



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

**ANNUAL REPORT
2011/2012**

The catalyst for enhanced skills, economic growth and employability

Vision

World-class education and training for the Chemical Industries Sector

Mission

The CHIETA contributes to sustainable development through facilitating the provision of skills for the growth in the chemical Industries Sector



Blade Nzimande

Minister of Higher Education and Training

“We are engaging with Higher Education South Africa and the deans of relevant faculties to accelerate, especially black - and women graduate output in these areas.”



**Annual Report
2011/2012**

GLOSSARY OF TERMS

ABET	Adult Basic Education and Training
AIDS	Acquired Immune Deficiency Syndrome
ASGISA	Accelerated and Shared Growth Initiative of South Africa
ATR	Annual Training Report
CBO	Community-Based Organisation
CHIETA	Chemical Industries Education and Training Authority
CISGB	Chemical Industries Standard Generation Body
CPUT	Cape Peninsula University of Technology
BRF	Broad Regional Forum
DG	Director-General
DHET	Department of Higher Education and Training
DoL	Department of Labour
DME	Department of Minerals and Energy
DMU	Data Management Unit
DST	Department of Science and Technology
DTI	Department of Trade and Industry
DTTC	Decentralised Trade Test Centre
DUT	Durban University of Technology
EEA	Employment Equity Act
ETDQA	Education Training and Development Quality Assurance
ETQA	Education and Training Quality Assurance
FET	Further Education and Training
GMET	Generic Manufacturing Engineering and Technology
HDSA	Historically Disadvantaged South African
HIV	Human Immunodeficiency Virus
HRD	Human resource Development
ISOE	Institute for Sectoral and Occupational Excellence
JIPSA	Joint Initiative for Priority Skills Acquisition
KAP	Key Agricultural Producers
LED	Learnership Education and Training Development
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MTA	Manpower Training Act

GLOSSARY OF TERMS

NGO	Non-Governmental Organisation
NQF	National Qualification Framework
NMMU	Nelson Mandela Metropolitan University
NSDS	National Skills-Development Strategy
NSF	National Skills Fund
OG&CM	Oil, Gas and Chemical Manufacturing
PSDF	Provincial Skills-Development Forum
PST	Provider Support Team
PFMA	Public Finance Management Act
QALA	Quality Assurance of Learner Achievements
QCTO	Quality Council for Trades and Occupations
RCC	Regional Co-ordinating Committee
RSA	Regional Skills Advisor
RPL	Recognition of Prior Learning
SABS	South African Bureau of Standards
SAOGA	South African Oil and Gas Alliance
SAPC	South African Pharmacy Council
SAPIA	South African Petroleum Industry Association
SAQA	South African Qualification Authority
SDA	Skills-Development Act
SDLA	Skills-Development Levies Act
SDC	Skills-Development Committee
SDF	Skills-Development Facilitator
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SME	Subject Matter Expert
SMME	Small Medium and Micro Enterprises
SSP	Sector Skills Plan
WSP	Workplace Skills Plan
WSU	Walter Sisulu university

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CHAIRPERSON'S REPORT

It is widely acknowledged that the most important determinant of a country's competitiveness is its human talent. As a country, our capacity to educate, train and harness the abilities of all our people will determine whether we succeed in today's challenging environment.

The Chemical Industries Education and Training Authority (CHIETA) is acutely aware of our role to foster South Africa's global competitiveness by developing scarce and critical skills and providing world class education and training in the chemicals sector.

To this end, I am delighted by the significant inroads and successes the CHIETA has enjoyed this past year in supporting the National Skills Development Strategy III (NSDS III).

During the period under review, the NSDS III goals were aligned to the country's national training imperatives. We in turn, aligned our organisational priorities to NSDS III through the CHIETA Strategic Plan 2011-2016. This will ensure that the CHIETA's business processes and systems fully support the national and sector specific skills development objectives.

The New Growth Path and Industrial Policy Action Plan II are two of the national development strategies put forward by the Human Resources Development Council of South Africa, in partnership with business, organised labour and civil society. These strategies form the back bone of our institutional response and delivery programme. Furthermore, the performance agreement of the Honourable Minister of Higher Education and Training, Dr. B. Nzimande, played an integral part in defining our strategic focus areas and targets to ensure we fully support the national training imperatives.

We are proud to have achieved and, in some cases, exceeded our organisational targets as articulated in this Annual Report. This augurs well for sustaining high quality delivery and impact for the remainder of NSDS III.

Effective corporate governance was a major priority for the newly appointed Governing Board. The board, together with management, worked diligently to ensure that we discharge our role as the Accounting Authority, understand and mitigate organisational risks within our environment, continuously build capacity to understand our fiduciary responsibilities and that the disbursement of grants are properly managed and governed. I am pleased to report that the board has fully dispensed our oversight role of the CHIETA.

The fact that the CHIETA has again obtained an unqualified audit opinion from the Auditor General is evidence of this and further serves to instil further confidence in our stakeholders that resources are managed in a disciplined and compliant manner.

Going forward the CHIETA will intensify our efforts to support NSDS III and the honourable Minister of Higher Education and Training, Dr B Nzimande, in developing the skills needed for sustained economic growth.



Nolitha Fakude

"We have come a long way in a year; we have gelled and focused on the right issues together."

CHAIRPERSON'S REPORT

To achieve this, the CHIETA will ensure strong alignment with government's strategy for growth in areas where skills shortages exist through career guidance programmes to expose young people to opportunities in the chemicals sector. We will also work closely with our industry partners to provide learnerships and internships for the unemployed youth, particularly from rural areas, to afford them opportunities to gain experience that will serve as a springboard to gainful employment in our industry.

Furthermore, re-skilling unemployed graduates to improve their employability and skills portability, along with foundational learning in science, maths, languages and technology, green skills development and artisan training will form important focus areas over the next few years.

This past year the Governing Board has collectively focused attention on the appropriate and most pertinent issues facing the CHIETA. This gives me confidence in the education and training authority's ability to fully support our industry partners in developing and sustaining a competent and highly skilled workforce in our nine sub-sectors. This can, however, only be achieved by mutual commitment of all role players in our sector and by making "every workplace, a training space". To translate this vision into reality, the CHIETA has established a task team to engage industry and address any challenges that prevent workplace experience opportunities to students that have completed their theoretical training.

I am confident the CHIETA's robust foundation for the continuous enhancement of skills for the chemical industries sector will ensure we reach even greater heights in future.

In closing, I extend my sincere gratitude and appreciation to all our stakeholders, our principals in the Department of Higher Education and Training, the Governing Board and especially the CHIETA management and staff, for their support and commitment to helping us contribute meaningfully towards skills development and growing South Africa's competitiveness as a nation.



MS NOLITHA FAKUDE
Chairperson

CEO'S REPORT 2011/2012

The year 2011/12 began with the appointment of the new CHIETA Accounting Authority (Board), a new Constitution to implement the new integrated human resources development strategies of South Africa that required to be addressed. 2011-12 was in essence a brand new year in support of the new National Skills Development Strategy III, by way of the appointment by the honorable Minister of Higher Education and Training, of a new Governing Board on 08 April 2011. This new landscape required a great deal of re-organizing of our business processes, and designing enhanced implementation and delivery systems in the CHIETA.

The new skills development landscape whilst building on the successes of the past, brought about many changes and new delivery areas. On the performance side, the CHIETA achieved/overachieved on 86% of our performance targets as demonstrated in this Annual Report. We are proud to have attained yet another unqualified audit opinion.

The year under review saw *inter-alia*, the following successes at the CHIETA:

- Effective implementation of governance and compliance
- Maintain our “green” status on the National Learner record database submissions
- Disbursed 91% of skills development levy income received for mandatory grants
- Enjoy committed oversight on the Discretionary Grant processes through a dedicated Board Committee called the Grants Committee
- Approve strategic allocation of grants linked to NSDS III and National priorities
- Re – energise the CHIETA Chambers and stakeholder processes
- Obtain an unqualified Audit opinion and on performance information and pre-determined objectives
- Obtain a high quality organisational performance report for 2011\12

The year under review focused on building a sound organizational framework, premised on *inter alia*, good governance, establishing a credible institutional mechanism for skills planning and working hard to put into place systems and processes to deliver to the expanded mandate of NSDS III. All of this work was done in order to train a highly skilled and competent workforce for the chemical industries sector companies. For this to happen, the CHIETA has succeeded in building strong relationships with industry, public institutions of education and training and organized labour within our sector.

2011/12 was the best year ever at the CHIETA in terms of increasing company participation through Workplace Skills Plan (WSP) submissions. Whereas in 2010/11 the CHIETA received 518 WSPs, in the year under review, we received a massive 679 WSPs! This increased participation rate demonstrates that CHIETA companies have faith in the CHIETA as their SETA and want to work with us. Through this new WSP process, the CHIETA for the 1st time since its inception has started to understand its work force. We now have details about close to 125,000 workers within our industry We know them by name, occupation, company, gender, age, geographic location, etc.



