 of 4 February 2005, (SETA Establishment Regulations).
9. Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended) (PFMA).
10. Treasury Regulations issued in terms of the PFMA (Treasury Regulations) of 2005.
11. Public Audit Act, 2004 (Act No. 25 of 2004).
12. Directive: Public Finance Management Act under GN647 of 27 May 2007.
13. Government Notice 1570 and 1571 dated 15 December 2017 on the re-establishment of SETA and the extension of NSDS III to 31 March 2020.
14. Constitution for the Chemical Industries Education and Training Authority (CHIETA).
15. Promotion of Access to Information Act, 2000 (Act No. 2 of 2000).
16. Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000).
17. Employment Equity Act, Labour Relations Act, Basic Conditions of Employment Act and Occupational Health and Safety Act.
18. Tax laws.
19. 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
20. Protection of Personal Information Act, 2013 (Act No. 4 of 2013).
21. Cobit 5 framework for the governance and management of enterprise ICT.
22. DPSA public services corporate governance ICT framework.

CHIETA takes all the above into consideration when carrying out its mandate.

The CHIETA strategic plan, its annual performance targets for 2019/20 and financial disbursement model is strongly aligned to achieving the intent and objectives of the December 2012 grant regulations, namely 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 carry over of unspent funds at the end of each financial year
- Improve the quantity and quality of labour market information received by 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.

2. 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 Technology 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.

3. EXECUTIVE AUTHORITY

The Minister of Higher Education, Science and Technology is the Executive Authority of 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.

4. ACCOUNTING AUTHORITY

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

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

The duties of the CHIETA Accounting Authority as defined in the CHIETA constitution are:

Duties of Accounting Authority

The Accounting Authority must:

- 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 the NSDS III and the performance agreement with the Minister of Higher Education, Science and Technology 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 CHIETA.
- Ensure that Accounting Authority members and the members of the committees, stakeholders and employees comply with 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
- Relevant professional bodies recognised by the Minister of Higher Education, Science and Technology.

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.

5. RISK MANAGEMENT

Refer to paragraph 12.2 in Accounting Authority report.

6. INTERNAL CONTROL

Refer to paragraph 12.2 in Accounting Authority report.

7. INTERNAL AUDIT/AUDIT COMMITTEE

Refer to the audit committee report on page 109 of the annual report.

8. COMPLIANCE WITH LAWS AND REGULATIONS

CHIETA maintains a legal compliance risk register where CHIETA Business Units provides assurance on their respective compliance areas for reporting to the CHIETA Governance structures. The AGSA raised findings on non-compliance with procurement laws and regulations which will be managed in accordance with the Irregular Expenditure Framework of National Treasury.

9. FRAUD AND CORRUPTION

CHIETA has adopted a zero tolerance to fraud and corruption at the Seta. 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. Fraud awareness workshops and training is regularly done with CHIETA staff and stakeholders. The CHIETA also maintains a fraud risk register with mitigating controls.

10. MINIMISING CONFLICT OF INTEREST

CHIETA maintains a Conflict of Interest Policy framework which defines the required organisational behaviour in respect of the CHIETA's values and ethical framework. Governance structures and CHIETA staff defined as affected parties in the policy are required annually to provide a detailed declaration of interest. The responsibility is placed on each affected party to disclose accurately and ethically as well as update the conflict of interest declaration when relevant. At any Accounting Authority committees, Accounting or Authority approved stakeholders 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. One investigation is ongoing relating to failure by a previous employee to disclose their own personal interest or that of Business Partner(s) or associate(s).

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, informing skills development interventions and providing and assisting with integrated solutions on skills growth and environmental matters. This knowledge is 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.

12. COMPANY SECRETARY

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

13. SOCIAL RESPONSIBILITY

Social responsibility forms an integral part of the skills development and organisational processes of CHIETA. This is consistent with the CHIETA's mandate and core functions.

A substantial number of unemployed rural learners are supported and linked to appropriate workplaces in line with scarce and critical skills requirements as defined by the chemical industry. Social responsibility interventions are linked to current and envisaged economic growth areas to ensure that the complete value chain of skills development is achieved, contributing towards learner absorption into the workplace.

Of specific importance is CHIETA's support of small enterprises, co-operatives, NGOs and CBOs in terms of new venture creation and business management skills, supporting socio-economic challenges in rural and marginalised communities.

14. AUDIT COMMITTEE REPORT

Refer to the audit committee report on page 109 of the report.

PART G

CORPORATE SERVICES

1. DEPARTMENT OVERVIEW

The CHIETA Corporate Service unit was established in October 2019. Prior to this period the various functionalities were accommodated within other departments of the organisation. The business unit now comprises the following functionalities:

- Marketing and Communications
- Stakeholder Management
- Facilities Management
- Information and Communications Technology (ICT)
- Human Resources
- Legal Services

The Corporate Services business unit provides administrative support to core departments aimed at improving service delivery and ensuring compliance within prescripts in order that the strategic objectives of the CHIETA are achieved whilst complying with all legal provisions.

In addition the business unit creates an enriching working environment where the best of employee capabilities is received as an output so as to ensure and improve upon the delivery of services to the community in a sustainable fashion. Furthermore it promotes and provides sound governance administrative support to ensure that the applicable legislative mandate is adhered to in terms of sound labour practice, Human resource, Information, Communication and Technology and Stakeholder management practices.

This business unit also creates a reliable system of communication (internal and external), record keeping (hard copy) and electronic implementation of the Performance Management Framework, inclusive of the performance agreements and adhering to the guidelines.

2. MARKETING AND COMMUNICATIONS

The Marketing and Communications business unit is responsible for leading, developing and implementing integrated communication strategies so that stakeholders are regularly informed about the CHIETA, its service offerings and management.

Formulation of a Communications Plan to ensure that the public is well informed of the CHIETA developments and the formation of internal communication to ensure a structured system is available to increase output of the CHIETA brand.

The business unit has a staff compliment of 7.

Various activities that were undertaken in the financial year include:

Career and Vocational Guidance

In line with our objectives to promote career and vocational guidance, the Career Awareness Programme continued to thrive during the year, with the production and dissemination of an updated career guide, that is an invaluable tool for learners considering their career choices or preparing for the challenges of the job market. Also, during the 2019/20 financial year, the CHIETA supported a number of career exhibitions in order to expose school learners and teachers to the CHIETA sector occupations. The DHET organised career events and career guidance exhibitions which were hosted by Municipalities, and sector stakeholders were supported.

Nelson Mandela International Career Day: The Annual Mandela Day Career Development Festival in partnership with the Department of Higher Education and Training provided 3,600 high school learners and NEET youth from the surrounding rural and semi-rural areas, the opportunity to interact with, get career guidance and information on study opportunities, funding, learnerships direct from industry professionals so that learners are able to make informed career choices.

With the Mandela Day Career Development Festival, the DHET together with the SETAs, aimed to act and inspire change in the lives of South Africa's youth and their journey to achieving success by ensuring that they have the right information to make informed decisions for their future.

During the period under review, the CHIETA engaged with over 100 high schools across the country to continue provide important career information and guidance to these high school learners. The CHIETA looks forward to more successful, and impactful career and vocational events in future.

Industry Training:

Partnerships with TVET colleges allow companies to train their workers on site, while setting aside a portion of workers' time to attend theoretical learning at the Higher Education institutions. In line with this, the CHIETA also upped the ante on career guidance and awareness. It also rolled out a regional career awareness and guidance campaign that put a spotlight on specific needs and requirements of local industry in each of its regions. The need for this programme emanates from, amongst others, sub-standard career guidance at school level, the changing need of a new generation of learners towards experiential learning, the impact of Industry 4.0 on jobs for the future and the national imperative to guide youth effectively towards career choices that will equip them for employability.

3. STAKEHOLDER MANAGEMENT

The CHIETA embarks on stakeholder engagement sessions each year, during which the CHIETA management visit provinces to engage with key stakeholders.

These stakeholders include both levy paying and non-levy paying members as well as partners. The sessions also provide for an opportunity to increase awareness about the CHIETA and its sectors with the focus on:

- Increasing Access and Participation in the CHIETA's offerings;
- Strengthening the CHIETA's Capacity for Supply;
- Information Dissemination;
- Intelligence Gathering; and
- Engagement of Skills Development Facilitators (SDFs) to ensure maximum participation of member companies.

4. FACILITIES MANAGEMENT

The Facilities Manager was appointed in September 2019. This department is responsible for the security, maintenance and services of work facilities to ensure that they meet the needs of the organisation and its employees. The Facilities Manager essentially looks after all of the services that helps the CHIETA to run efficiently. Responsibilities in this newly created department include:

- Overseeing and agreeing contracts and providers for services including security, parking, cleaning, catering, and technology.
- Supervising multi-disciplinary teams of staff including cleaning, maintenance, grounds and security.
- Ensuring that basic facilities, such as water and heating, are well-maintained.
- Managing budgets and ensuring cost-effectiveness of activities.
- Allocating and managing space between buildings.
- Ensuring that facilities meet government regulations and environmental, health and security standards.
- Advising businesses on increasing energy efficiency and cost-effectiveness.
- Overseeing building projects, renovations or refurbishments.
- Helping businesses to relocate to new offices.
- Drafting reports and making written recommendations.

5. INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

The Information and Communications Technology (ICT) department was extended to include the insourcing of the Management Information System (MIS) Development functionality. A MIS Manager and Database Specialist were appointed from July 2019 onwards. The Accounting Authority changed its strategy from having the MIS run by a service provider to one where the functionality would be insourced. In addition, there was a drive to create an integrated system for the organisation.

The MIS developments commenced in August 2020 and the following were achieved:

- A discretionary grant (DG) module that caters for applications for the grant, evaluation performed, and allocations made. This module was completed in February 2020,
- A Mandatory Grant – WSP/ATR module was developed and implemented in March 2020. The module covered the areas of submission of WSP/ATRs, evaluation of them and approval and rejections of WSPs/ATRs.
- Developments of the ETQA, SSDD, Mandatory Grants – a levy processing section were all ear-marked for finalisation in the 2020/2021 financial year.

Other functions of the department include:

- Providing ICT support to all users at the CHIETA head office and provincial offices.
- Providing system and LAN administration of all servers at head office and provincial offices.
- Providing network, web and anti-virus security services at head office and provincial offices.
- Providing for disaster recovery and planning for an ICT head office and provincial offices
- Evaluating trends and developments within the ICT environment.

During the year under review no breach of ICT Security protocol or any ICT Security incidents occurred. Daily back-ups that are run offsite were operational and in place with regular and successful restore testing done.

6. HUMAN RESOURCES

Introduction

The CHIETA regards its people as its most important asset. Human resources (HR) assist in creating a work environment that is supportive and conducive to performance and delivery against the strategic objectives of the CHIETA.

The HR unit in the CHIETA plays a vital role in developing, implementing and overseeing an integrated strategy in

which all HR functions work together in a cohesive manner to create a positive work environment characterised by performance, cross functional teamwork and accountability.

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

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

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

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

Some of the highlights for the year included:

Participatory staff engagements through workshops to ensure awareness and capacity building related to various organisational themes. Staff had the opportunity to participate and influence strategic and operational focal areas of the CHIETA during these workshops.

Positive performance profile of the CHIETA staff which culminated in effective delivery across the various business units within the organisation.

The CHIETA is a truly South African organisation where diversity is celebrated and regarded as one of its key business assets. Representation of designated groups is far advanced and opportunities were continuously taken up enhance diversity.

Various successful employee wellness engagements with staff took place, during which staff were also supported on a physical and emotional level. This had a positive impact on staff delivery and performance for the period under review.

Staff actively participated in various relevant training and development initiatives provided by CHIETA on a collective and cross functional level as well as on an individual level as informed by the CHIETA staff performance management system.

Staff turnover and vacancy rates were within reasonable and acceptable benchmarks to strengthen organisational stability and business continuity. This is primarily due to the CHIETA's positive work environment, service conditions and retention management framework that were implemented.

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

Staff members are also assisted to further their tertiary education by being offered study assistance on work related courses.

The CHIETA believes in regular and effective staff engagement and understands the need to regularly share information. It also informs all staff of the CHIETA's achievements and their involvement in its success. These actions also ensure improved stakeholder delivery.

Human Resources Oversight Statistics

The organisational profile below represents the CHIETA as at 31 March 2020.