Ayesha Itzkin
Acting CEO, CHIETA

CEO'S REPORT 2011/2012

This new way of gathering labour market data has also yielded a great deal of baseline information for research purposes to produce more credible Sector Skills Plans in coming years. The plan for 2012/13 is to refine the data gathering instruments so as to allow for “deeper” research to establish the actual skills gaps of workers, to develop an occupational profile dictionary for the chemical industries sector and to plan for the real training needs of our industry and our workforce for the short, medium and long terms.

2011/12 saw enhanced and consolidated work processes and systems being put into place as well as stringent control mechanisms in the area of grants allocation and grant disbursement. We capacitated new participating companies within our sector through a strong stakeholder engagement system in support of our new Chambers that were constituted by way of rigorous nomination processes and streamlining the work of the Chambers.

The CHIETA Levy income in 2011/12 increased by 11.3% from R297.2 million (in the 2010/11) financial year to R330.9 million (2011/12) financial year.

Building a new training system for post-school education and training is an exciting journey, where we learn continuously; therefore it has become imperative to regenerate the CHIETA into a learning organization, implementing personal development plans for our staff members and attending relevant training courses.

We wish to acknowledge the role played by both our Internal Audit team and the Auditor General for working with the CHIETA and our Audit Committee as we build the new training landscape, where performance information is receiving ever greater focus.

We look forward to the year ahead, what with the support of our dedicated staff members, continued cooperation from our stakeholders and our knowledgeable, supportive and visionary Accounting Authority (Board) and its Committees. The CHIETA Board has set the example by deciding under the able Chairpersonship of Ms Noliitha Fakude to strive to work as a homogeneous whole in support of our sector, rather than to focus mainly on separate constituencies with vested interests. This modus operandi has also impacted positively on our stakeholder structures. With such support we should continue to make strides in the future and we will continue to work hard and do South Africa proud.



AYESHA ITZKIN

Acting Chief Executive Officer

MEET OUR BOARD

GOVERNING BOARD
2011 - 2016



Nolitha Fakude
CHAIRPERSON



Chemist Khumalo



Manene Samela



Bertie van Baalen



Merwe Van Pletsen



Jan Smit



Jacqui Klaasen



Brian Muir



Gerhard Ceronie



Mosehle Petros Mampho



Dan Nkotsoe



Dr D Mike Booth



George Mguni



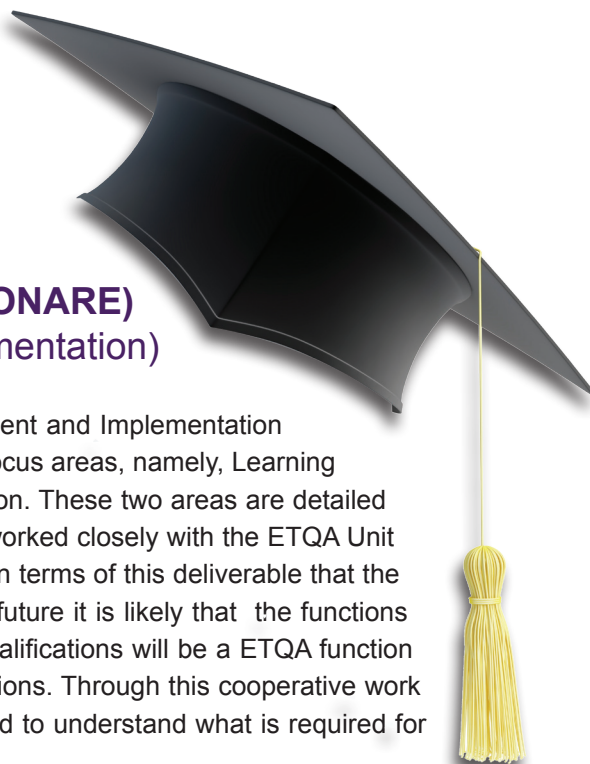
Dr Tshenge Demana



Ingrid Sebolelo Dimo

ETDQA

ETDQA Executive Manager: Ayesha Itzkin



APPRENTICE TRAINING UNIT (TSHIDI MAGONARE) (Learning Programme Development and Implementation)

During the year under review the Learning Programme Development and Implementation Business Unit was responsible for the implementation of the two focus areas, namely, Learning Programme Development and Learning Programme Implementation. These two areas are detailed below. In the area of learning programme development, the Unit worked closely with the ETQA Unit Manager, since there is now clearer direction on the way forward in terms of this deliverable that the Standards Generation Bodies were previously responsible for. In future it is likely that the functions of the ETQA Unit, including that of developing of occupational qualifications will be a ETQA function under the auspices of the Quality Council for Trades and Occupations. Through this cooperative work in the ETDQA, key staff across the Division have been capacitated to understand what is required for occupational learning programme development.

1. LEARNING PROGRAMME DEVELOPMENT

1.1 Qualifications Development as per the Quality Council of Trade and Occupations (QCTO) approach:

The CHIETA was mandated by the QCTO to develop the occupational qualifications listed below following the QCTO processes and methods, as the Development Quality Partner (DQP) The DQP needs to comprise of experts in the qualification concerned, all other roleplayers such as public FET Colleges, Universities of Technology, Professional Bodies, Industry, Unions, etc.

- The Welder Learning Programme (OFO Code :651202)
- Metal Fabrication Learning Programme (OFO Code :651401)

The key outcomes/deliverables of the occupational qualification development process are:

- Scope the Curriculum
- Develop the Occupational Profile
- Develop the Learning Components Specifications, including internal assessments
- Develop the Occupational Curriculum
- Develop the Qualification Assessment Specifications for External Assessments
- Occupational Qualification finalised (ready to be registered with the QCTO once public comments are considered)

During the year under review, the following was achieved:

- Service level agreements signed with the QCTO
- Scoping of two qualifications completed
- Occupational profiles and related tasks identified
- Theoretical and Practical tasks identified

In the next business cycle, the Qualification Assessment Specifications for External Assessments, the public verifications process (i.e. where a notification will be circulated to the broader stakeholders to comment on the developed qualifications from the CHIETA website) and then registration of the qualifications will be finalised.

1.2 Learnerships Development and Registration

The LPD&I Unit also developed and registered the Learnership: Medical Sales Representation, which is largely required by the Pharmaceutical Sector. It is to be noted that the quality assurance and certification of this Learnership is the responsibility of the South African Pharmacy Council (SAPC).

2. LEARNING PROGRAMME IMPLEMENTATION

The primary responsibility of the Unit is to work on apprentice training. The LPD&I business unit facilitated artisan development within the chemical sector through various activities and related achievements listed below:

2.1 National Artisan Training Committee (NATC)

According to Section 12D of the Manpower Training Act, No 56 of 1981 (MTA) an accredited training board shall, unless the registrar determine otherwise, establish an executive committee, training committees and other committees to which the training board may delegate and assign any of its powers and functions set out in its constitution or in the MTA, to perform on its behalf, which delegation or assignment may in the discretion of the relevant training board (thus a SETA) at any time be varied or withdrawn. The National Artisan Training Committee (NATC) has been constituted to play this role.

The NATC represents all stakeholders, business, organized labour and apprentice training providers that are experts in a variety of trades. NATC is also responsible for ensuring the effectiveness of the artisan related functions and obligations of the Apprenticeship Training Unit.

During the year under review, the new NATC was constituted, since the period of appointment of its predecessor had ended. 8 NATC meetings were held. In these meetings, providers' accreditation reports were approved, technical studies were commissioned and presented and apprenticeships contracts were rescinded, extended or reduced. A delegation to the World Skills Competition in London 2011 was appointed to observe the competition for the CHIETA to learn lessons, so as to host our own Competition going forward. A report was approved by the Board for implementation.

2.2 Accreditation, inspection, monitoring and evaluation of providers, employers of apprenticeship training and decentralised trade test centres (DTTCs). It should be noted that the CHIETA ACCREDITS its providers and employers using stringent criteria to ensure high quality delivery.

- Accredited 2 new Providers of Apprenticeship Training to conduct off the job training. The CHIETA has to date 38 accredited Providers of Apprenticeship Training
- Inspected 1 new employer to provide workplace experience for apprentices. The CHIETA has to date 9 inspected Workplace Sites
- Accredited 4 new employers to implement Apprenticeship Workplace Training. The CHIETA has to date 31 approved Workplace Sites

ETDQA

- Accredited 1 Decentralised Trade Test Centre (DTTC) to conduct trade tests against the CHIETA trades. The CHIETA now has a total of 32 accredited DTTCs
- Audited 28 out of 32 DTTCs together with the Department of Higher Education and Training: National Artisan Moderation Body (DHET: NAMB) to implement the revised trade tests. CHIETA stakeholders also participated in the revision of the new trade tests.
- Conducted 30 monitoring and evaluation site visits to provide support and ensure consistency across all its accredited sites.

2.3 Administration of Apprentices: Sections 13 and 28

Artisan development is crucial for the advancement of the NSDS 3, the New Growth Path and job creation in South Africa. During 2011-12 the total number of registered apprentices (for both section 13 and 28 including those in Engineering Learnerships) is about 1708 . Of this number, qualified artisans issued with certificates are about 348.

2.4 N1 / N2 Equivalent Examinations

Following a recommendation from the NATC the CHIETA undertook to develop a system to implement the N1 and N2 Equivalent examinations 3 times a year to enhance access into Artisan Programmes and readiness for trade tests. This decision was taken more than 2 years ago, when it was not clear if FET Colleges would continue to offer the N-Courses. During the year under review a total of 259 applications were received across 14 subjects (for both N1 and N2). Out of this total, 151 were declared competent and 108 that were not yet competent could still apply to re-write.

2.5 Special Projects to support Artisan Development within the chemical industries sector

The following initiatives were designed and put in place to support artisan development within the chemical industries sector:

- Gap Training:
A need was identified to support potential candidates who partially met the requirements for trade tests for candidates with gaps in terms theoretical training of up to 3 weeks out of the 32 weeks required for theoretical training, and/or workplace experience (that is those who are short of the required number of weeks for workplace experience).
3 organisations with a total of 44 candidates have been identified and provided with action plans for both theoretical and workplace training. They will be supported as required.
- Voucher Scheme for Section 28 Trade Test

Through this Project, the candidates that applied for trade tests in terms of Section 28 of the MTA were subjected to multi step process outlined below, so as to ensure that the CHIETA's RPL processes for trade testing are of the highest quality:

CHIETA National Skills Competition:

The CHIETA Board approved the CHIETA's National Artisan National Skills Competition to increase awareness of the CHIETA's apprenticeships; raise the standard of competency in the apprenticeship environment, enhance the levels of apprenticeship skills and create a competitive spirit between apprentices and promote apprentice training in South Africa.

For 2012 the competition will prioritise the following trades: Electrician; Instrument Mechanician and Fitter. The competition is fully modelled on the World Skills Competition.

Achievements to date:

- The Steering Committee has been established to guide the implementation of this competition
- An action plan developed and monitored
- About six guidelines and related forms have been developed to guide all participants and officials
- Adverts developed for placement in key national newspapers
- A dedicated webpage developed and populated with relevant documents and forms
- Communications and awareness raised among stakeholders through emails and regional workshops

2.6 Quality Promotions

3 successful Regional stakeholder workshops were held on Develop and implement Draft Guidelines to standardise trade test practices at the DTTCs

- Going forward the CHIETA plans to offer a single certificate to candidates that come through a structured 3-4 year apprentice training program, or that is declared competent through the RPL route.

South African Qualifications Authority (SAQA) agreed to a request by the Quality Council for Trades and Occupations (QCTO) to oversee the oversight of quality assurance function for the currently NQF registered qualifications as provided for in section 32 of the NQF Act and the skills development act, schedule (2a), section 6(1). After submission to SAQA of information pertaining to financial, administrative and other related resources for the efficient performance, it is expected that the CHIETA ETQA accreditation status will be extended to 30 September 2012. Further developments in this regard will be announced in the middle of August 2012.

ETDQA

ETQA UNIT (STUURMAN APHANE)

With the changes that have been brought into the skills development world as a result of the Skills Development Amendment Act of 2008, the South African Qualifications Authority (SAQA) is in the process of handing over some of its previous functions to the newly created Quality Council for Trades and Occupations. It is envisaged that many of the ETQA responsibilities will in future be driven by the QCTO, including the roles performed by the ETQA, the Standards Generation Bodies, certification, etc. The CHIETA-ETQA accreditation status with SAQA was extended to 30 September 2012, where after we will report to the QCTO.

During the transition phase, the CHIETA-ETQA and all other ETQAs have continued their normal work processes, while working with the QCTO to set the new quality assurance processes in place. I am pleased to report information on the CHIETA-ETQA's areas of delivery in the 2011/12 financial year.

OCCUPATIONAL LEARNING PROGRAMME DEVELOPEMENT

During the reporting period, the CHIETA-ETQA worked with the QCTO to develop occupationally directed learning programmes for the Surface Coatings Technologist, level 4 and Chemical Laboratory Analyst, level 4. In the next financial year the CHIETA has applied to lead the development process for the Fabrication and Welding learning programmes. For this work to take place, a memorandum of understanding was signed between the QCTO and the CHIETA.

In 2011/12 the CHIETA was instrumental in the finalization of the **Foundational learning competence (FLC) learning program** that was conceptualized previously and where CHIETA accredited providers participated in the pilot projects. This important learning program for Mathematical Literacy and Language has been registered as a part-qualification. It is envisaged that these will be minimum competences needed by learners that require training in the near future.

The CHIETA-ETQA together with its provider support team members continues to be a strategic player by participating in workshops and making input on the re-curriculation of N-courses, conducting research into curriculum development and alignment.

QUALITY ASSURANCE FUNCTIONS

The CHIETA ETQA has continued as per its accreditation mandate to perform accredit providers of training, conducting external moderations of assessments after training is completed, registering assessors, capacitating CHIETA companies, issuing certificates to competent learners, etc.

Numbers:

- The CHIETA had 98 accredited providers as at March 2012.
- The ETQA issued 3138 certificates and
- 1515 statements of results were issued
- 68 quality assurance site visits were conducted and reported on
- 6 assessor upgrade workshops were held
- 57 new upgrade certificates were confirmed to allow existing assessors through the RPL process to be enabled to work with revised qualifications within their areas of expertise.

Reaccreditation of providers whose accreditation had expired was a strong point of focus in 2011/12 to ensure that valuable skills of these assessors could continue to be enhanced.

RE-REGISTRATION OF QUALIFICATIONS

During the reporting period, the QCTO requested SAQA to re-register qualifications that were to have expired on 30 June 2012 for a further period of three years until 30 June 2015. A stakeholder survey on current qualifications revealed which qualifications were still needed, and after the ETQA provided the survey results to SAQA, the qualifications that are useful to our companies were re-registered. All qualifications that currently exist on the National Qualifications Framework will eventually be replaced by the newly designed replacement occupationally directed qualifications being developed using the QCTO model.

QUALITY PROMOTION WORKSHOPS

The theme of these workshops during the 2011/2012 was **recognition of prior learning (RPL)**. The target group was assessors and moderators to share best practices that can be adopted for RPL purposes as they upgraded their own status to align to all the new/revised qualifications offered in their sub sectors. This process has substantially strengthened RPL in our sector.

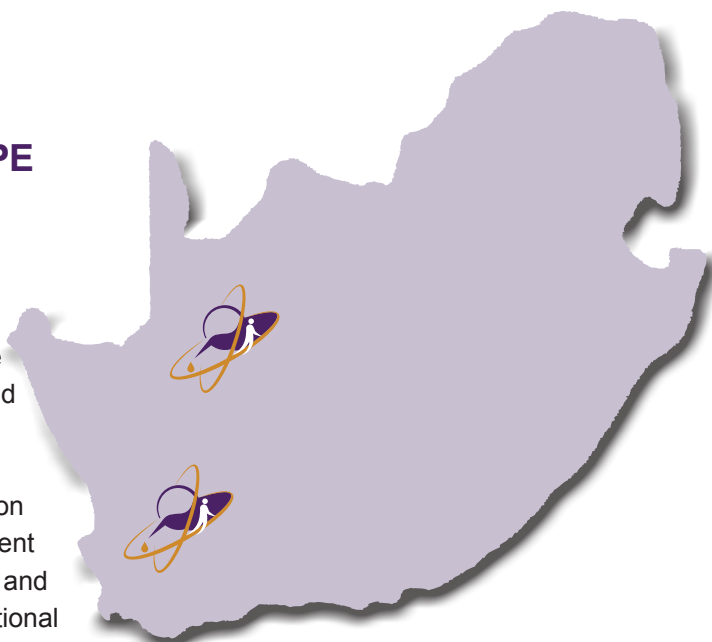
It is said that change is pain, 2011/12 was a year filled with exciting, yet sometimes difficult challenges brought about by the transitional phase that the ETQA finds itself in. However, by participating in national forums where these new processes are developed, the CHIETA understands the need for change and more importantly, what is required to implement change in this transitional phase

CHIETA REGIONAL OFFICES

WESTERN AND NORTHERN CAPE REGIONS

The period under review has been quite challenging and yet very productive. The advent of National Skills Development Strategy three ushered in a new and innovative environment and direction for the skills development revolution.

This new dynamic established and is premised on a new framework of strategic planning; re-alignment of funding priorities; advanced skills planning and research and re-enforcing the prerogative of National Strategic fundamentals.



The region – and in particular our stakeholders – rallied to this clarion call and responded positively and constructively within the context of our Regional Outreach Strategy. This was manifested in the enormously satisfactory WSP and ATR Submissions received for 2011. Though the overall number of submissions was fewer than the previous reporting period, the affirmative reaction to the new; innovative and qualitatively-advanced electronic format for submissions was impressive and progressive. The information gleaned provides a substantially more comprehensive input into the Sector Skills Planning processes.

The overwhelming response to the 2011-2012 Discretionary Grant Funding cycle was a further testament to the stakeholder buy-in and commitment for NSDS 3 and the CHIETA Strategic Framework.