Table 16: Personnel cost by Programme/activity/objective

Programme/ activity/ objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
Administration	68 720	35 388	6%	61	580
Projects	528 734	28 099	5%	65	432
Total	597 454	63 487	11%	126	504

Table 17: Personnel cost by salary band for Administration and Projects Programme

Level	Total expenditure for the entity (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management (Executives & CEO)	10 212	16%	6	1 702
Line Management (Managers)	11 922	19%	12	994
Professional Qualified (Specialists)	21 353	34%	30	712
Skilled (Practitioners)	7 016	11%	13	540
Semi-skilled (Administrators & Assistant Administrators)	10 771	17%	37	291
Unskilled (Cleaners & Interns)	2 213	3%	28	79
Total	63 487	100%	126	4 317

Table 18: Performance Rewards for Administration and Projects Programme

Programme/activity/objective	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost
Top Management (Executives)	1 607	10 212	16%
Line Management (Managers)	1932	11 922	16%
Professional Qualified (Specialists)	2788	21 353	13%
Skilled (Practitioners)	900	7 016	13%
Semi-skilled (Administrators & Assistant Administrators)	1376	10 771	13%
Unskilled (Cleaners & Interns)	79	2 213	4%
Total	8 682	63 487	74%

**Table 19: Staff establishment and staff complement for Administration and Projects Programme
(as at 31 March 2020)**

Programme/activity/objective	2019/20 No. of employees (admin)	2019/20 No. of employees	2018/19 approved posts	2018/19 vacancies
Top management	6	0	6	0
Senior management	6	6	12	0
Professional qualified	10	17	27	0
Skilled	9	3	12	0
Semi-skilled	20	9	29	0
Unskilled	4	18	22	0
Total	55	53	108	0

The total CHIETA staff compliment post establishment was 108 and the current staff compliment is 108. Dedicated projects were worked on by 53 project staff members. These were funded from the CHIETA internship budget and the CHIETA project administration and management budget.

Table 20: CHIETA training costs

Programme/ activity/objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	Number of employees trained	Avg training cost per employee (R'000)
Administration	39 388	985	3	39	25
Projects	28 099	167	1	6	28
Total	63 487	1 152	2	45	53

All members of staff underwent cross functional and/or individual training as per their individual personal development plans. It was funded from the administration, project administration management or internship budgets.

Table 21: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	3	30%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
End of contract	5	50%
Other	2	20%
Total	10	100%

Table 22: Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	6	0	0	6
Senior management	9	3	0	12
Professional qualified	22	6	2	26
Skilled	11	2	1	12
Semi-skilled	28	0	0	28
Unskilled	21	3	6	18
Total	97	14	09	101

Table 23: Labour relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal warning	0
Written warning	0
Final written warning	2
Dismissal	0

Total CHIETA Employment Equity status

The CHIETA is far advanced in the representation of designated groups as defined by the employment equity legislation. The CHIETA optimises opportunities presented in terms of positive appointment patterns of designated groups in support of its employment equity policy and plan.

For the purposes of employment equity reporting, both the administrative and project administration and management internship staff are included in the employment equity profile of the CHIETA.

Table 24: CHIETA Employment Equity

Occupational level	Female				Male				Disability		
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total
Top management - Executive manager	1	0	1	0	2	0	1	1	0	0	6
Senior management	4	0	0	0	4	1	3	0	0	0	12
Professionals - Specialist and	0	0	0	0	0	0	0	0	0	0	0
Practitioners	14	2	1	1	15	2	3	1	0	0	39
Skilled - administrators and assistant administrators	18	1	0	0	10	0	0	0	0	0	29
Semi-skilled - administrative intern	7	1	0	0	10	0	0	0	0	0	18
Unskilled - office attendants and cleaner	4	0	0	0	0	0	0	0	0	0	4
Total	48	4	2	1	41	3	7	2	0	0	108

7. LEGAL MATTERS

In the future, all requirements for legal services needed by the organisation would have to be coordinated by the Corporate Services Department. It is envisaged that a five year plan for a panel of service providers be made available for any legal services such as

- Provision of legal opinions.
- Vetting of contractual documents.
- Representation in Labour and High Court.
- Legal representation at the CCMA, as and when the need arises.
- Representation at arbitration at a tribunal.
- Drafting and responding to legal affidavits.
- Provision of specialist legal interpretation in points of law in employee matters and obtaining interdicts.
- Conducting disciplinary hearings.



1. FINANCE OVERVIEW FOR THE YEAR ENDED 31 MARCH 2020

Unqualified audit opinion

The CHIETA obtained an unqualified audit opinion for the financial year ended 31 March 2020. This achievement confirms the high levels of integrity and commitment to sound financial management practices and accountability within the organisation. An unqualified audit opinion indicates that the financial statements submitted for audit were presented fairly, in all material respects, the financial position of CHIETA at 31 March 2019 and its financial performance and cash flows for the year then ended, in accordance with Standards of Generally Recognised Accounting Practices (SA Standards of GRAP), and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998).

Revenue:

Skills development levy (SDL) income decreased by 6.4%, from R577.9 million for the year ended 31 March 2019, to R540.7 million for the year ended 31 March 2020. Total revenue earned decreased by 3.4%, from R577.9 million in the prior period, to R558 million in the current financial year.

The contribution of the return on invested funds to total revenue was R17.3 million, representing approximately 3.1% of total revenue.

- Trends in skills development levy income excluding Admin levies

Figure 1.10 illustrates the trend in SDL income excluding admin levies over the last five financial years. SDL income for the year ended 31 March 2020 has decreased by 3.16% in comparison with SDL income received for the year ended 31 March 2019. This is the 1st time since inception in the year 2000 that SDL income had a negative growth.

Skills Levy Income

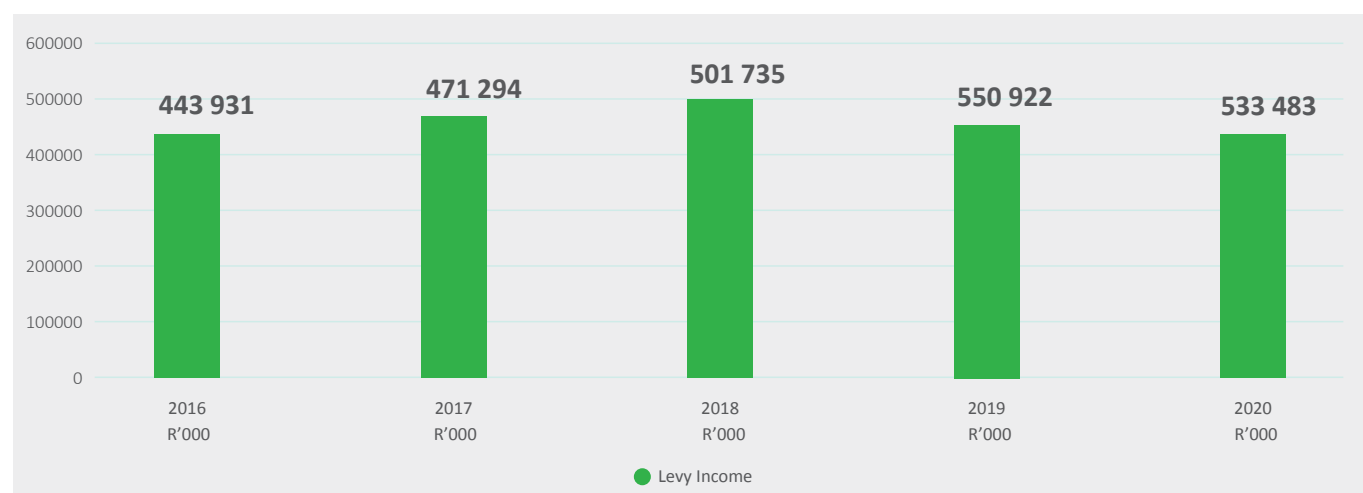


Figure 1.10

Expenditure:

Administration expenses remained well within the legislated 10.5% maximum legislated amount allowed by skills development regulations. CHIETA realised savings of over R1.3 million in administration expenses for the financial year ended 31 March 2020. This amount, together with the total investment return of R17.2 million and unclaimed mandatory grants to the value of R8.4 million, were transferred to the discretionary reserve at year end, to be utilised for discretionary grants and approved strategic projects for sector skills priorities.

The CHIETA expensed over R528.7 million in grants and projects, representing 114% of grant levy income received of R463.6 million for the financial year ended 31 March 2020. A total of R330.1 million was available as discretionary grant and project levy income and of this amount R403.7 million, representing 122% of discretionary grant funds received, was expensed in discretionary grants and project expenses for the financial year ended 31 March 2020.

Expenses on mandatory grants amounted to R125.2 million, represented 94% of the skills development levy income received for the purpose of mandatory grants.

- Financial viability and sustainability of operations

Figure 1.11 shows administration income received against administration expenditure for the financial years ended 31 March 2016 to 31 March 2020. CHIETA has sustained its level of operations within the 10.5% legislated administration provision in each year since inception without compromising the achievement of its service level agreement and performance targets.

Savings in administration funds during the five year period from 2016 to 2020 of R20.5 million was reallocated to discretionary reserves and utilised in discretionary grants and strategic projects for skills priorities. These savings were attributed to continuous development of expenditure control and procurement practices, reduction in the use of consultants, cost containment initiatives implemented in CHIETA and streamlined, effective and efficient human resource capacity.

Administration income received against administration expenditure

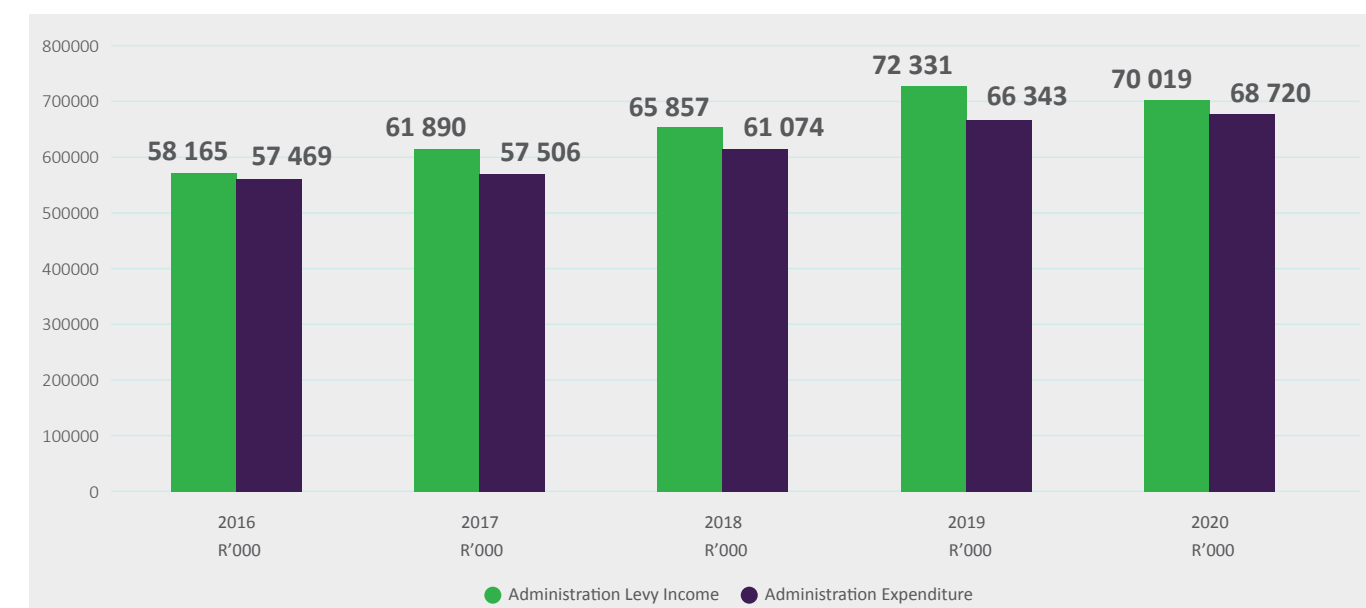


Figure 1.11

- Employer grants and project expenses as a percentage of SDL income

Figure 1.12 shows the total SDL income received for employer grants and project expenses in each of the last five financial years from 2016 to 2020 compared to the total employer grants and project expenses during the same period. During the financial year ended 31 March 2020, CHIETA expended over 114% of the SDL income received for the purpose of discretionary grants and project expenses.



Figure 1.12

Net deficit, reserves and commitments:

The total amount available in the discretionary grant reserve at 31 March 2020 decreased by the net deficit of R39.5 million for the financial year from R236.4 million at 31 March 2019 to R196.9 million at 31 March 2020. CHIETA Accounting Authority and management view the net deficit as a positive outcome, as the increase in employer grant and project expenses contribute materially to the achievement and exceeding of key service level agreement (SLA) targets, and reduce discretionary reserves capitalised in prior financial periods. It is therefore crucial to establish an optimal break-even point in the value of funds available in the discretionary reserve to fund key certification deliverables in future financial periods and learning programmes that extend over multiple financial periods.

Savings in administration (R1.3 million), unclaimed mandatory grants (R8.4 million), investment income (R17.2 million), and SDL: penalties and interest received (R6.7 million), were transferred to the discretionary reserve during the financial year ended 31 March 2020.