REGIONAL HIGHLIGHTS

- The CHIETA continues to play a significant role in the Western Cape SETA Cluster and Provincial Skills Development Forum.
- Continued capacity-building interventions for our stakeholders.
- Through the 2010 Discretionary Grant, the CHIETA has partnered with the University of the Western Cape (UWC) in a dynamic initiative in addressing the dire challenge facing Grade 12 graduates from entrance into tertiary education. These schools – and in particular the learners - have been identified for their potential of gaining access to further learning through ensuring an improvement in their Mathematics and Science aptitude and through their achievements gain access to study at University – preferably UWC.

CHIETA REGIONAL OFFICES

- A dynamic and innovative project has been launched in the Western Cape. The partnership consists of Chevron and PM4Africa (an employer); CHIETA (a SETA); Northlink College (a Public FET College); Empro Training Services (a private provider); SAOGA (a special purpose vehicle for the Provincial Economic Development and Tourism Department, i.e. Government) and the Killarney Gardens Property Owners Association (social partner). This project is ground-breaking in that it practically envisions the strategic imperative of partnership espoused by NSDS 3.

These two projects in practice demonstrates the strategic alignment of the Western and Northern Cape Region to satisfactorily address the strategic imperatives of NSDS 3 and the CHIETA.

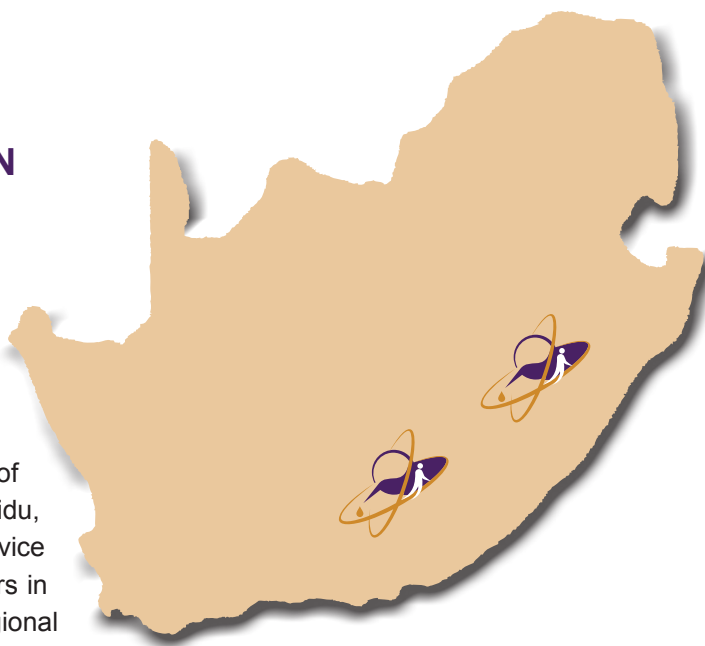
Within these developments and platform, the Region is well set and has established its foundations upon which the CHIETA is in a position to achieve and exceed the expectations and objectives of the NSDS 3 and the CHIETA Strategic Plan and SSP.

During the period under review, the Regional Office bid farewell to Mr Moegsien Harris. We are however very proud to also announce the appointment of Mrs Nandipha Elijar as Regional Skills Advisor.

CHIETA REGIONAL OFFICES

KWAZULU-NATAL AND EASTERN CAPE

Central to achieving the objectives of our Skills Development Strategy is a SETA that has staff that understands labour market issues, is credible and is able to offer solutions that address identified skills needs. As CHIETA we have such staff. Our regional team consists of Regional Skills Advisors, Aline Jeanette John - Naidu, Beevash Gansan, Thulasizwe Kojane who service KZN and Olaf Norman, who services stakeholders in the Eastern Cape. Nelisiwe Gumede is our Regional Administrator.



REGIONAL HIGHLIGHTS

- Stakeholder participation rate remains a key indicator to us from a regional support perspective. The year under review saw the introduction of a web –based WSP System. Participation remained excellent despite a few challenges that come with IT systems. We now enjoy the benefits of such a system especially for an analysis of data, as this most certainly assists us in skill planning.
- Our RCCs remained effective; we enjoyed the benefits of regional interaction as a sector and linked very well within our constitutional structures. Mr. M Bhengu chaired the KZN RCC and Mr. Arend Levendal chaired the EC RCC. Nita Jacobs and Karools Adams were the deputies respectively. Although the RCCs are no longer part of the constitutional structures, We hope that the new chamber structure and its related Regional Stakeholder Forums will make a positive impact towards the chamber chairpersons committee called the Research Skills Planning Committee and guide our chambers positively as well as make inputs towards the Research and Skills Planning Committee, via the Regional Skills Forum Reports.
- Effective Marketing and Communication. Mini forums were held in Newcastle, Richards Bay and East London as part of our outreach program. Broad regional forums were successfully held in Durban and in PE. Subjects covered included Co-operative Education, FET/HET and industry interaction, Grants and Skills Planning.
- Regional Artisan and ETQA workshops conducted.
- One of the key pillars for NSDS 111 is “ An increased focus on skills for rural development to support government’s prioritization of rural development” In this regards we were tasked with the development of a Rural Development Strategy to support skill development. This has been completed and first draft available.

Taking collective responsibility is critical to achieve our aspirations of a developed nation, characterized by economic growth, productive and a skilled workforce. Key stakeholders need to come together, form partnerships and work together, after all we have a common purpose. The following are some of the established linkages:

- Partnership between Coastal FET college and Sasol Wax for training provision
- Umfolozi FET college for training of artisans

CHIETA REGIONAL OFFICES

- Project with University of Kwa -Zulu Natal for training of identified shops stewards in Occupational Health and Safety
- Project with Durban University of Technology to assist students find workplace training.
- Participation at advisory boards at Durban University of Technology and support towards establishment of chemistry advisory board at NMMU
- Active participation in activities of the South African Society for Co-operative Education
- Participation in the Nelson Mandela Bay HRD forum
- Eastern Cape Provincial Skills Development Forum
- Durban Chemicals Cluster
- Technology Station in chemicals based at Mangosuthu University of Technology
- Chemistry Incubator based in PE and the planned expansions

The launch of the KZN SETA forum by the Department of Higher Education and Training and plan to work with relevant municipalities was a milestone and a phenomenal success. The event was funded by the eThekweni Municipality and provided a platform for:

- Launch of the KZN SETA Forum. A declaration of commitment towards Skills Development was signed by CEOs of SETAs and this document was also signed by our Minister of Higher Education and Training, Dr Blade Nzimande.
- A similar declaration of commitment was signed between the KZN Seta Forum and the eThekweni Municipality. Municipalities have been identified as a suitable vehicle to drive Skills Development in the Province. This partnership is expected to result in further partnerships being established with other municipalities and we hope that this will significantly enhance rural development.
- The MOA between the KZN Seta Forum and FET colleges was also signed.

Building Career Guidance and vocational guidance remains a crucial goal in NSDS111. It is unfortunate that young people embark on programs for the wrong reasons. It is for this specific reason that we took advantage of opportunities to direct our youth to make informed choices. We participated in the following initiatives in this regards:

- Learner Focus Week at University of Kwa -Zulu Natal as arranged by the Department of Energy
- Nelson Mandela Youth Festival held in Lusikisiki
- World of Work Career fair hosted by Durban University of Technology
- Career fairs at Nquthu and Msinga hosted by DOE
- Umkhambathini Career fair
- Othukela Career Exhibition
- Inanda Career fair

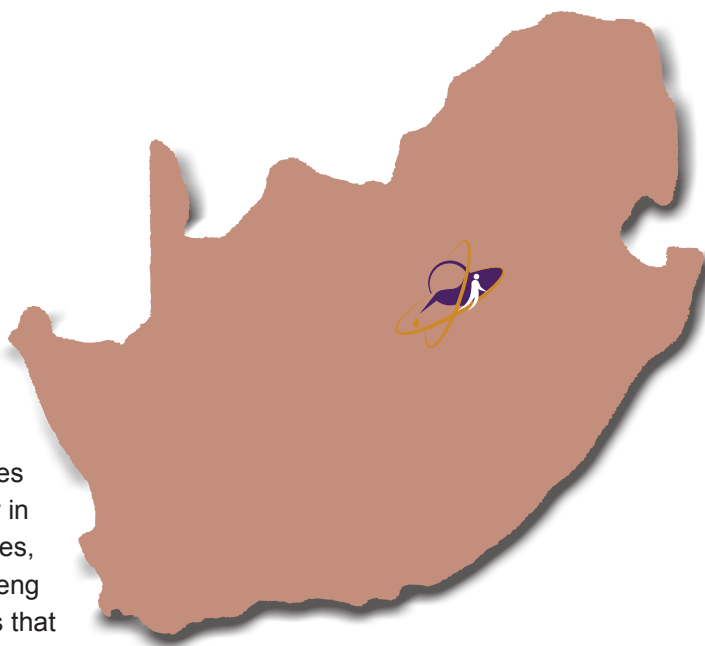
CONCLUSION

There are many challenges facing post - school education and training in SA, the need for economic growth and Development, poverty and unemployment is a constant reminder of these challenges. We will continue to be reminded of the current situation and strive to provide a range of accessible alternatives for our young people as the Chemical SETA, to complement each other in DHET through and as South Africans at large.