As illustrated in note 18 to the annual financial statements, the CHIETA total commitments of R187.5 million in discretionary grants and projects represented 95.25% of the total funds available in the discretionary reserve, thereby exceeding the minimum 95% commitment level legislated by the SETA grant regulations.

AUDIT AND RISK COMMITTEE REPORT 2019/20

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 2020.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit and Risk Committee consists of the members listed hereunder and is required to meet a minimum of four times per annum as per its approved terms of reference. During the current year, six (6) meetings were held.

Summary of meetings attended per Audit and Risk Committee member:

Name	16 May 2019	25 July 2019	15 Aug 2019	16 Sept 2019	21 Oct 2019	12 March 2020
Nandipha Madiba	✓	✓	✓	✓	✓	✓
Lerato Mothae	✓	✓	✓	✓	✓	✓
Mokgadi Olgar Morata	✓	✓	✓	✓	✓	✓
Ronnie Muruven	✓	✓	✓	✓	✓	✓
Adri Swart	✗	✓	✓	N/A	N/A	N/A
Pertunia Dineka	N/A	N/A	N/A	✓	✓	✓

✓ Attended meeting

✗ Apology

➤ Ms Pertunia Dineka replaced Ms Adri Swart as Labour Board representative on the Audit and Risk Committee

AUDIT AND RISK COMMITTEE REPORT 2019/20

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.

EFFECTIVENESS OF INTERNAL CONTROL

The system of control 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.

The Audit and Risk Committee does not agree with the Auditor- General's (herein after refer to as AGSA) view that the contract to appoint a CHIETA MIS Service Provider for a period of five (5) months is classified as an Irregular Expenditure to the amount of R 3 750 000 on the CHIETA Financial Statements. As part of the assurance process to avoid the incurring of any Irregular expenditure and on the mandate from the CHIETA Accounting Authority, CHIETA closely consulted with the AGSA representatives at the time who indicate their support for the contract and SCM management deviation motivation based on a sole source provider and which as per the AGSA advice did not require the approval of National Treasury. It is the strong view of the committee that the AGSA must accept responsibility and take accountability for the advice and guidance provided by their representatives to CHIETA at the particular point in time on this matter.

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management letter of the AGSA, we concluded that the existing control environment, apart from non-compliance to supply chain management legislation and policy as per the AGSA Management Report was adequate and effective. It provides reasonable assurance that the organisation's goals and objectives are being achieved and that CHIETA has received an unqualified audit opinion from the AGSA for the 2019/20 financial year.

EVALUATION OF FINANCIAL STATEMENTS AND ORGANISATIONAL PERFORMANCE

The Audit and Risk Committee has

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

The Audit and Risk Committee does not concur with and do not accept the AGSA conclusion on the Annual Financial Statements pertaining to the irregular expenditure finding raised on the CHIETA MIS Service Provider and is of the opinion that the audited Annual Financial Statements be adopted with the concerns and reservations expressed by the CHIETA Audit and Risk Committee in this regard.



Nandi Madiba CD (SA)
Chairperson of the Audit and Risk Committee
Date: 22 September 2020

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON 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) set out on pages 116 to page 166 which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flows statement and statement of comparison of budget and actual amounts for the year then ended, as well as the 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 the CHIETA as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (SDA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International code of ethics for professional accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Events after the reporting date

7. I draw attention to note 24 to the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on the public entity's future prospects, performance and cash flows.

Responsibilities of the accounting authority for the financial statements

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

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 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 programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the public entity for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 3: Occupationally directed programme	41 – 47

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

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on page 35 to page 48 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

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

Procurement and contract management

21. Some goods and services with a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the accounting authority although it was practical to invite competitive bids, contrary to treasury regulations 16A6.1 and 16A6.4.

OTHER INFORMATION

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
27. The public entity's policies and procedures relating to supply chain management were not updated with changes in the instruction notes issued by the National Treasury, which resulted in irregular expenditure being incurred that could have been prevented and detected.
28. The public entity's policies and procedures relating to supply chain management were not updated with changes in the instruction notes issued by the National Treasury, which resulted in irregular expenditure being incurred that could have been prevented and detected.

Auditor - General

Pretoria
30 September 2020



ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

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

Communication with those charged with governance

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

AUDITED

The Annual Financial Statements for the year ended 31 March 2020, set out on page 122 to page 166, have been approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999, as amended, on 30 September 2020, and are signed on their behalf by:



Wezi Khoza
Chairperson of Accounting Authority
30 September 2020



Khathutshelo Ramukumba
Chief Executive Officer
30 September 2020

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REPORT OF THE ACCOUNTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2020

1. General review of the state of affairs

The Accounting Authority of the Chemical Industries Education and Training Authority (CHIETA) takes pleasure in presenting its report for the year ended 31 March 2020 to the Executive Authority, Provincial Legislature and Parliament of the Republic of South Africa. The 2019-20 financial year, has been successful in building on prior year achievements and has again exceeded key requirements of the Sector Education and Training Authorities Grant Regulations relating to SETA finances, financial management, mandatory and discretionary grants. This is complemented by the achievement and exceeding of all expanded CHIETA Service Level Agreement (SLA) targets as agreed with our Executive Authority for the financial year ended 31 March 2020.

The SETAs' Grant Regulations resulted in a number of positive changes in the overall strategy and fostered an accelerated delivery model designed by the CHIETA to ensure that CHIETA achieves and exceeds financial management and performance targets outlined in the grant regulations and the National Skills Development Strategy 3 (NSDS 3). A summary of the key requirements in the area of SETA finances, financial management, discretionary and mandatory grants are, inter alia:

- A SETA is required to allocate a minimum of 80% of its available discretionary grants within a financial year to PIVOTAL programmes.
- A SETA may allocate a maximum of 20% to funding of programmes, other than PIVOTAL programmes, to develop the sector in accordance with the priorities outlined in the Sector Skills Plan (SSP).
- SETAs are required to annually set-out the amount of discretionary funds available for the ensuing financial year in the Annual Performance Plan (APP) and indicate the programs (PIVOTAL and NON PIVOTAL) that will be funded through discretionary grants and sector projects as well as indicate the impact of these interventions and how this impact will be measured.
- A SETA must, on an annual basis, and in accordance with any guidelines issued by DHEST, approve a Discretionary Grants Policy, specifying how the SETA discretionary funds will be allocated to meet sector needs as set out in the SSP.
- In order to obtain discretionary grant funding for PIVOTAL programmes from a SETA, a legal person employing more than 50 employees must complete and submit a PIVOTAL training plan and report.
- An application for a mandatory grant must be submitted by 30 April of each year. Due to the COVID-19 pandemic, the announcement of the State of National Disaster and the subsequent extension granted by the Minister of Higher Education, Science and Training (DHEST), the mandatory grant application submission was extended by one month to 30 June 2020. The Minister promulgated a further extension of the mandatory grant application to 31 July 2020.

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

1.1 Revenue

During the period under review the Chemical Industries Education and Training Authority (CHIETA) received R533.4 million in Skills Development Levy (SDL) income and realised a 3.2% (R17.4 million) decrease in comparison to the levy income earned for the year ended 31st March 2019. SDL income: penalties and interest increased by 6.5% from R6.7 million in 2018-19 to R7.2 million for the current period. Return on invested funds of R17.3 million represented 3.1% of total revenue. Total revenue decreased by 3.5% from R577.9 million in the prior financial year to R557.9 million for the year ended 31 March 2020. SDL income was below the approved budget by 9.1% (R53.2 million). Total revenue was below the approved budget by 10.7% (R66.6 million).

1.2 Expenses

1.2.1 Administration Expenses:

CHIETA administration expenditure remained within the 10.5% limit prescribed by skills development legislation, and administration savings of over R1.2 million representing 1.8% of the total administration income earned was transferred to the discretionary reserve at financial year end for utilisation in prioritised skills development initiatives.

1.2.2 Employer Grants and Project Expenses:

The CHIETA expensed over R528.7 million in employer grants and project expenses representing 114.2% of grant levy income received of R463.4 million for the financial year ended 31st March 2020. Employer grant and project expenses exceeded the prior year achievement by R13.4 million, which equates to a 2.6% increase in disbursement rates in comparison with the prior financial year.

1.2.3 Discretionary Grants and commitments:

The CHIETA expensed over R403.7 million in discretionary grants and project expenses for the 2019-20 financial year, representing 122.2% of the SDL income received for discretionary grants and project purposes. The disbursement rate for the 2019-20 financial year exceeded the prior year achievement by 3.4% (R12.3 million). During the financial year under review, the CHIETA continued its drive to optimise service delivery by expanding and further integrating platforms, systems and processes, thus allowing for a greater focus on monitoring and evaluation, strategic review and analyses of performance targets and related grant disbursement targets. A strong focus was also placed on expanding existing partnerships and promoting new partnerships with stakeholders to achieve the highest return on our investments and to deliver the substantially expanded SLA targets with the Department of Higher Education, Science and Training (DHET). This approach has once again reduced the overall cost and the unit cost of training in the various projects and programs without compromising the achievement of, and exceeding all CHIETA SLA targets for the 2019-20 financial year.

The objective was also to ensure optimal service delivery and disbursement of discretionary grants and projects expenses during the financial year. Discretionary grant allocations and funding priorities were interrogated, ranked and aligned against the priorities of the NSDS 3 and the SSP. The CHIETA expensed R347.3 million (91.8%) of its discretionary grant and project expenditure in PIVOTAL programs and R30.7 million (8.2%) in Non PIVOTAL programs as outlined in note 18 of the annual financial statements for the year ended 31 March 2020.

During the year under review, applications for discretionary grants and projects were once again oversubscribed. After evaluation according to the established criteria, awards of over R323.4 million were approved for discretionary grant learning programs and a further amount of R99.9 million was approved and allocated for strategic sector projects during the financial year. The nature of initiatives supported included:

- Programs supporting learners on registered learnerships and workplace experience.
- Supporting of scarce and critical skills as identified in the SSP
- Honouring apprenticeship and artisan training commitments and prioritising new apprenticeship programmes
- Supporting partnerships and training initiatives in Further Education and Training, Higher Education and Training in partnership with the chemical industry
- Providing incentives for workplace experience and employment creation.

- Assisting graduates in entering the workplace and enhancing employability through further graduate development programs and Work Integrated Learning (WIL)
- Promoting Recognition of Prior Learning (RPL) and facilitation of strategic research programs.
- It is the opinion of the Accounting Authority that the expenditure incurred during the year under review has been properly accounted for and that the projects and programmes undertaken have considerably benefited the chemical industries sector as a whole, as well as providing support and funding towards national priorities and the achievement of national skills development imperatives.

1.2.4 Mandatory Grant

Mandatory Grant participation continued to increase and exceeded anticipated projections during the financial period. The mandatory grant expense decreased by 0.2% from R124.6 million for the financial year ended 31 March 2019 to R124.9 million for the financial year ended 31 March 2020. The mandatory grant disbursement represented 93.7% of mandatory grant levy income received for the financial year ended 31 March 2020. Unclaimed mandatory grants of R8.4 million were transferred to the discretionary reserve and allocated to prioritised discretionary grants and projects as per the requirements of the SETA grant regulations.

1.3 Net Deficit for the year

The CHIETA incurred a Net Deficit of R39.5 million for the year ended 31st March 2020. The current year deficit exceeded the prior year deficit by R35.5 million due to the materially lower than anticipated receipt of SDL income for the 2019/20 financial year. The incurring of a deficit in the SETA environment is seen as a positive outcome in respect of sound financial management since the impact is a reduction of funds available in the discretionary grant reserve, which was capitalised by savings in prior years. While the CHIETA discretionary reserve is 95.4% committed at year end, the CHIETA Accounting Authority promotes the strategy of reducing discretionary grant reserves to an optimum level in order to allow CHIETA to deliver on its mandate and agreed SLA targets annually. In the current financial year the CHIETA also realised a reduction of 18.4% (R43.5 million) in its discretionary reserve, confirming the overarching strategy of reducing reserve funds.

2. Services rendered by the Public Entity and Tariff policy

The CHIETA is a PFMA schedule 3A public entity enacted by the Minister of Higher Education and Training in terms of the Skills Development Act and governed by the Public Finance Management Act, Act no.1 of 1999, as amended. The CHIETA facilitates skills development in the chemicals industries sector. No tariff is charged for services rendered. The CHIETA is funded through skills development levies contributed in terms of the Skills Development Levies Act by employers in the chemicals industries sector.

3. Capacity constraints

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

4. Utilisation of donor funds

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

5. Business address

72 New Road
Glen Austin
Midrand, 1685

6. Controlled entities and Public entities

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

7. Other organisations to whom transfer payments have been made

No transfer payments were made by the CHIETA to any other party during the period under review.

8. Public private partnerships (PPP)

No public private partnerships were entered into during the period under review.

9. Discontinued Activities / Activities to be discontinued

No discontinued activities or closure of any major part of the business have occurred during the financial period. No activities are planned to be discontinued for the remaining license period of the CHIETA.

10. New / proposed Activities

No new activities have been proposed.

11. Re-licensing

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

12 Corporate Governance

12.1 Corporate Governance and Compliance with PFMA

The CHIETA continuously updates and implements recommendations emanating from of the Public Finance Management Act (PFMA) and Treasury Regulations. The CHIETA audit committee met regularly during the financial year in order to provide oversight and governance, inter-alia, over the following areas:

- The activities of the internal audit function, its annual work programme, coordination with external auditors Auditor-General (SA) and the responses of management to specific recommendations.
- CHIETA interim and annual financial statements and quarterly management accounts.
- Fraud and Information Technology (IT) risks as they relate to financial reporting.
- Management of IT risks.
- Annual independent review and update of policies, procedures and PFMA compliance by the internal and external audit functions.
- Adequacy and effectiveness of internal controls and management of risks, including financial reporting and fraud related risks.
- Combined assurance required to address significant risks facing CHIETA.

12.2 Financial Risk Management and systems of control

Section 51(1)(a)(i) of the PFMA requires the Accounting Authority of a public entity to implement and maintain effective, efficient and transparent systems of financial, risk management and internal controls. The CHIETA has developed detailed financial policies and procedures, and a 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 reviews.

The CHIETA Governing Board committed CHIETA to a process of sustained risk management that is aligned to the principles of good corporate governance, relevant legislation and leading practice. Accountability is strongly vested at the Accounting Authority and management level on strategic and operational risk management, respectively

The CHIETA has over the last few years embarked upon a comprehensive organisation-wide risk management process that was implemented in a structured, consistent and integrated manner and that aligns strategy, processes, people, technology and knowledge towards mitigating risks within acceptable risk appetite levels. This CHIETA Risk Management Framework covers the full spectrum of risks taken in pursuit of CHIETA's objectives and are categorised into strategic and operational risks per the respective functional areas and business processes of the organisation.

Management and monitoring of the CHIETA Risk Management framework is facilitated through regular risk assessments and reporting by management into the Governance structures of CHIETA in terms of relevance, progress and status of risks treatments as per committed deadlines and implementation plans.

12.3 Expenditure Control and Procurement Framework

The CHIETA has developed a robust framework for expenditure control, governed by policies, procedures, delegations of authority and systems, which are updated on a regular basis. This is done in with the Irregular Expenditure Framework wherein if elements of noncompliance are identified, they are investigated and consequential management is applied. A supply chain management policy framework is fully implemented in line with the Preferential Procurement Policy Framework Act (PPPFA) and supply chain management regulations. These policies and procedures are reviewed regularly by the CHIETA management, staff, internal and external auditors and adjusted to ensure that current updates in procurement practices are adhered to by the entity.

12.4 CHIETA Infrastructure and Security over assets and income

The CHIETA's net asset base was R202.9 million as at 31 March 2020 (R242.5 as at 31 March 2019). Total net assets decreased by the net deficit of R39.5 million for the financial year ended 31 March 2020 in comparison with the prior financial year.

12.5 Accounting Authority and Board Committee Meetings

The Accounting Authority and all CHIETA board committee's attend quarterly meetings to discuss strategic matters focusing on delivery of the CHIETA mandate.

12.6 Promotion of Accountability and Transparency

12.6.1 Audit Committee

The Audit Committee functions in terms of section 51(a)(ii) of the PFMA read in conjunction with Treasury Regulations 76 and 77 and performs a critical governance function. As with the board, the Audit Committee's constitutional structure and operation have been considered in relation to best practice recommendations and the protocols on corporate governance.

12.6.2 Management Committee

Through management of day-to-day business activities, the CHIETA Chief Executive Officer and the management team are responsible for ensuring that decisions, strategies and views of the board are implemented and that operations are managed effectively, efficiently and economically.

12.6.3 Employees

The Human Resources Strategy is founded on human capital development. It also addresses issues that create the conditions and opportunities for previously disadvantaged individuals to be employed at all levels within the organisation. The CHIETA views transformation and employment equity as a key imperative of skills development and training, economic development and disposal of its mandate.

12.6.4 Employment Equity

There is continual monitoring and enforcement of employment equity practices.

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2020

	Note(s)	2020 R'000	2019 R'000
Assets			
Current Assets			
Cash and cash equivalents	10	256,467	347,246
Receivables from non-exchange transactions	9	1,253	501
Receivables exchange	9	1,891	1,883
Inventories	22	548	67
		260,159	349,697
Non-Current Assets			
Property, plant and equipment	7	2,483	2,745
Intangible assets	8	50	99
		2,533	2,844
Total Assets		262,692	352,541
Liabilities			
Current Liabilities			
ACCOUNTS PAYABLES EXCHANGE	12	8,721	8,837
Accounts payable Non-exchange	11	49,807	100,166
Provisions	14	1,184	1,081
		59,712	110,084
Total Liabilities		59,712	110,084
Net Assets		202,980	242,457
Accumulated surplus		202,980	242,457

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2020 R'000	2020 R'000
Revenue			
EXCHANGE REVENUE			
Investment income	3	17,201	20,274
Other income		105	3
Total revenue from exchange transactions		17,306	20,277
NON EXCHANGE REVENUE			
Taxation revenue			
Skills Development Levy: income		533,483	550,922
Skills Development Levy: penalties and interest		7,215	6,773
Total revenue from non-exchange transactions		540,698	557,695
Total revenue	4	558,004	577,972
Expenses			
Employer grant and project expenses	5	(528,734)	(515,662)
Administration expenses	6	(68,720)	(66,343)
Loss on disposal of assets and liabilities		(27)	(13)
Total expenses		(597,481)	(582,018)
NET DEFICIT FOR THE YEAR		(39,477)	(4,046)

STATEMENT OF CHANGES IN NET ASSETS

	Administration reserve R'000	Employer grant reserve R'000	Discretionary grant reserve R'000	Accumulated surplus R'000
Balance at 01 April 2018	6,094	-	240,409	246,503
Changes in net assets				
Surplus for the year	-	-	-	(4,046)
Allocation of Net accumulated deficit	5,975	11,581	(21,602)	-
Excess reserves transferred to Discretionary	(5,975)	(11,581)	17,556	-
Total changes	-	-	-	(4,046)
Balance at 01 April 2019	6,094	-	236,363	242,457
Changes in net assets				
Surplus for the year	-	-	-	(39,477)
Allocation of Net accumulated deficit	1,377	8,416	(49,270)	-
Excess reserves transferred to Discretionary	(1,377)	(8,416)	9,793	-
Total changes	-	-	-	(39,477)
Balance at 31 March 2020	6,094	-	196,886	202,980

CASH FLOW STATEMENT

	Note(s)	2020 R'000	2019 R'000
Operating activities			
Cash received from stakeholders			
Levies, interest and penalties received		540,344	557,287
Cash paid to stakeholders, suppliers and employees			
Compensation of employees		(42,970)	(38,108)
Grants and project payments		(579,092)	(456,430)
Payments to suppliers and other		(25,613)	(20,665)
Investment income	3	17,201	20,274
Cash generated/ utilised in operations	15	(107,331)	42,084
Cash paid to stakeholders, suppliers and employees		(647,675)	(515,203)
Net cash flows from operating activities	15	(107,331)	42,084
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8&7	(376)	(1,559)
Proceeds from disposal of property, plant and equipment	7	25	19
Net cash outflow from investing activities		(351)	(1,540)
Net increase/(decrease) in cash and cash equivalents		(90,779)	61,221
Cash and cash equivalents at the beginning of the year		347,246	286,024
Cash and cash equivalents at the end of the year	10	256,467	347,245

STATEMENT OF COMPARISON BUDGET AND ACTUAL AMOUNTS

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
	R'000	R'000	R'000	R'000	R'000
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Investment income	23,527	-	23,527	17,201	(6,326)
Other income	-	-	-	105	105
Total revenue from exchange transactions	23,527	-	23,527	17,306	(6,221)
(Revenue from non-exchange transactions)					
Skills Development Levy: Income	586,703	-	586,703	533,483	(53,220)
Skills Development Levy: penalties and interest	14,364	-	14,364	7,215	(7,149)
Total revenue from non-exchange transactions	601,067	-	601,067	540,698	(60,369)
Total revenue	624,594	-	624,594	558,004	(66,590)
Expenditure					
Employer grant and project expenses	(547,588)	-	(547,588)	(528,734)	18,854
Administration expenses	(77,005)	-	(77,005)	(68,720)	8,285
Total expenditure	(624,593)	-	(624,593)	(597,454)	27,139
NET DEFICIT FOR THE YEAR	-	-	-	(39,450)	(39,451)
Loss on disposal of assets and liabilities	-	-	-	(27)	(27)
Deficit before taxation	-	-	-	(39,477)	(39,477)
Net deficit for the year	-	-	-	(39,477)	(39,477)

ACCOUNTING POLICIES

1. Basis of preparation

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

The cash flow statement has been prepared in accordance with the direct method.

Specific information such as:

- receivables from non-exchange transactions, including taxes and transfers;
- taxes and transfers payable;
- trade and other payables from non-exchange transactions; .
- is presented separately on the statement of financial position..
- The amount and nature of any restrictions on cash balances is required to be disclosed..

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

The financial statements have been prepared on the historical cost basis, except where adjusted for present / fair values as required by the relevant accounting standard.

1.1 New Accounting Pronouncements

Standards effective and adopted in the prior year

The entity has applied the following standard which has been published and is effective for the entity's accounting periods beginning on or after 1 April 2015.

Segment reporting	GRAP 18	Effective dates, years beginning on or after April 2015
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This standard describes the disclosure requirements to present more specific and detailed information about major activities undertaken by an entity during a particular period along with the resources allocated to those activities. The adoption of this standard has not had a material impact but has resulted in more disclosures than presented in the prior period annual financial statements. The additional disclosure is set out in note 22 to the annual financial statements.

Standards issued and relevant but not yet effective.

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

		Effective date
Statutory Receivables	GRAP 108	Not yet determined
Accounting by Principals and Agents	GRAP 109	Not yet determined

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 PFM.

GRAP 108: Statutory Receivables

This standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. It is not expected that this standard will significantly impact future disclosures.

GRAP 109: Accounting by Principals and Agents.

This standard outlines the principles used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. It is not expected that this standard will significantly impact future disclosures.

The entity has not applied the following Standards and Interpretations that have been issued and are mandatory for accounting periods beginning on or after 1 April 2015 as they are not relevant to the entities operations.

Standards issued and effective but not relevant.

Transfer of Functions between Entities Under Common Control.	GRAP 105	Effective date, commencing on or after 31 March 2015
Transfer of Function between Entities Not Under Common Control	GRAP 106	Effective date, commencing on or after 31 March 2015
Mergers	GRAP 107	Effective date, commencing on or after 31 March 2015

The above standards have not had an impact on the financial statements as there has been no transfer of functions or mergers relating to the CHIETA.

1.2 Going concern assumption

The financial statements have been prepared on the going concern basis, as the CHIETA does not see any reason to significantly curtail its operations in the foreseeable future and the entity will continue to operate as a going concern notwithstanding the BUSA issue. Meetings were held between all SETA CEOs and the DHEST. The minister has chosen a conciliatory approach to the issue. The SETAs existence was extended to 31 March 2030 through a proclamation by the Minister of Higher Education, Training, Science and Technology.

1.3 Judgements and sources estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 in the annual financial statements. Judgements include:

Trade and other receivables.

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Provisions

Provisions are estimates raised by management using the information available to management.

Property, plant and equipment

The entity reassesses the useful life of the property, plant and equipment annually.

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 entity; and the cost of fair value of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values .

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised. Intangible assets are amortised on the straight line basis over their expected useful lives to their estimated residual values.

Leave pay

The cost of other employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date. Provisions included in the balance sheet are provisions for leave based on the current salary rates.

1.4 Currency

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

1.5 Revenue recognition

Skills Development Levy (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 department of higher education and training (DHET), either makes an allocation or payment, whichever comes first, to the SETA, as required by section 8 of the Skills Development Levies Act, 1999 (Act No.9 of 1999) .

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

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).

Revenue is adjusted for inter-SETA transfers due to employers changing SETA's. Such adjustments are disclosed separately as inter-SETA transfers. 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.

Interest and penalties

Interest and penalties on the skills development levy is recognised when department of higher education and training (DHET), either makes an allocation or payment, whichever comes first, to the SETA, as required by section 8 of the Skills Development Levies Act, 1999 (Act No.9 of 1999).