CHIETA REGIONAL OFFICES

GAUTENG AND CENTRAL REGIONS

The year under review was marked by the dawn of new Executive leadership of the CHIETA with Mrs Ayesha Itzkin as the acting CEO. On that front the year 2011/12 commenced with positive changes that sought to rebuild the CHIETA into a formidable SETA. One of the significant changes was the relocation of the Regional Office centrally in Auckland Park. The move has improved synergies, integration and collaboration between our Gauteng regional office and Head Office. For the 2 regions that our Gauteng regional office services this move helped to create greater efficiency.



Like in any other organisation change was inevitable to service the NSDS III objectives and resulted in challenges that required speedy resolution and improvement throughout the reporting period. Various challenges were faced due to greater workload. The Grant Processes seem to have improved in respect of WSP/ATR owing to the introduction of the online system. The latter gave impetus to the collection of WSPs that saw a considerable increase in WSPs/ATR being processed through our regional office.

HIGHLIGHTS

Approximately 400 transactions were registered for the provision of technical support to a range of member companies and organisation within the chemical industry sector. The technical support relates to specific assistance given, to arising from Mandatory Grants, Discretionary Grants and quality assurance related issues, the assistance occurred in the site visits. Of the 400 transactions 149 organisations benefited in the Mandatory Grants, 210 in the Discretionary Grants and 26 in the Quality Assurance-related support area.

Capacity building of stakeholders was provided to at least 85 members companies. The purpose of the capacity building sessions is to strengthen institutions to meaningfully participate in skills development interventions. Of the 85 contact sessions 51 Skills Development Committees were covered, 25 SDCs were either established or trained, and 9 were support from either labour or business representative.

Outreach and public relations yielded almost 30 events which the region participated in including 7 career exhibitions or industry exhibitions. Some of the notable events include the Gauteng Youth Parliament that was held in the second quarter of the year in Randfontein, The LP Gas Association's Annual Conference and Exhibition in November 2011 and Mpumalanga Job Summit.

The Gauteng and Central Regional Office also took part in about 20 events organised by either the CHIETA Head Office or Regional Office. These included 4 events of a Regional Skills Forum nature and 2 Regional Coordinating Committee. In addition to there were 3 mini forums held to assist organisation with the WSP/ATR support. We have also been part of the HRD Conferences for Limpopo and Mpumalanga aimed at establishing Provincial HRD strategies and Councils.

CHIETA REGIONAL OFFICES

Working with a team of 3 Regional Advisors and an Administrator to support over 800 levy-paying member organisations over the period of a year requires hard work. The ever-growing administration and reporting demands resulting from Regional activities require urgent intervention. There were at least 213 days spent between the 3 RSAs to support the administration of the regional office and resolve queries that are raised due to Grant –related activities. There were 173 queries or follow-up issues that were processed through the region, most of them from Mandatory and Discretionary Grants. More human resources are required to service the bigger mandate of the regional office, and management has approved the request for additional capacity for 2012/13.

Apart from the core activities above, the Regional Office is a part of the following structures many of which we participated in:

- The newly Established Mpumalanga HRD Council, inaugurated on the 26th of March 2012
- The Mpumalanga FET SETA Collaboration structure
- The Gauteng InterSETA Forum which we chair
- Mpumalanga, Free State, and Limpopo PSDFs
- North West InterSETA Cluster Establishment Committee
- The North West FET SETA Collaboration
- The North West Corporate Social Investment Structure
- Wits Industrial Advisory Council
- UNISA Advisory Council
- Vaal University Advisory Council
- UJ Industrial Advisory Council

We look forward to a productive 2012/13 for our office and for the CHIETA at large.

STAKEHOLDER RELATIONSHIP MANAGEMENT

The Stakeholder Relationship Management Unit continued to ensure that internal and external stakeholders have positive experiences with the CHIETA. Improvement on service delivery was displayed through the drop of the number of queries we experienced in the year under review, compared to previous years.

In the year under review, we maximised the visibility of the CHIETA Brand. The CHIETA re-signed its cover page, attended a number of key national skills development forums to share the work of the CHIETA inter alia with learners that are looking for career options, produced the CHIETA newsletter once again, and supported a host of CHIETA events, including those of our partners in government. We have also planned to continue to increase our visibility and brand identity through building purposeful and solid relationships with selected media channels. We will also embark on educating the community about the benefits of engaging CHIETA and enabling further conversation through social media on selected CHIETA projects. All in all 2011 was a good year for our business unit.

2011/2012 KEY PERFORMANCE INDICATORS AND THE WAY FORWARD

Key Performance Indicator	Narration
Average Stakeholder Query Resolution Lead Time	Due to the enhancements to our processes and continuing focus on staff development, the staff is now in a position to provide prompt responses to stakeholder queries. We plan to further support our stakeholders through effective communication channels e.g. monthly stakeholder bulk emails and an interactive and fully updated website that is at present under construction.
Number of media appearances	In line with our strategic objectives, we have been able to increase our brand awareness and visibility by leveraging strategic media houses.
Advertorials in national magazines	The CHIETA placed a number of advertorials, one of them being the Financial Mail, where the Acting CEO provided the “state of the CHIETA” update as well as our strategic plan and vision for NSDS III. The CHIETA revived its newsletter in 2011, where we informed the sector about current and new developments.
Number of Service related complaints received	The number of service related queries has gone down drastically when compared to 2011. This is an indication that there is a marked improvement in our quality of service.
Stakeholder Experience	In the period under review, the call centre telephony systems were enhanced and upgraded. This telephony system upgrade ensured that our call centre agents are responsive to client requirements In the year ahead a lot of focus will also be put on in-house training of the team at large to sharpen their customer service skills. We have witnessed a significant reduction in the number of service related complaints from our Stakeholders.
Brand management	In the period under review, the CHIETA projected and optimised its corporate brand through a number of launches. As CHIETA seeks to ensure heightened visibility, we will continue to seek for opportunities to project and effectively communicate our brand. We hope to, in the year ahead increase our visibility through a number of initiatives like gaining exposure through key radio stations, selected relevant, targeted strategic business publications, television broadcasts and our own internal electronic newsletter.

GRANTS MANAGEMENT

INTRODUCTION

Since the inception of the SETA's the CHIETA's Grants Management Unit has been mainly responsible for managing and processing the Mandatory and Discretionary Grants used to implement skills development programmes in the Chemical Industries Sector. Mandatory Grants have been paid to assist members in completing their Workplace Skills Plans (WSPs and Annual Training Reports (ATRs).

Discretionary Grant funding is provided to complement existing training initiatives, to expand opportunities for marginalised individuals and to plug gaps in training in the workplace where national priorities need to be addressed.

CONTEXTUALIZING SKILLS DEVELOPMENT WITHIN THE CHIETA

The CHIETA seeks to support the other MTSF Strategic Priorities through the Discretionary Grants Funding Windows in ways that are relevant to the Chemical Sector. Employment creation, support for labour intensive industries, and addressing skills shortages remains central to the CHIETA. Our Strategic Plans for the next five years, have been reviewed after intensive processes of consultation with our stakeholders across the sub-sectors, is a medium-term response to the long-term challenges. The CHIETA will ensure that its work is focussed on the most pressing priorities in supporting the decent work agenda, economic growth and human resource development in South Africa. The Discretionary Grants System will be the key driver in achieving these priority areas.

In response to this, the CHIETA has reprioritized its focus and targets so that we can work within the defined areas of priority and stimulate meaningful participation within the Department of Higher Education and Training. On the demand side, the system must ensure that the skills needed to drive our country's economic growth and social development is delivered at an increasing rate, because available, quality skills will enhance both investment and service delivery. Our Discretionary Grants Programme serves the growing number of both young people and adults; it also provides different entry points into, and pathways through the learning system; our grants provide quality learning wherever learning takes place be it a college, a university or in the workplace; and, importantly, it provides easy pathways across our different learning sites. The CHIETA has aligned itself to the NSDS III by addressing and responding to the pressing challenges that are impacting on the ability of our economy to expand and accelerate employment opportunities. The following are some of these specific objectives.

MANDATORY GRANTS

The development of the mandatory grant planning and implementation form by organisations in the sector will add valuable information, reflect on the trends and organisational skills needs and therefore refine the development of the Sector Skills Plan (SSP) for the Chemical Industries Training Authority (CHIETA). Reporting on education and training activities is an equally important element of the NSDS III and hence the need to assist all companies or organisations to provide the CHIETA with the necessary information required to plan for and implement skills development in the chemical industries sector. Information from these ATR-WSPs is used by the CHIETA to identify skills needs, including scarce skills, after analysis, to propose changes to the Organising Framework for Occupations (OFO), to update the Sector Skills Plan (SSP), to plan interventions to support skills development within the chemical industries and to report to the Department of Higher Education and Training (DHET).

GRANTS MANAGEMENT

During the financial year 2011 / 2012 the Unit embarked on a new process of soliciting Workplace Skills Planning Information, through an online electronic source data process. The main purpose of this change was to ensure the credibility of information and accurate analysis of training and development within all workplaces in the chemical industries Sector.