Funds allocated by the National Skills Authority for special projects

Funds transferred by the National Skills Authority are accounted for in the financial statements of the SETA as a liability until the related eligible special project expense are incurred, when the liability is extinguished and revenue recognised.

Property, plant and equipment acquired for the project are capitalised in the financial statements as the SETA controls such assets for the duration of the project. Such assets can however only be disposed of in terms of agreement and specific written instructions by the National Skills Authority.

Government grants and other donor income

Conditional government grants and other conditional donor funding received are recorded as deferred income when it becomes receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs which it was intended to compensate. Unconditional grants received are recognised when the amounts have been received.

Investment income

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

1.6 Grants and project expenditure

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

Mandatory grants

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

Discretionary grants and project expenditure

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

A SETA may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period.

Project expenditure comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and project administration costs can be allocated to the project; and
- such other costs as are specifically chargeable to the Seta under the terms of the contract.

A maximum of 7.5% of discretionary grant and project expenditure may be used for project management

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

Project costs are recognised as expenses in the period in which they are incurred. A receivable is recognised net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

1.7 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation. Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

1.8 Property, plant and equipment

Property, Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Depreciation is calculated on the straight-line method to write-off the cost of each asset over its estimated useful life.

Computer equipment	33.3%
Office furniture and fittings	10%
Office equipment	10%

The depreciation charge is to depreciate the book value over the the useful life of the asset to its assessed residual value. Depreciation is calculated and provided for on an annual basis. If the residual value of an asset is at least equal to its carrying amount, depreciation will cease.

The following factors were considered to determine the useful life of the asset:

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.

- Expected usage of the asset;
- Expected physical wear and tear of the asset;
- Technical obsolescence; and
- Legal or other limits on the use of the asset.

The entity reassesses the useful life of the property, plant and equipment at the end of each financial year

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Intangible Assets

Intangible assets held for use are stated in the balance sheet at amortised cost being the initial cost price less any amortisation and impairment

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight-line method as following:

Computer Software	50%
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The useful lives of intangible assets are reassessed at the end of each financial year.

1.9 Operating lease agreements

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement based on actual straight lined and accrued payments. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination take place.

1.10 Retirement benefit costs

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

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.

1.11 Provision

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

1.12 Provision for employee entitlements

The cost of other employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date. Provisions included in the balance sheet are provisions for leave (based on the current salary rates), bonuses and termination benefits.

1.13 Provision for grants

A provision is recognised for grant payments once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998 has been complied with by member companies and it is probable that the SETA will approve the payment. The measurement of the obligation involves an estimate, based on the established pattern of past practice of approval for each type of grant.

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

1.14 Financial instrument

Recognition

Financial assets and financial liabilities are recognised on the SETA's balance sheet when the SETA becomes a party to the contractual provisions of the instrument.

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

1.15 Financial assets

The SETA's principle financial assets are accounts and other receivable and cash and cash equivalents are categorised as follows:

Cash and cash equivalents - held for trading

Cash and cash equivalents are measured at fair value.

Investments and loans

The following categories of investments are measured at subsequent reporting dates at amortised cost by using the effective interest rate method if they have a fixed maturity, or at cost if there is no fixed maturity:

- Loans and receivables originated by the group;
- Held-to-maturity investments;
- An investment that does not have a quoted market price in an active market and whose fair value cannot be measured reliably.

Cost and amortised cost are inclusive of any impairment loss recognised to reflect irrecoverable amounts. The financial assets are subject to review for impairment at each balance sheet date.

Investments other than those listed above are classified as available-for-sale investments or investments held-for-trading and are measured at subsequent reporting dates at fair value without any deduction for transaction costs that may be incurred on sale or other disposal.

Accounts and other receivables

Accounts and other receivables are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

1.16 Financial liabilities

The SETA's principal financial liabilities are accounts and other payables.

All financial liabilities are measured at amortised cost, comprising original debts less principle payments and amortisations, except for financial liabilities held-for trading and derivative liabilities, which are subsequently measured at fair value.

Gains and losses arising from a change in the fair value of financial instruments, other than available-for-sale financial assets, are included in net profit or loss in the period in which it arises. Gains and losses arising from a change in the fair value of available-for-sale financial assets are recognised in equity, until the investment is disposed of or is determined to be impaired, at which time the net profit or loss is included in the net profit or loss for the period.

A financial asset or a portion thereof is derecognised when the SETA realises the contractual rights to the benefits specified in the contract, the rights expire, the SETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net profit or loss for the period.

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net profit or loss for the period.

The fair values at which financial instruments are carried at the balance sheet date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the SETA could realise in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

Financial assets and financial liabilities are offset if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to offset exists.

1.17 Reserves

Equity is sub-classified in the balance sheet between the following funds and reserves:

- Administration reserve
- Employer grant reserve
- Discretionary reserve

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).

Member employer company levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

	2019/20	2018/19
	%	%
Administration costs of the SETA	10.5	10.5
Employer Grant Fund Levy	20	20
Discretionary grants and projects	49.5	49.5

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

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

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

1.18 Related parties

CHIETA operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. All national departments of government and state-controlled entities are regarded as related parties in accordance with Circular 4 of 2005: Guidance on the term "state controlled entities" in context of IAS 24 (AC 126) - Related Parties, issued by the South African Institute of Chartered Accountants. Other related party transactions are also disclosed in terms of the requirements of the accounting standard.

1.19 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first in first out (FIFO) / weighted average formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

1.20 Commitments

Commitments comprise those future expenses that CHIETA has committed itself to contractually, but for which a present obligation for the payment thereof does not exist at the reporting date. Accordingly these commitments are not recognised as liabilities but are disclosed in the notes to the annual financial statements. Please refer to note 18.

1.21 Segment Reporting

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

Segment information is presented based on services provided. Service segments relate to distinguishable components within CHIETA that provide specific outputs or achieve particular operating objectives that are aligned to the entities overall mission. CHIETA's service segments are mandatory, discretionary and administrative activities.

2. ALLOCATION OF NET DEFICIT FOR THE YEAR TO RESERVES FOR THE YEAR ENDED 31 MARCH 2020

Figures in Rand

	R'000	R'000	R'000	R'000
	Total per income Statement	Administration reserve	Mandatory skills planning and implementation grants	Discretionary grants and Projects
Admin levy income	70,019	70,019	-	-
Grant levy income	463,464	-	133,353	330,111
Skills Development Levy:penalties and interest	7,215	-	-	7,215
Investment income	17,201	-	-	17,201
Other income	105	105	-	-
Loss on disposal of assets	(27)	(27)	-	-
Transfer to discretionary reserve	-	(1,377)	(8,416)	9,688
Total revenue	557,977	68,720	124,937	364,320
Administration expenses	(68,720)	(68,720)	-	-
Employer grants and projects expenses	(528,734)	-	(124,937)	(403,797)
Net surplus per statement of financial performance allocated	(39,477)	-	-	(39,477)

2. ALLOCATION OF NET DEFICIT FOR THE YEAR TO RESERVES FOR THE YEAR ENDED 31 MARCH 2019

Figures in Rand

	R'000	R'000	R'000	R'000
	Total per income Statement	Administration reserve	Mandatory skills planning and implementation grants	Discretionary grants and Projects
Admin levy income	72,331	72,331	-	-
Grant levy income	478,591	-	136,277	342,314
Skills Development Levy:penalties and interest	6,773	-	-	6,773
Investment income	20,274	-	-	20,274
Loss on disposal of assets	3	-	-	3
Transfer to discretionary reserve	(13)	(13)	(11,581)	17,556
Total revenue	577,959	72,318	124,696	386,920
Administration expenses	(66,343)	(66,343)	-	-
Employer grants and projects expenses	(515,662)	-	(124,696)	(390,966)
	(4,046)	-	-	(4,046)

Figures in Rand

3. INVESTMENT INCOME

Interest income - Bank deposits

2020
R'000

2019
R'000

17,201	20,274
17,201	20,274

4. SKILLS DEVELOPMENT LEVY INCOME

Skills development levies transferred from department of higher education and training
Skills development levies received from government departments
Intersecta transfers in

Levy income: Administration

Skills development levies transferred from department of higher education and training
Skills development levies received from government departments
Intersecta transfers in
Other income

Levy income: Employer Grants

Skills development levies transferred from department of higher education and training
Skills development levies received from government departments
Intersecta transfers in

Levy income: Discretionary Grants

69,942	72,208
77	73
-	50
70,019	72,331
133,207	136,043
146	139
-	95
105	3
133,458	136,280
329,749	341,736
362	343
-	235
330,111	342,314

Figures in Rand	2020	2019
	R'000	R'000

5. EMPLOYER GRANT AND PROJECT EXPENSES

Mandatory grants		
Disbursed	125,221	114,545
Movement in provisions and accrual	(284)	10,151
Discretionary grants		
Disbursed	351,825	274,821
Movement in provisions and accrual	(44,853)	34,291
Project expenditure		
Disbursed	106,090	68,009
Movement in provisions and accrual	(9,265)	13,845
	528,734	515,662
Discretionary Grant expenditure consist of:		
Direct Discretionary Grant project costs	287,122	289,170
Direct project administration expenses	19,849	19,942
	306,971	309,112
Project expenditure consist of:		
Direct project costs	90,543	78,292
Direct project administration expenses	6,283	3,563
	96,826	81,855

Figures in Rand	2020	2019
	R'000	R'000

6. ADMINISTRATIVE EXPENDITURE

Depreciation	587	824
Amortisation of intangibles	49	113
Operating lease rentals (minimum lease payments)- Buildings	3,236	3,236
Maintenance, repairs and running costs- Property and buildings	120	124
Utilities	1,217	986
Advertising, marketing and promotions, communication	700	1,003
Consultancy and service provider fees	1,381	2,177
Legal fees	287	666
Cost of employment (ref to note 6.1)	41,909	39,592
Travel and accomodation	1,850	2,587
Training and development	1,152	698
Remuneration to members of the accounting authority	2,159	1,805
Remuneration to members of the audit committee	717	630
Internal auditors remuneration	1,126	898
External auditors remuneration - Audit fees	3,088	2,384
IT maintenance and internet Service (ISP)	1,325	731
Telephone and fax	565	756
Printing and stationery	1,200	1,186
Insurance costs	122	178
Workshop and meetings	537	631
Quality council for trades and occupations (QCTO)	3,597	3,392
Postage and Courier	450	431
Board and committee secretariat	414	356
*Other expenses	932	961
	68,720	66,345

Refer to the Report of the Accounting Authority for disclosure concerning the remuneration to the members of the Accounting Authority, Chief Executive Officer; Chief Financial Officer and Senior Managers.

Other expenses includes website, board sacreitariets fees, bank charges and postage and courier

Figures in Rand

6.1 COST OF EMPLOYMENT**Salaries and wages**

	2020 R'000	2019 R'000
Basic salaries	27,397	27,678
Performance awards	5,767	4,612
Temporary staff	69	403
Leave provision	1,307	1,401

Social contributions

Medical aid contributions	2,265	2,111
Provident fund contributions: definid contribution plans	4,768	3,062
UIF	336	326

Allocation of cost of employment

Average number of employees	81	77
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Figures in Rand

7. PROPERTY, PLANT AND EQUIPMENT

	2020				2019			
	Cost	Accumulated depreciation and accumulated impairment	Carrying value		Cost	Accumulated depreciation and accumulated impairment	Carrying value	
Computer equipment	3,262	(2,419)	843		3,127	(2,208)	919	
Office furniture and fittings	2,993	(1,909)	1,084		3,002	(1,799)	1,203	
Office equipment	1,670	(1,114)	556		1,662	(1,039)	623	
Total	7,925	(5,442)	2,483		7,791	(5,046)	2,745	
Movement summary for the year ended 31 March 2020								
Computer equipment	Opening balance	919	(29)		Scrapped assets	(21)		Total
Office furniture and fittings		1,203	-			(2)		843
Office equipment		623	-			-		1,084
		2,745	(29)			(23)		2,483
Movement summary for the year ended 31 March 2019								
Computer equipment	Opening balance	1,121	(32)		Scrapped assets	(9)		Total
Office furniture and fittings		776	-			(10)		919
Office equipment		680	-			-		1,203
		2,577	(32)			(19)		2,745

8. INTANGIBLE ASSETS

	2020			2019		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	348	(298)	50	685	(586)	99
Total	348	(298)	50	685	(586)	99
Movement summary for the year ended 31 March 2020						
Computer software				Opening balance	Amortisation	Total
				99	(49)	50
Movement summary for the year ended 31 March 2019				99	(49)	50
Computer software				Additions	Amortisation	Total
				130	(114)	99
				130	(114)	99

Figures in Rand

9. RECEIVABLES TRANSACTIONS

	2020	2019
	R'000	R'000
Intersecta debtors Non-exchange	-	310
Grants and project debtors-Exchange	1,015	-
Deposits Exchange	143	143
Trade receivables Exchange	726	1,743
Employer receivable Non-exchange	1,252	191
Employee receivable Exchange	9	-
	3,145	2,387
Employer receivable		
Overpayments to employers-Opening balance	191	116
Received during the year	(25)	(100)
Receivables-current year	1,086	175
Impairments	-	-
	1,252	191

R1,085,928 (2018/19: R175,194) was recognised as a receivable relating to the overpayment to the employers in earlier periods, as a result of inaccurate information received from SARS, and is based on the amount of such grant overpayments. These amounts are system generated. There is no corelationship with prior periods as historically these amounts were significantly low. An amount of RNil (2018/2019: RNil) was provided as doubtful debts.

CHIETA refunds amounts to employers in the form of grants, based on the information from DHET. Where information is retrospectively amended, it may result in grants that have been paid to certain employers that are in excess of the amount CHIETA is permitted to have granted to the employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

The carrying amount of accounts receivable is the net of allowance for any doubtful debt, estimated by the Accounting Authority ased on assessment of the risk of non-recoverability. The carrying amount of these assets approximates their fair value.

Figures in Rand

2020	2019
R'000	R'000

10. CASH AND CASH EQUIVALENTS

Cash at bank and on hand:

Cash at bank	256,457	347,241
Cash on hand	10	5
Cash and cash equivalents at end of year	256,467	347,246

As required in Treasury Regulation 31.2, National Treasury approved the banks where the CHIETA bank accounts are held. The weighted average interest rate on short term bank deposits was 6.9% (2019: 6.8%).

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

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

11. ACCOUNTS PAYABLE NON-EXCHANGE

Skills development grants payable - mandatory Non-exchange	9,869	10,153
Skills development grants payable - discretionary Non-exchange	19,378	64,232
Skills development grants payable - discretionary Non-exchange	-	487
Project creditors payable	337	24,823
Project creditors accrual	14,861	-
Employer payable	5,362	471
	49,807	100,166

12. ACCOUNTS PAYABLES EXCHANGE

Other accruals	1,363	2,380
Employee leave and Bonus pay accrual	7,074	6,011
Trade payables	284	446
	8,721	8,837

13. LEAVE AND BONUS ACCRUAL

	Employee leave provision	Employee performance bonus accrual	2019/20	2018/19
Open carrying amount	1,401	4,612	6,013	4,527
Amounts utilised	(1,401)	(4,612)	(6,013)	(4,527)
Change in estimates	1,307	5,767	7,074	6,013
Closing carrying amount	1,307	5,767	7,074	6,013
Current	1,307	5,767	7,074	-
Total	1,307	5,767	7,074	-

Employee entitlements relate to leave credits available to employees of the CHIETA. Leave balances of employees are multiplied by the daily rate of each employees salary and quantified to the amount of leave credits available.

Figures in Rand

2020

2019

R'000

R'000

Employee bonus relates to performance bonus payable to employees who meet the qualifying criteria. The performance bonus is paid annually to employees who exceed their job performance requirements.

14. PROVISIONS

Reconciliation of provisions for the year ended 31 March 2020:

	Opening Balance	Additions	Reversed during the year	Total
Exempt employers provision	1,081	271	(168)	1,184

Reconciliation of provisions for the year ended 31 March 2019:

	Opening Balance	Additions	Reversed during the year	Total
Exempt employers provision	957	249	(125)	1,081

An amount of R1,183,852 (2019- R1,080,746) relates to skills development levies incorrectly contributed by employers to SARS and paid over to DHET after being exempted from contributing skill development levies due to legislative changes which came into effect on 1 August 2005. Since SARS collects the skills development levies from employers on behalf of the DHET and SETAS, the responsibility to refund employers remains with SARS.

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 the expiry date of 5 years as stipulated in terms of section 190(4) of the Tax exempted amounts contributed after the expiry date of 5 years as stipulated in terms of section 190(4) of the Tax Administration Act. These amounts are indicated as reversals and have been transferred to the discretionary reserve as per the requirements of the above circular.

Figures in Rand

2020

2019

R'000

R'000

15. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET DEFICIT

Net deficit as per statement of financial performance

(39,477)

(4,046)

Adjusted for non-cash items

Depreciation

587

824

Amortisation

49

113

Increase/(decrease) in provisions relating to grants

103

124

Investment income

(17,201)

(20,274)

Profit/loss on disposal

27

13

Adjusted for working capital changes:

Receivables exchange

(939)

(394)

Increase/(Decrease) in payables

(50,480)

62,234

Decrease in prepayments and advances

-

3,490

(107,331)

42,084

16. RETENTION OF CASH SURPLUSES

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

Calculation of surpluses

Cash and cash equivalents at the end of the year

256,467

Add: Receivables

3,144

Less: Current liabilities

(59,712)

Net Surplus

199,899

Notwithstanding the accumulated surplus above, CHIETA has year end commitments in the form of contracts with various service providers as indicated in note 18, the below reflects the accumulated surplus after taking into account the impact of these commitments:

Committed amounts as at 31 March 2020

R'000

Less commitments

(187,536)

Net surplus after taking into account commitments

12,363

17. CONTINGENCIES

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

Contingent Liability

Outcome of the Minister of Higher Education and Training (DHET) and employers, represented by Business Unity South Africa ('BUSA') case.

In December 2012, the Minister repealed the 2005 Grant Regulations and promulgated 2012 Grant Regulations. Regulation 4(4) of the 2012 Grant Regulations reduced the mandatory grant that an employer could claim back from 50% to 20% of the total levies paid by the employer. The manner in which the 2012 Grant Regulations were promulgated, amongst others matters, led to litigation begun by BUSA, at the Labour Court. The Labour Court declared the Regulation to be invalid and consequently set aside, with suspension of the order until March 2016.

Prior to the order coming into effect, the regulation was re-promulgated in January 2016, to which BUSA launched renewed review proceedings in the Labour Court to set the re-promulgated regulation aside. The Labour Court dismissed the review application and BUSA decided to put through an appeal to the decision through the Labour Appeal Court (LAC). During October 2019, the LAC ruled that the decision to re-promulgate Regulation 4(4) was "irrational and lacking in any legal justification". The regulation, as re-promulgated in 2016, was consequently set aside.

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

However, post the ruling, SARS / DHET continues to split the mandatory grant levy income portion at a rate of 20% in the monthly levy download information. Consequently, the SETA has continued to pay and accrue mandatory grants at 20% in the 2019/20 financial year which is also aligned to the approved annual performance plan. The mandatory grant expenditure in Note 4 as well as the mandatory grant liability in note 11 were calculated at a rate of 20%.

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

Figures in Rand

	R'000	R'000
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18. COMMITMENTS

Discretionary reserve

Of the balance of R196,886 (R'000) available in the discretionary reserve for the year ended 31 March 2020, R158,515 (R'000) has been approved and allocated for discretionary grants commitments as outlined below and substantial portions of contractual obligations have been met. A further amount of R29,021 (R'000) is committed to strategic sector projects. During the financial year an amount of R287,122 (R'000) was utilised on contractual deliverables in discretionary grant programs and an amount of R90,543 (R'000) was utilised on strategic sector projects.

Operating Leases

Minimum lease payments due

- within one year
- in second to fifth year inclusive
- later than five years

3,024	3,406
14,158	-
1,311	-
18,493	3,406

Increase/(decrease) in provisions relating to grants

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of 5 years and the lease period coincides with the licence period of the CHIETA, Rentals escalate on average by between 7%-9% 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.

18. DG COMMITMENTS DETAILS

Programmes	Closing balance as at 31 March 2019	Opening Balance as at 01 April 2019	Governing Board Approval during 2019-2020-C1	GB Approval 2019-2020-C1 Appeals	Governing Board Approval during 2019-2020-C2	Project Management Cost	Not yet Contracted (NYC) 2019-2020	Utilised during 2019-2020	Utilised Project Management Cost	Adjustments during 2019-2020	Closing balance as at 31 March 2020	Contract Number of learners
AET Provision Incentive	R1 215 500,00	R1 215 500,00	R763 000,00	R0,00	R0,00	R0,00	R205 000,00	R572 450,00	R0,00	R623 500,00	R577 550,00	595
Artisans	R29 712 818,83	R29 712 818,83	R39 160 000,00	R220 000,00	R3 025 000,00	R0,00	R0,00	R39 521 834,31	R0,00	R10 387 801,43	R22 208 183,09	2440
Bursaries	R12 166 772,75	R12 166 772,75	R25 364 021,00	R170 200,00	R0,00	R0,00	R91 615,00	R21 932 426,47	R0,00	R8 684 573,75	R6 992 378,53	1429
Learnerships	R91 617 409,40	R91 617 409,40		R3 950 000,00	R4 809 500,00	R0,00	R3 794 000,00		R0,00	R32 905 414,40	R66 825 021,22	11243
RPL	R18 986 150,00	R18 986 150,00	R30 802 000,00	R240 000,00	R0,00	R0,00	R0,00	R25 838 030,00	R0,00	R5 024 700,00	R19 165 420,00	3913
Skills Programmes	R13 865 205,26	R13 865 205,26	R21 186 500,00	R2 292 034,50	R477 000,00	R0,00	R42 000,00	R21 507 739,96	R0,00	R6 625 192,71	R9 645 807,09	8290
TVET College Lecturer Development	R2 437 300,00	R2 437 300,00	R2 420 000,00	R0,00	R0,00	R0,00	R0,00	R1 779 200,00	R0,00	R1 838 850,00	R1 239 250,00	259
WIL - Workplacement for Employment	R6 069 130,00	R6 069 130,00	R22 738 200,00	R0,00	R0,00	R0,00	R0,00	R18 501 930,00	R0,00	R2 604 120,00	R7 701 280,00	896
Workplace Experience/ WIL	R26 114 998,00	R26 114 998,00	R30 002 400,00	R1 380 000,00	R12 360 000,00	R0,00	R2 316 000,00	R38 536 217,50	R0,00	R4 481 278,00	R24 523 902,50	2801
TOTAL	R202 185 284,24	R202 185 284,24	R294 515 521,00	R8 252 234,50	R20 671 500,00	R0,00	R6 448 615,00	R287 121 702,02	R0,00	R73 175 430,29	R158 878 792,43	31866

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

18. SP COMMITMENTS DETAILS

Projects:	Closing Balance as at 31 March 2019	Opening Balance as at 1 April 2019	Budget Approved by Accounting Authority 2019/2020	Adjustments 2019/2020	(Not contracted) 2019/2020	Recoveries/ Utilised - Strategic Projects 2019/2020	Adjustments 2019/2020 (Sweeps)	Total Commitment 31 March 2020
Chemical Industry Stakeholder support (SST and M/E)	R -	R-	R9 600 000,00	R-	R-	R9 547 606,54	R52 393,46	R0,00
World Skills Competition	R 484 600,00	R484 600,00	R3 245 000,00	R-	R-	R2 261 527,80	R523 893,05	R944 179,15
Regional Stakeholder Support	R -	R-	R2 200 000,00	R-	R-	R2 035 704,91	R104 295,09	R60 000,00
Public Sector Capacity	R 5 787 700,00	R5 787 700,00	R122 500,00	R-	R-	R895 435,00	R4 401 100,00	R613 665,00
Small Business Support (PIVOTAL)	R 1 110 590,16	R1 110 590,16	R4 851 196,50	R-	R-	R3 911 965,17	R181 321,50	R1 868 499,99
Career Guidance Projects	R -	R-	R3 219 900,00	R-	R-	R3 219 900,00	R-	R-
CEO Strategic Projects	R 2 000 000,00	R2 000 000,00	R4 000 000,00	R3 700 000,00	R-	R1 572 000,00	R-	R728 000,00
Bursary Project	R 8 055 671,60	R8 055 671,60	R6 220 000,00	R-	R-	R12 472 321,47	R248 268,96	R1 555 081,17
Career and Vocational Guidance Integrated Marketing and relationship management	R -	R-	R3 000 000,00	R-	R-	R2 635 556,55	R364 443,45	R0,00
Maths & Science, Career Guidance Projects	R 677 482,00	R677 482,00	R8 981 460,00	R-	R-	R7 523 222,80	R291 468,00	R1 844 251,20
Rural & Cooperatives Development	R 2 635 324,00	R2 635 324,00	R12 278 424,00	R-	R-	R11 454 050,40	R97 595,60	R3 362 102,00
Learners with Disabilities	R 1 833 668,00	R1 833 668,00	R3 308 495,00	R-	R-	R3 078 019,25	R235 640,00	R1 828 503,75
Institutional & Industry Partnership	R 3 659 453,02	R3 659 453,02	R11 880 734,50	R-	R-	R8 928 070,41	R448 400,00	R6 163 717,11
Strategic Infrastructure Projects (SIPs) - Centres of Specialisation	R 989 175,01	R989 175,01	R4 497 673,12	R-	R-	R2 553 853,87	R524 175,01	R2 408 819,25
Trade Union Learning Practitioner Program	R 817 676,22	R817 676,22	R5 056 462,20	R953 561,37	R-	R1 964 336,34	R184 585,46	R2 771 655,25
Programme 2 Research and Skills Planning (PIVOTAL)	R 1 316 000,00	R1 316 000,00	R458 242,00	R-	R-	R1 042 945,20	R500 000,00	R231 296,80
Programme 2 Research and Skills Planning (NON-PIVOTAL)	R 1 291 326,60	R1 291 326,60	R11 124 131,38	R-	R-	R9 434 253,81	R-	R2 981 204,17
Qualification development	R 75 900,00	R75 900,00	R720 000,00	R-	R-	R687 279,18	R96 120,82	R12 500,00
Cooperatives, NGOs, CBOs, CBCs support	R 2 162 000,00	R2 162 000,00	R4 606 000,00	R-	R-	R5 325 050,00	R41 700,00	R1 401 250,00
TERS	R -	R-	R600 000,00	R353 278,50	R-	R-	R	R246 721,50
Total	R32 896 566,61	R32 896 566,61	R99 970 218,70	R5 006 839,87	R	R90 543 098,70	R8 295 400,40	R29 021 446,34