CHAMBER	WSP SUBMITTED	ORAGNISATIONS REGISTERED
Base & Petroleum	185	194
Explosives & Fertilisers	29	31
FMCG & Pharmaceuticals	140	148
Glass	27	33
Speciality Chemicals & Surface Coatings	258	272
TOTAL	639	678

DISCRETIONARY GRANTS

One of the fundamental areas that are addressed in the CHIETA Discretionary Grants Strategy is to provide HOPE to a generation that is not yet in the mainstream of economic and social benefits. The Discretionary Grants Strategy for 2011 / 12 is underpinned by the theme of "Transformation through Skills Development". But can Skills Development truly transform especially within the new landscape of the National Skills Development Strategy? If transformation of the Nation means empowerment through education and the training development of professional competence; if transformation means access to opportunities, careers and wealth for all; if transformation means having a voice in one's own destiny; and if transformation means the full use of the Nation's human resource potential for the economic welfare of all; then, indeed, Skills Development within the NSDS 3 can transform.

The perspective of our organisation here is not from a tightly circumscribed perspective of the transformational obligations of the CHIETA but from the larger perspective of National Development. We believe that if the role of the CHIETA is understood within this context, the obligations of the CHIETA can be clarified, skills development activities in the chemical sector can be undertaken with greater meaning and focus, and both the social and economic objectives of the Skills Development Act can be met. It is only through our understanding of the practical challenges encountered in the pursuit of a transformation, which we will begin to appreciate the hurdles which the CHIETA will face in implementation.

Examples of this transformational intent abound in our Discretionary Grants Guidelines. ABET and Foundational Learning brings people onto the ladder of growth and personal fulfilment through education; Learnerships connect people with the reality of workplaces and boost their relevance and productivity; skills development committees give voice to the voiceless in planning and delivering training; RPL seeks to recognise that, because of our history, many of our most talented and capable may not have certification. Opportunities for growth are not isolated and difficult to reach; they reside with our employers and in our communities. There is no exclusivity in access, none can be legitimately denied. There are no restrictions in choices. The doors to all occupations and all careers are open to those who are suitably prepared.

GRANTS MANAGEMENT

DISCRETIONARY GRANTS PROGRAMME BREAKDOWN		
PROGRAMMES	BENEFICIARIES TARGETED	TOTAL AMOUNT ALLOCATED
ABET	1192	R4 833 014.90
GETC Learnerships (18.1)	330	R3 432 400.00
GETC Learnerships (18.2)	107	R1 854 000.00
FET Learnerships (18.1)	643	R11 216 897.04
FET Learnerships (18.2)	659	R12 807 570.70
HET Learnerships (18.1)	22	R276 000.00
HET Learnerships (18.2)	46	R1 695 000.00
New Venture Creation Programmes	901	R9 923 484.00
Apprenticeships (18.1)	388	R2 328 370.00
Apprenticeships (18.2)	684	R7 326 000.00
Skills Programmes (18.1)	6496	R10 300 407.91
Skills Programmes (18.2)	713	R873 250.00
Workplace Experience	740	R11 744 000.00
Internships	149	R2 844 000.00
Employment Creation	74	R866 000.00
Graduate Development Programmes	34	R1 036 200.00
BEE	138	R5 161 595.00
RPL	289	R1 039 830.00
Career Awareness -Career Guides / Indaba	1000	R1 025 000.00
Community Development Projects - Rural Development	195	R526 000.00
Infra-Structure Support	0	R1 533 000.00
TOTAL	14800	R92 642 019.55

The table above provides an overview of the Discretionary Grant Programmes and Projects that have been implemented in the year under review and numbers of beneficiaries to be benefitted were targeted to go through specific training and development and the total investment made by the CHIETA is approximately R 92 million.

GOVERNANCE AND RISK

For the period under review a wide range of governance and risk management interventions were successfully embarked upon and proudly achieved. It includes the following:

- The appointment of our new Governing Board for NSDS III comprising 15 members under the competent and able leadership of our Chairperson Ms Nolitha Fakude.
- The approval and implementation of the CHIETA Constitution that guided and provided significant value to the optimal functioning of our governance structure.
- Committee driven Governance structures with the implementation of several Board committees namely the EXCO, Finance and Remuneration Committee, Audit Committee, Grants Committee and the Governance and Strategy Committee. Substantial engagements transpired at these committees where relevant content areas were debated and considered in detail to ensure proper recommendations to the Governing Board for informed mandating and decision making processes. It is a privilege and pleasure to work with these structures to witness Governing Board and Committee member's commitment to Skills Development in the interest of our diverse stakeholder base without compromising on their fiduciary responsibilities.
- Value-adding Board Capacity Building workshops with the Institute of Directors was held to induct CHIETA Board members on their responsibilities, legal and best practice frameworks ensuring that duties is discharged in an effective and accountable manner.
- At these workshops Board members also provided guidance on the strategic direction of CHIETA as captured in our CHIETA Strategic Plan 2011- 2016 in support and alignment of the outcomes and objectives of NSDS III.
- Specific efforts and focus was placed on Organisational Risk Management. From this perspective the CHIETA Governing Board partaked with the Independent members of the Audit Committee in several Risk Management workshops were eleven (11) Strategic Risks were identified with detailed risk treatments to manage and maintain identified risks within acceptable levels and risk appetite of the organisation.
- Apart from the organisational strategic risk register each CHIETA Business Unit identified their respective operational risk and the top thirty four (34) operational risk together with the eleven (11) strategic risks formed a standing item on the Governing Board agenda where reports was forthcoming via the Audit Committee on the status of the mitigation of identified organisational risks.



Trevor Channing
Executive:
Governance and Risk

GOVERNANCE AND RISK

- Conclusion of the CHIETA Legal Compliance Register which will now be subjected to assessment to identify the organisations compliance profile and remedial action needed
- Excellent organisational performance in terms of achieving substantially on our SQMR and non- SQMR organisational targets as captured in our strategic plan to the ultimate benefit of our stakeholders and the deliverables of NSDS III. Out of a total of 96 organisational targets CHIETA achieved and exceeded on 82% of these targets of which more specific detail are captured in the CHIETA Annual Performance report 2011/12 on page 28 of the report.
- Substantial progress has also been made in terms of internal IT controls and IT Governance Frameworks which now lays a solid foundation to position and benchmark CHIETA as a leading institution in this regard.

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South Africa's new National Skills Development Strategy III (NSDS III) became operational on 1 April 2011. The CHIETA embraced this strategy due to its visionary and expanded focus on alleviating poverty through job creation in support of increasing productivity through inter alia skills development.

For the Chemical Industries Education and Training Authority (CHIETA) the key focus is now squarely on artisan training and forming sustainable and meaningful partnerships with public and private training providers across the further and higher education bands, employers that can provide access to workplaces and labour unions that understand how skills development works, so as to monitor training and development, to effectively tackle the country's enormous skills needs and to promote productivity, employment and self-employment – all this to create a robust post-schooling system and to support the South African youth in particular.

To this end, the CHIETA Strategic Plan has been conceptualized within the NSDS III framework and packaged in line with its eight identified goals, by outcome and outputs. This forms the basis for our performance monitoring and evaluation within the organisation and in support of the expanded auditing mandate of the Auditor-General of South Africa on performance auditing in addition to the normal compliance auditing processes.

Although the NSDS III is the bedrock of this Strategic Plan, other key national strategies have been incorporated, as well as the performance targets of the Honourable Minister of Higher Education and Training, Blade Nzimande to ensure that the CHIETA addresses the broader human resources imperatives as identified by the social partners through the HRDS-SA, the New Growth Path, the Skills Accord, the Rural Development Strategy, Environmental Strategy, IPAP 2, etc.

The CHIETA has also moved its focus to research in order to fully understand the needs around some of the new skills development areas espoused in the above-mentioned strategies and frameworks. We have designed interventions to partner with higher education institutions to support those areas of research that will contribute to the needs of the CHIETA and our stakeholders.

The CHIETA recognizes that despite the significant amount of work done by the CHIETA during NSDS I and NSDS II, the Chemical Industries Sector and the South African economy as a whole still remains constrained by a serious lack of skills. The new Strategic focal areas seeks to improve effectiveness and efficiency, while encouraging the linking of skills development to career paths, career development and promoting sustainable employment and in - work progression.

Central to the objectives of the NSDS III is the CHIETA's improved placement strategy for both students and graduates from FET colleges, universities and universities of technologies, and the training of technicians within the engineering and related fields.

The Performance focus of CHIETA promotes partnerships between employers, public education institutions, FET Colleges, universities and universities of technology, private training providers to ensure cross-sectoral collaboration so as to open up access.

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The Performance Framework has also taken into account important transformational priorities of race, class, gender, geographical considerations, age differences, disabilities and the HIV/AIDS pandemic and planned interventions, supported through well thought-out special projects funded through discretionary grant allocations. Within this context CHIETA continues to facilitate the delivery of specific skills interventions in the Chemical Industries Sector as identified by our stakeholders and articulated in our Sector Skills Plan.

Central to the conceptualisation of the CHIETA's Performance Plan Framework, are the Government's Medium Term Expenditure Framework which reflects the governments long term plans, the Medium Term Strategic Framework, performance contract between the Minister of Higher Education and Training and the President of South Africa and the Presidential priorities.