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Figures in Rand	2020	2019
	R'000	R'000

19. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported	32,397	
Irregular expenditure	32,397	-
Irregular Expenditure - current year	7,072	26,019
Irregular Expenditure - prior period	37,824	6,378
Closing balance	77,293	32,397

Details of irregular expenditure

Discretionary grants

During the 2018/19 CHIETA exceeded its budget by an amount of R26,019 (R'000). This was due to the exceeding of the employer grants and projects budget in order to achieve and exceed on our service level agreement targets with the department of higher education and training and to achieve and exceed on the 95% disbursement targets required by the SETA grant regulations. The over expenditure against budget was funded from available discretionary reserves disclosed in the balance sheet and statement of changes in net assets. The CHIETA accounting authority has raised an appeal against the above finding of irregular expenditure by AGSA since the AGSA had not interpreted the exceeding of employer grant and project expenditure in prior years as irregular and had agreed with the interpretation of the CHIETA that discretionary reserves that were approved in prior years did not require approval as these were included as part of the approved budget as reserves. The matter has been escalated to the office of the AGSA. As of the date of submission of these financial statements, the CHIETA has not received communication from the AGSA on the final outcome of our appeal. An independent legal opinion concurs with the CHIETA's interpretation that this does not constitute irregular expenditure.

Office building operating leases

Office building leases for the Gauteng Head Office, KZN and WC were entered into through deviations. A meeting was held between the CHIETA and National Treasury in early of April 2018. National Treasury was supportive of the deviation, though they subsequently indicated that they did not support the deviation in writing on the 30th May 2018. Upon receipt of the said letter from National Treasury declining the deviation CHIETA did not embark on a competitive bidding process to rectify the mistake. This then resulted in irregular expenditure of R 4,283 (R'000) 2018/19 and R4,455 (R'000) 2019/20.

Internal Audit Bid

An award for the provision of internal audit and related services was made to a service provider from 01 June 2018 to 31 March 2020 even though the service provider was not the highest scoring bidder. This was in contravention of the regulation 6(8) of the Preferential Procurement Regulation (PPR) 2017 which state that the contract must be awarded to the tenderer scoring the highest points. This then resulted in irregular expenditure of R1,017 (R'000) 2018/19 and R867 (R'000) 2019/20.

Figures in Rand	2020	2019
	R'000	R'000

Management Information System

The CHIETA appointed a service provider for the MIS support. This service provider was appointed as a sole service provider because the MIS system was unique and could not be supported by any other service provider. CHIETA management was of opinion that this was a sole source procurement which does not require National Treasury approval hence no application was sought. The amount involved is R2,000 (R'000) 2018/19 and R1,750 (R'000) 2019/20.

Conflict of interest

A former Grants Executive was found to have an interest in companies that benefited from Discretionary grants from the 2014/15 to 2018/19 financial year. This conflict of interest was not declared during the awarding of Discretionary grants. The total amount awarded to these related companies amount to R30,524 (R'000). The issue is before the Special Investigations Unit (SIU).

20. FINANCIAL INSTRUMENTS

Maturity Analyses

Accounts Payable

Not later than one month	43,297	108,538
Later than three months	-	471
	43,297	109,009

Accounts Receivable

Not later than one month	436	1,743
Later than one month and not later than three months	1,015	310
Later than three months	143	334
	1,594	2,387

Credit risk

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

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

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

Liquidity risk

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

Market risk

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

Fair values

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

Cash and cash equivalents

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

Accounts receivable

The carrying amount of accounts receivable, net of allowance for bad debt, approximates fair value due to the relatively short-term maturity of these financial assets.

Accounts payable

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

Interest rate risk		Floating rate	Fixed Rate	Non-interest bearing		
Year ended 31 March 2020		Amount R'000	Effective Interest rate %	Amount R'000	Weighted average period	Total R'000
Cash		239,266	0%	17,201	-	256,467
Accounts receivable				3,144	0.17	3,144
		239,266	6.9%	17,201	3,144	259,611
Liabilities						
Accounts payable				58,917	0.06	
Year ended 31 March 2019		Floating rate	Fixed Rate	Non-interest bearing		Total R'000
		Amount R'000	Effective Interest rate %	Amount R'000	Weighted average period	
Total financial liability		326,972	6.9%	20,274	2,388	349,634
Total financial liability		-	-	109,008	0.04	109,008
Total		326,972	6.9%	20,274	0.12	458,642

21. RELATED PARTY TRANSACTIONS

Transactions with other SETAs

Inter-seta transactions and balances arise due to the movement of employers from one SETA to another. The following transactions occurred during the year with other SETAs.

Related party transactions

The balances at year-end included in receivables and payables are:

EDTP SETA	-	70	2018/19 Amount receivable/ (payable) R'000
MERSETA	152	-	152
FASSET	112	-	112
Services SETA	39	-	39
Wholesale and Retail SETA	8	-	8
Total	311	70	311

Remuneration to Members of Executive Management 01 April 2019 to 31 March 2020

	Basic salary R'000	Allowances R'000	Provident fund R'000	Leave paid out R'000	Performance bonus R'000	Total R'000
Khathutshelo Ramukumba-Chief Executive Officer	1,469	330	314	-	328	2,441
Farhad Motala - Chief Financial Officer	1,436	300	303	-	303	2,343
Kedibone Moroane - Research and Skills Planning Executive	1,631	-	-	71	260	1,963
Trevor Channing - Governance and Risk Executive	1,328	445	-	80	285	2,139
Thulani Shabalala - ETDQA Executive	1,243	-	217	62	246	1,768
Jay Moodley - Corporate Services Executive	1,243	-	217	59	185	1,705
Ashvir Isseri - Acting Grants, Strategic Projects and Regions Executive	1,234	77	-	-	229	1,540
Tshidi Magonare - Acting Research and Skills planning Executive	1,091	79	-	-	205	1,375
	10,675	1,231	1,051	272	2,041	15,274

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Transactions with Board member representatives companies:

Constituency of Board Member Payables	Transacting Company	Transaction type	2019/20 Amount of the transaction R'000	2019/20 Amount receivable/ (payable) R'000	2018/19 Amount of the transaction R'000	2018/19 Amount receivable/ (payable) R'000
Explosives and Fertilizers	Omnia	Discretionary grant	6,870	(2,035)	6,767	(1,237)
Base chemicals and petroleum	Sasol Limited	Discretionary grant	53,870	(13,124)	-	-
Government Department /Ministerial appointment	Department of Energy	Discretionary grant	-	-	1,830	(950)
Government Department / Ministerial Appointment	Department of Energy	Strategic Project	-	-	960	(576)
Glass	Consol	Discretionary grant	1,863	(846)	3,750	(1,487)
Total			62,603	(16,005)	13,307	(4,250)

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Continued

Related party	Contract value R'000	2019/20 Amount receivable/(pa yable) R'000	Closing balance as per commitment register 2019-2020 R'000	2018/19 Amount receivable/ (payable) R'000	Closing balance as per commitment register 2018-2019 R'000
Boland College	2,000	-	-	522	378
Buffalo City TVET college	8,411	1,154	2,874	2,105	3,351
Coastal KZN TVET College	890	8	43	715	168
Ekurhuleni West TVET College	2,910	-	-	1,237	1,673
Esayidi TVET college	4,706	1,434	398	1,785	1,294
False Bay TVET College	2,450	466	1,347	372	800
Flavius Mareka TVET College	12,030	3,059	1,935	4,398	622
Lephalale TVET College	1,080	-	-	162	918
Majuba TVET College	538	9	49	98	431
Maluti TVET College	333	25	20	173	115
Mnambithi TVET College	5,364	1,536	384	1,789	2,034
Northern Cape Rural TVET College	800	480	320	152	168
Port Elizabeth TVET College	13,050	2,509	3,205	5,177	4,640
Thekwini TVET college	1,190	294	639	366	256
Umfolozi TVET College	13,888	5,293	2,795	5,456	2,647
Vuselela TVET College	9,100	457	1,158	3,212	3,813
Weast Coast College TVET	2,920	920	280	1,518	570
	81,660	17,644	15,447	29,237	23,878

Transactions and balances with TVET's and public colleges arises as a result of funding and support of these institutions. The above transactions occurred during the year.

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Remuneration to Members of the Accounting Authority 01 April 2019 to 31 March 2020

Name	Constituency	Appointment Date	Governing Board Meeting Fee (R's)	Committee and other Meeting Fee (R's)	Total (R's)
Ms Matlala	Chairperson and Ministerial appointee	01/04/2018	164,237	143,124	307,362
Ms A Swart	United Association of South Africa	01/04/2018	101,034	114,468	215,503
Mr C Phahla	General Industries Workers Union of South Africa	01/04/2018	104,493	117,428	221,922
Mr G Ceroine	Solidarity	01/04/2018	92,054	103,233	195,288
Mr J Smit	Speciality chemicals, Surface coatings, Pharmaceuticals and Fast Moving Consumer Goods	01/04/2018	72,960	67,812	140,773
Dr M Booth	Professional Association	01/04/2018	81,594	79,097	160,692
Ms K Ramoupi	Explosive and Fertilizer Industry Employers Association	.	116,004	163,876	279,880
Mr R Muruven	National Petroleum Employers Association	01/04/2018	108,810	109,252	218,063
Mr S Phetla	Glass Industry Employers' Association	01/04/2018	97,146	104,989	202,136
Sphiwe Mdhlovu	South African Chemicals Workers Union (SACWU)	01/04/2018	55,692	48,751	104,444

Continued

Pertunia Dineka	CEPPWAWU	01/09/2019	63,468	40,596	104,065
			1,057,492	1,092,626	2,150,120

Remuneration to Independent Members of the Audit Committee 01 April 2019 to 31 March 2020

Name			Appointment Date	Constituency	Audit Committee and Board Meeting Fee (R's)
Ms N Madiba			01/10/2018	Chairperson and Independent member	310,645
Ms M Morata			01/10/2018	Independent member	205,904
Ms L Mothae			01/10/2018	Independent member	200,606
					717,155

Explanatory Notes to Accounting Authority Remuneration and Independent Audit Committee Remuneration

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

Transactions with Quality Council for Trades and Qualifications

	2020	2019
Amount paid	3,597	3,392

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

Figures in Rand

2020
R'000

2019
R'000

22. RELATED

Inventories consist of:

Stationery

Marketing and promotional items

-	-
50	67
498	-
548	67

23. COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2020

Skills Development Levy: income

The SDL for the year was 3% lower than the previous year, and a 9,1% decrease in revenue compared to the year ended March 2019. This was because of the global recession which also affected the chemical sector, with retrenchments and company closures.

Skills Development Levy: penalties and interest

Income from penalties and interest arise when employers fail to submit their returns as required by legislation. These amounts typically vary significantly year on year. The full balance is transferred to the discretionary reserve and made available for discretionary grants and projects.

Investment income

Investment income was 26.4% below budget due to substantially lower levy income and lower average cash holding during the 2019/20 financial year. The overall investment earnings for the year was 14,6% lower than for 2019.

Employer grant and project expenses

Employer grant and project expenses were 3,4% below the projected budget for the 2019/20 financial year. This expenditure was 3% higher than the for 2019. The increased expenditure was through expending the Discretionary Grant Reserve.

Administration expenses

Administration expenditure is within the legislated limits. Savings are transferred to the discretionary reserve and will be utilised to fund sector skills priorities, through various discretionary grants and projects.

Loss on disposal of assets

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

24. SUBSEQUENT EVENTS

COVID-19 PANDEMIC AND RELATED LEVY HOLIDAY

As a result of the Covid-19 pandemic, government through the National Treasury granted a 2 months extension for the submission of AFS for the year. The revised date of submission was 31 July 2020.

FOUR MONTH SKILLS DEVELOPMENT LEVY HOLIDAY ON GOING CONCERN

The effect of the four month skills development levy holiday is that the revenue collected will be significantly lower than previously budgeted. The CHIETA has assessed this reduction in levies and has sufficient reserves to compensate for this shortfall.

IMPACT OF SKILLS DEVELOPMENT LEVY HOLIDAY ON GOING CONCERN

The impact of the skills development levy holiday is not expected to affect the going concern. The CHIETA balance sheet is in a strong financial position. This is demonstrated through a positive cashflow position. Additionally, negative cashflows were calculated and the creditors age balances were analysed.

25. SEGMENT INFORMATION

General information

Information about the surplus/(deficit), assets and liabilities for the year ended 31 March 2020

2020

	Administration	Mandatory	Discretionary	Unallocated	Total
	R'000	R'000	R'000	R'000	R'000
Revenue					
NON EXCHANGE REVENUE					
Skills Development Levy: income	70,019	133,353	330,111	-	533,483
Skills Development Levy: penalties and interest	-	-	7,215	-	7,215
Other income	-	-	105	-	105
EXCHANGE REVENUE					
Investment income	-	-	17,201	-	17,201
Total segment revenue	70,019	133,353	354,632	-	558,004
					-
Expenses					
Discretionary Grants & Project Expenditure	-	-	403,797	-	403,797
Mandatory & Implementation Grant	-	124,937	-	-	124,937
Employee compensation costs	41,909	-	-	-	41,909
Other Administration expenses	26,811	-	-	-	26,811
Loss on diposal of assets	27	-	-	-	27
Total segment expenditure	68,747	124,937	403,797	-	597,481
Total surplus/(deficit)					(39,477)

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Administration	Mandatory	Discretionary	Unallocated	Total
	R'000	R'000	R'000	R'000	R'000
Assets					
Cash and cash equivalents	1,671	42	18,154	236,600	256,467
Accounts receivable	580	1,252	1,313	-	3,145
Inventories	548	-	-	-	548
Property, plant and equipment	2,483	-	-	-	2,483
Other intangible assets	50	-	-	-	50
Total segment assets	5,332	1,294	19,467	236,600	262,693
Total assets as per Statement of financial Position					-
Liabilities					
Accounts payable	8,721	15,231	34,576	-	58,528
Provisions	155	296	733	-	1,184
Total segment liabilities	8,876	15,527	35,309	-	59,712
Total liabilities as per Statement of financial Position					59,712

FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2019

	Administration	Mandatory	Discretionary	Unallocated	Total
	R'000	R'000	R'000	R'000	R'000
Revenue					
NON EXCHANGE REVENUE					
Skills Development Levy: income	72,331	136,277	342,315	-	550,923
Skills Development Levy: penalties and interest	-	-	6,773	-	6,773
Other income	-	-	3	-	3
EXCHANGE REVENUE	(13)	-	-	-	(13)
Investment income	-	-	17,201	-	17,201
Total segment revenue	72,318	136,277	369,365	-	577,960
					577,960
Expenses					
Discretionary Grants & Project Expenditure	-	-	390,966	-	390,966
Mandatory & Implementation Grant	-	124,696	-	-	124,696
Employee compensation costs	39,592	-	-	-	39,592
Other Administration expenses	26,751	-	-	-	26,751
Total segment expenditure	66,343	124,696	390,966	-	582,005
Total surplus/(deficit)					(4,045)

	Administration	Mandatory	Discretionary	Unallocated	Total
	R'000	R'000	R'000	R'000	R'000
Assets					
Cash and cash equivalents	2,447	14	135	344,650	347,246
Accounts receivable	1,952	125	310	-	2,387
Inventories	67	-	-	-	67
Property, plant and equipment	2,746	-	-	-	2,746
Other intangible assets	99	-	-	-	99
Total segment assets	7,311	139	445	344,650	352,545
Total assets as per Statement of financial Position					-
Liabilities					
Accounts payable	8,843	10,623	89,055	-	108,521
Provisions	142	270	669	-	1,081
Total segment liabilities	8,985	10,893	89,724	-	109,602
Total liabilities as per Statement of financial Position					109,602

26. INVESTIGATION NOTE

The CHIETA received allegations of corrupt activities made against two of its executives sometime in 2019 and accordingly instituted an investigation into these allegations. As at 31st March 2020, this investigation was still underway. The two executives implicated on these allegations have been placed on precautionary suspension pending the finalization of the investigation.

Signed on behalf of the Accounting Authority by:



Chairperson of the Accounting Authority
(Ms Wezi Khoza)



Chief Executive Officer
(Mr Khathutshelo Ramukumba)

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1. Objective

The policy is intended to determine material and significant events that warrant disclosure by the Accounting Authority after following due process to:

- The executive authority/legislature;
- The National Treasury;
- The Office of the Auditor-General.

Therefore events of a similar nature as considered material and significant but do not constitute material and significant will be managed “in-house” by the Accounting Authority in terms of formal enquiries and disciplinary processes defined by the human resources policies and procedures.

2. Legal Framework

In terms of Treasury Regulations, section 28.1.5, issued in terms of the Public Finance Management Act, Act No.1 of 1999, the Accounting Authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant Executive Authority in consultation with the external auditors. There are specific sections of the PFMA that are relevant:

Materiality are:-

- Section 50(1)(c) – “The Accounting Authority for a public entity must on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way influence the decision or actions of the executive authority or that legislature.”
- Section 55(2)(b)(i) – “The annual report and financial statements must include particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.”
- Section 66(1) – “An institution to which this Act applies may not borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security, or other transaction –
 - Is authorised by this Act; and
 - In the case of public entities, is also authorised by other legislation not in conflict with this Act; and
 - In the case of loans by a province or a provincial government business enterprise under the ownership control of a provincial executive, is within the limits as set in terms of the Borrowing Powers of Provincial Governments Act, 1996 (Act No. 48 of 1996).”

Significance is:-

- Section 54(2) – “Before a public entity concludes any of the following transactions, the Accounting Authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction –
 - Establishment or participation in the establishment of a company;
 - Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
 - Acquisition or disposal of a significant asset;
 - Commencement or cessation of a significant business activity; and
 - A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.”

3. Factors considered in developing the framework

The following factors were considered in determining the framework:

• **Nature of the business**

Given the nature of the organisation’s activities, i.e.

- The creation and registration of national standards and qualifications in the sector and sub-sectors;
- To provide curriculums, assess, certify and manage performance in the sector to ensure targeted and generic service skills;
- To ensure that a quality learning provision is maintained throughout the sector;
- To create and maintain a database to target generic and specific skills development;
- To engage in learnerships and skills programme activities; and
- To implement the sector skills plan; a lower level of materiality is considered appropriate.

• **Statutory requirements**

The organisation is a public entity, as contained in schedule 3A of the PFMA, and as such is governed by legislation applicable to government entities. Such legislation is therefore prepared in terms of good corporate governance and is intended to govern finance, supply chain management, asset management, etc within the organisation. In light of this, the probability of a material or significant infringement is considered unlikely.

• **Governance structure**

The Accounting Authority (governing board) is represented by its stakeholders i.e. organised employer and employee representation from the sector. The Accounting Authority, in terms of legislation is accountable for the performance and governance of the organisation to the executive authority (Minister of Labour). In terms of governance, the organisation is further directed by the audit committee (external members), the external auditors (the Auditor-General’s office), and the internal auditors (external firm of auditors). In view of the external participation in the operations of the organisation, it is considered appropriate to have a lower level of materiality.

• **Control and inherent risks**

The following factors were examined in determining the control and inherent risk in the organisation:

- Annual risk assessment;
- Three year internal audit plan;
- Fraud prevention plan;
- Appropriate procurement policy and modalities;
- The implementation and adoption of a quality management system;
- Technical competence, skills and experience of staff engaged in the decision making process;
- Structure of the audit committee with reference to the King Code of Corporate Governance.

In terms of the control and inherent risks, a lower level of materiality is considered appropriate.

• **Qualitative factors**

Materiality is only related to the size of and the elements of the financial statements. Misstatements that are large individually or in aggregate may affect a reasonable user’s assessment. Misstatements may also be material on qualitative grounds. The organisation has considered the following qualitative factors:

- Unusual transactions entered into that are not of a repetitive nature and are disclosable due to the nature and the knowledge thereof affecting the decision making of the users of financial statements;
- Sizable increase in the stakeholder base i.e. more member companies contributing SDL to the organisation;
- Fraudulent or dishonest behaviour of ALL officers or staff of the organisation. Any Rand value will warrant disclosure;
- Operations in regions that are economically unstable or the expansion into new locations;
- Operations exposed to volatile markets;
- Going concern and liquidity including loss of significant stakeholders;
- Constraints on the availability of capital and credit;
- Changes in the industry in which the entity operates;
- Developing or offering new products or services;
- Entities or business segments likely to be traded or lost;
- Complex alliances and joint ventures;
- Changes in key personnel including departure of key executives;
- Changes in the IT environment;
- Pending litigation and contingent liabilities;
- Public accountability to stakeholders, Parliament, auditors and the community at large;
- The sensitivity of the organisation's financial information in making decisions;
- Inadequate policies and procedures to mislead users;
- Material infringement of legislation;
- The imposition of regularity restrictions that can impair operating capabilities;
- Any transaction entered into that could result in reputation risk; and
- Application of new or changes in accounting policy.

4. Materiality

4.1 Definition

Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus materiality provides a threshold or cut-off point, rather than being a primary qualitative characteristic which information must comprise if it is to be useful.

4.2 Materiality level

The level of a material loss is assessed at 1% of budgeted total revenue (NSF revenue and VAT excluded, includes levy income, interest and penalties and any other income).

Different levels of materiality can be used and the decision to use a conservative level of 1%, irrespective of whether the transaction/event relates to assets, liabilities, or reserves, is based on the fact that the total assets of the organisation is not considered to be an indicator of performance as the organisation is not an asset intensive entity and the revenue component is selected as a basis for the materiality calculation as the level of activity (grant and discretionary disbursements) is dependent on the total revenue received.

5. Significant

5.1 Definition

A transaction is significant if conducting the transaction is vitally important to fulfil the organisation's mandate and for it to operate effectively.

Significance is larger than materiality as significant transactions may impact the organisation as a whole. A transaction may be material, but not significant, whereas all significant transactions are material.

5.2 Significance Level

The organisation will promptly and in writing inform the National Treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction. The following transactions will be regarded as significant and will require full disclosure:

- Establishment or participation in the establishment of a company;
- Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- Acquisition or disposal of a significant asset;
- Commencement or cessation of a significant business activity; and
- A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

6. Reporting of the framework

The materiality and significance framework must be updated yearly, preferably before the financial year commences, to ensure the identification of material and significant transactions. The framework will further be developed in consultation with the external auditors.

The framework will be included into the:

- Corporate/strategic plan; and the
- Annual report.
- The framework will be disclosed as contained in Annexure A attached.

Annexure A

MATERIALS		
Section 50(1)	(1) The Accounting Authority for a public entity must - (c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way influence the decision or actions of the executive authority or that legislature.	Quantitative – 1% of total revenue Qualitative – events as contained in the Materiality and Significance Framework Policy
Section 55(2)	(2) The annual report and financial statements must – (b) include particulars of – (i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.	Quantitative – 1% of total revenue Qualitative – events as contained in the Materiality and Significance Framework Policy
Section 66(1)	(1) An institution to which this Act applies may not borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction – (a) is authorised by this Act; and (b) in the case of public entities, is also authorised by other legislation not in conflict with this Act; and (c) in the case of loans by a province or a provincial government business enterprise under the ownership control of a provincial executive, is within the limits as set in terms of the Borrowing Powers of Provincial Governments Act, 1996 (Act No. 48 of 1996).	Quantitative – 1% of total revenue Qualitative – events as contained in the Materiality and Significance Framework Policy
SIGNIFICANT		
Section 54(2)	(1) Before a public entity concludes any of the following transactions, the Accounting Authority for the public entity must promptly inform the relevant treasury in writing of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction in the event of – (a) the establishment or participation in the establishment of a company; (b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement; (c) acquisition or disposal of a significant shareholding in a company; (d) acquisition or disposal of a significant asset; (e) commencement or cessation of a significant business activity; and (f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	All events/transactions will require disclosure – 100% compliance

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