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CHIETA ANNUAL PERFORMANCE REPORT 2011\2012

PROGRAMME 1: CEO'S OFFICE

STRATEGIC OBJECTIVE		PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Ensure overall functionality of the CHIETA to address its skills development mandate, through the implementation of a skills and competency programme for the workforce at the CHIETA	The no of CHIETA staff that participates in skills and competency training	25	11	14	Although the CHIETA has Developmental Plans it remains a voluntary exercise for staff applying for participation in the CHIETA Educational Allowance Scheme	
	The no of CHIETA staff ranked as competent through the performance management system	64	63	1	Non-performance managed within HR Policy Framework	
Promote the CHIETA as a Learning Organization that fully understands its mandate and its sector	BP aligned to key national objectives in at least 8 national strategies and programs	8	8	0	N/A	
Obtain required technologies and business intelligence tools to allow for credible analysis and predictions	The required technologies are identified and prioritized, approvals for spending are obtained and systems are procured as needed	1	1	0	N/A	
Strategic interventions with captains of industry, Union leaders, Institutional heads, Ministerial heads and other QCs	3 breakfast (or similar) meetings held. Host a CHIETA conference	1	1	0	N/A	

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SUB-PROGRAMME 1.1: HR OFFICE

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Integrated People Management Strategy	The no of staff participating in the People Management Strategy	64	64	0	Participation in HR Strategic Objectives formed part of staff workshop on CHIETA Strategic Plan
Develop the critical mass of competent people	Individualised PDP's, Business Unit Training and Cross functional training programmes	64	11	53	Although the CHIETA has Developmental Plans it remains a voluntary exercise for staff applying for participation in the CHIETA Educational Allowance Scheme
Development of wellness programme	Re-launch of CHIETA employee well being program	1 programme	1	0	N/A

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PROGRAMME 2: CFO'S OFFICE

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Co-ordinate integrate and manage Chieta budgets	Quarterly & monthly Management accounts and Variance reports	4	4	0	N/A
Establish a credible Management Reporting Framework	Monthly management accounts prepared Accounts presented to MANCO, EXCO, GB and DHET Financial info for Quarterly Reports submitted to the DHET by deadline date	12	12 Monthly Management Accounts	0	N/A
Facilitate external audit	No of Unqualified Audit reports Audit queries and management letter response Audited Financial statements and AG report in Annual report. Continuous Update of supply chain management policy. Preparation and communication of year end action plan	4	4	0	N/A
Facilitate internal audit function	Strengthening of all internal controls. Implementation of all internal audit recommendations. Adherence to three year rolling internal audit plan. Adherence to fraud prevention plan	1	Achieved	0	N/A
Prepare annual financial statements	Annual financial statements prepared and submitted as per legislative requirements	1	1	0	N/A

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STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Maintaining a quality cash, treasury & investment management	Investment strategy developed & implemented. Adequate funds available for operations. Optimum return on invested funds in line with approved policy			On Going	
Supply Chain Management and Expenditure Management	Expenditure in line with approved procurement policy and with national government practices. Increase in number of BBBEE firms receiving contracts / tenders. SCMF implemented & embedded. Implementation of Public Private Partnership as per regulation. All procurement underlined by cost effectiveness.			On Going	
Ensure compliance with laws, regulations, policies, and procedures, PFMA, etc.	Full compliance with PFMA and Treasury Regulations. Audit committee report indicates no significant non-compliance	100% (On Going)	100%	0	N/A
Maintenance and updating of financial records, systems and information	Proper accounting records. Unqualified audit. Reliable, accurate information. Sound cash management.	100% (On Going)	100%	0	N/A
Payroll computation and disbursement	Monthly disbursement of payroll. Payroll variance report prepared reviewed and signed off. Statutory payments effected before the 7 th of each month. Payroll disbursement to temps, contractors. Salaries transfer to employees on the 25 th of each month.	100% (On Going)	100%	0	N/A

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STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Efficient grant disbursement and administration systems	Grants disbursed in two cycles per annum: (August – November 2012 and January – April 2013)	2	2	0	N/A
	Over 80% of grants disbursed per annum	80%	40%	40%	Non Performance with a Region – Dealt with in consultation the Grants Committee

PROGRAMME 3: LEARNING PROGRAMMES DEVELOPMENT AND IMPLEMENTATION DIVISION (ETQA)

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
QA of provision and delivery	The no of Accreditation & reaccreditation of providers on existing or changed qualifications	20	20	0	N/A
Meet sector skills development need	The no of regional provider workshops	4	4	0	N/A
	The no of workshops supporting the QCTO				
Establish partnerships with provincial departments of education.	The no of FET Colleges supported and program approved on CHIETA qualifications.	4	4	0	N/A
Promotion of Pivotal Programs	The no of partnerships with Universities of Technology to link them with workplaces	2	3	+1	As a result of responses received from universities of technology on our discretionary grant funding windows, CHIETA allocated funds towards an additional partnership.

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STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Quality data capturing as per training provider / employer and ETQA information.	Green status awarded by SAQA NLRD	Green Status	Achieved Green	0	N/A
	DHET Quarterly / Annually performance targets achieved (Refer to SQMR)				

PROGRAMME 4: LEARNING PROGRAMMES DEVELOPMENT AND IMPLEMENTATION DIVISION (APPRENTICESHIP)

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Placements of Higher Education learners at workplaces and assessment of workplaces for viability	Up to 5 ESDAs identified to support implementation, capacitated and appointed - 30 learners placed.	0	1	+1	Through the Discretionary Grants Programme Approved by the GB. Priority area as per the NSDS 3
QA of provision and delivery	Providers / DTTC / Employers are supported, inspected and accredited	32 DTTC 31 Employers 38 Providers	32 DTTC 31 Employers 38 Providers	0	N/A
Facilitate NATC meetings	Facilitate 9 NATC meetings as per requirement of MTA	3	3	0	N/A
Facilitate Apprentice Skills Competency Competition	Facilitate the competition for at least 3 CHIETA designated trades	1 Competition	1 World Skills Competition Attended	0	As per the Governing Board Mandate

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PROGRAMME 5: LEARNING PROGRAMME DEVELOPEMENT AND IMPLEMENTATION OFFICE (QMS)

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Review and Implementation of a Quality Management System	The no of the basic elements of the QMS have been developed and must move into the next phase of reviewing and implementation PMS System exists but must be classified and fully implemented	1	0	-1	Timeline has been adjusted as per Risk Register to the Audit Committee & Governing Board
Structures & systems for regional presence for the work of the CHIETA	The no of resources are properly managed within the framework of a coherent policy and a commonly understood system. As the staff complement grows more and more pressures are created for an efficient resource management system so that resources are used and maintained in an effective and efficient manner.	12 Business Units	0	-12	Timeline has been adjusted as per Risk Register to the Audit Committee & Governing Board
	QMS Audits				

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PROGRAMME 6: STRATEGIC PROJECT DIVISION

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Develop and implement Strategic Projects that complement strategic deliverable of NSDS III, Macro Strategic frameworks and response to SSP	The no of listed Strategic approved projects by Governing Board. Strategic Projects address National Priorities and Strategic needs, i.e. bursaries combined with integrated workplace learning, artisans, training, rural developments, FET/HET partnerships, SMME vouchers, SSP focal areas, career guidance, green skills, and impact study of completed projects.	2	9	+7	As per Governing Board Mandate
Develop and implementation of an integrated Strategic project management framework	The no of projects on MS project Performance monitoring project tool Quarterly reporting	2	9	+7	As per Quarterly Report to the Board

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PROGRAMME 7: GRANTS MANAGEMENT UNIT IN STRATEGIC PROJECTS DIVISION

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Workplace Skills Planning and Reporting	Developing one system for source data collection	1	1	0	N/A
Discretionary Grants Reporting	Discretionary Grants Guidelines	1	1	0	N/A
Grants disbursement policies and plans are advertised and properly communicated within the sector and its partners	Grants Manager & Regional Managers to develop guidelines. Training on Grants Disbursements policies, plans and communication strategy with the Relationship Manager is in place	Guideline document for the NSDS III period	1	0	N/A
Equity in Grant Disbursement	To achieve at least 80 % equity targets These are also communicated in our SLA. This forms the basis and is fundamental to the transformational agenda of the Grants Management Strategy	80%	80% Minimum Achieved	0	N/A
Efficient payment processing	Grants disbursements Grid is drawn to indicate lead time and benchmarking payment patterns	80%	40%	-40%	Delays in receiving MoA's and Quality Assuring of programmes

ANNUAL PERFORMANCE REPORT 2011/2012

PROGRAMME 8: RESEARCH AND SKILLS PLANNING DIVISION

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Partnerships with Further Education and Training colleges, University of Technologies Higher Education Institutions and employers jointly implemented	9 FEIs and 4 UoT's	6	6	0	N/A
Prevalence of HIV/AIDS among small companies in the chemical sector and strategies to address epidemic.	One research report submitted	1	1	0	N/A
Chamber meetings	25 meetings	5	5	0	N/A

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PROGRAMME 9: GOVERNANCE DIVISION

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Optimal functioning of Governance structures	The no of productive and effective Board and committee meetings in support of sound organisational mandates and decision making	1	15	+14	Board Engagements as mandated by the Governing Board & Corporate Calendar
Board capacity and continuous learning	The no of educated and knowledgeable Board Members and Board Committees discharging their fiduciary duties with confidence	1	2	+1	Additional Capacity Building mandated by the Governing Board
Integrated Risk Management	Annual updated Risk Management Register				
	Pro-active management of strategic and functional risk through defined control measures	1	1	0	N/A
	Organisational Risk Taxonomy and Risk appetite				
	Risk based audits				
Integrated Organisational Performance Reporting	An accurate, comprehensive and timeous performance reports to governance structures and stakeholders	1	1	0	N/A
CHIETA Business Continuity Plan	A comprehensive and functional Business Continuity plan to ensure optimal service standards to stakeholders	1	0	-1	Business Continuity Plan developed by management and to be implemented in 2012/13 on mandate of governing board

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PROGRAMME 10: STAKEHOLDER RELATIONSHIP MANAGEMENT UNIT IN GOVERNANCE DIVISION

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Stakeholder Management	% reduction in the number of emails of complaints against the 2011 baseline	To strive for a 20% reduction	As per Customer Satisfaction Survey	0	N/A

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PROGRAMME 11: REGIONAL STRATEGY IN STRATEGIC PROJECTS DIVISION

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Strengthen capacity of stakeholders	Capacity Building interventions to at least 150 SDF's; 30 SDC's; 15 public institutions	195	Over 300	+105	Additional Road Shows as per stakeholder and industry needs
Implementing the Rural Development Strategy	To establish a minimum of one project per province	3	3	0	N/A
Implementing the Youth Development Strategy	To establish a minimum of one project per province	2	2	0	N/A
Stakeholder consultation and promotional support services	RCC's held				The Governing Board Mandated a new Stakeholder Participation Structure that replaced the previous stakeholder structures with Regional Skills Forums
	BRF's held				
	Labour Forums				
	Mini-BRF's held	5	5	0	
	3 Career Exhibition per province	1	1	0	N/A
NSDS 111 I Imperatives	Addressing the no of National Skills Development Strategy targets on the NSDS 111 Imperatives - SQMR - Refer to the Quarterly Targets Table below				As per SLA

ANNUAL PERFORMANCE REPORT 2011/2012

2011/2012 CONSOLIDATED COVER PAGE FOR QMR REPORTING											COMMENTS
GOALS / OUTCOME / OUTPUTS	TARGET	QRT 1	QRT 2	QRT 3	QRT 4	TOTAL	VARIANCE	% ACHIEVED	ACHIEVEMENT STATUS		
4.2.1 LEARNERSHIPS WORKERS ENTERED CURRENT FINANCIAL YEAR	1200	11	167	267	381	1311	-111	109%	OVERTARGET	The approval of the Discretionary Grants Funding Window by the GB empowered the CHIETA to over achieve on this target	
4.2.1 LEARNERSHIPS WORKERS ENTERED PREVIOUS FINANCIAL YEARS		76	184	188	37						
4.2.1 INTERNSHIPS WORKERS ENTERED	0	0	0	0	0	0	0	0%	UNDERTARGET	Due to the limited need for Internships, Employers focussed more on Workplace Experience	

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2011 / 2012 CONSOLIDATED COVER PAGE FOR QMR REPORTING											COMMENTS
GOALS / OUTCOME / OUTPUTS	TARGET	QRT 1	QRT 2	QRT 3	QRT 4	TOTAL	VARIANCE	% ACHIEVED	ACHIEVEMENT STATUS		
4.2.1 BURSARIES WORKERS ENTERED	75	0	0	0	21	21	54	28%	UNDERTARGET		Applications for Bursary's from Employers were not forth coming in the DG Funding Windows. There was very little participation by the sector
4.2.1 SKILLS PROGRAMMES WORKERS ENTERED CURRENT FINANCIAL YEAR	550	158	605	183	118	2393	-1843	435%	OVERTARGET		The approval of the Discretionary Grants Funding Window by the GB empowered the CHIETA to over achieve on this target
4.2.1 SKILLS PROGRAMMES WORKERS ENTERED PREVIOUS FINANCIAL YEAR		370	287	619	53						
4.2.1 TOTAL WORKERS ENTERED	1825	615	1243	1257	610	3725	-1900	204%	OVERTARGET		

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2011 / 2012 CONSOLIDATED COVER PAGE FOR QMR REPORTING											COMMENTS
GOALS / OUTCOME / OUTPUTS	TARGET	QRT 1	QRT 2	QRT 3	QRT 4	TOTAL	VARIANCE	% ACHIEVED	ACHIEVEMENT STATUS		
4.2.1 LEARNERSHIPS WORKERS CERTIFICATED	600	122	162	143	198	625	-25	104%	OVERTARGET	Regional Outreach programme intensified the need for completion	
4.2.1 INTERNSHIPS WORKERS CERTIFICATED	128	0	0	0	0	0	128	0%	UNDERTARGET	Due to the limited need for Internships, Employers focussed more on Workplace Experience	
4.2.1 BURSARIES WORKERS CERTIFICATED	38	0	0	42	0	42	-4	111%	OVERTARGET	This was as a result of the completions from Bursary students on the programme	
4.2.1 SKILLS PROGRAMMES WORKERS CERTIFICATED	275	21	926	368	512	1827	-1552	664%	OVERTARGET	The Data Management Unit improved internal systems and processes around certification	
4.2.1 TOTAL WORKERS CERTIFICATED	1041	143	1088	553	710	2494	-1453	240%	OVERTARGET		

ANNUAL PERFORMANCE REPORT 2011/2012

2011 / 2012 CONSOLIDATED COVER PAGE FOR QMR REPORTING											COMMENTS
GOALS / OUTCOME / OUTPUTS	TARGET	QRT 1	QRT 2	QRT 3	QRT 4	TOTAL	VARIANCE	% ACHIEVED	ACHIEVEMENT STATUS		
4.2.1 LEARNERSHIPS UNEMPLOYED ENTERED CURRENT FINANCIAL YEAR	950	30	80	382	304	1183	-233	125%	OVERTARGET		The approval of the Discretionary Grants Funding Window by the GB empowered the CHIETA to over achieve on this target. A huge priority was emphasised for 18.2 Learnerships
		127	92	111	57						
4.2.1 LEARNERSHIPS UNEMPLOYED ENTERED PREVIOUS FINANCIAL YEAR											
4.2.1 INTERNSHIPS UNEMPLOYED ENTERED	117	0	6	2	38	46	71	39%	UNDERTARGET		Due to the limited need for Internships, Employers focussed more on Workplace Experience
4.2.1 BURSARIES UNEMPLOYED ENTERED	75	3	2	0	108	113	-38	151%	OVERTARGET		A strategic Bursary Programme was launched

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2011 / 2012 CONSOLIDATED COVER PAGE FOR QMR REPORTING											COMMENTS
GOALS / OUTCOME / OUTPUTS	TARGET	QRT 1	QRT 2	QRT 3	QRT 4	TOTAL	VARIANCE	% ACHIEVED	ACHIEVEMENT STATUS		
4.2.1 SKILLS PROGRAMMES UNEMPLOYED ENTERED PREVIOUS FINANCIAL YEAR	275	0	0	5	44	514	-239	187%	OVERTARGET	This was a priority area for the CHIETA and was communicated to stakeholders to also prioritise	
4.2.1 SKILLS PROGRAMMES UNEMPLOYED ENTERED CURRENT FINANCIAL YEAR		100	38	176	151						
4.2.1 TOTAL UNEMPLOYED ENTERED	1417	260	218	676	702	1856	-439	131%	OVERTARGET		
4.2.1 LEARNERSHIPS UNEMPLOYED CERTIFICATED	475	282	217	227	236	962	-487	203%	OVERTARGET	The Data Management Unit improved internal systems and processes around certification	

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2011 / 2012 CONSOLIDATED COVER PAGE FOR QMR REPORTING											COMMENTS
GOALS / OUTCOME / OUTPUTS	TARGET	QRT 1	QRT 2	QRT 3	QRT 4	TOTAL	VARIANCE	% ACHIEVED	ACHIEVEMENT STATUS		
4.2.1 INTERNSHIPS UNEMPLOYED CERTIFICATED	44	0	0	0	0	0	44	0%	UNDERTARGET	Due to the limited need for Internships, Employers focussed more on Workplace Experience	
4.2.1 BURSARIES UNEMPLOYED CERTIFICATED	38	0	0	0	97	97	-59	255%	OVERTARGET	A strategic Bursary Programme was launched	
4.2.1 SKILLS PROGRAMMES UNEMPLOYED CERTIFICATED	138	34	0	12	388	434	-296	314%	OVERTARGET	The Data Management Unit improved internal systems and processes around certification	
4.2.1 TOTAL UNEMPLOYED CERTIFICATED	695	316	217	239	721	1493	-788	215%	OVERTARGET		
4.2.2 TOTAL ARTISAN WORKERS ENTERED (NATIONAL TARGET 2319)	200	211	114	108	297	730	-530	365%	OVERTARGET	This is a priority area for the CHIETA and strategic programmes have been initiated to address this target	
4.2.2 TOTAL ARTISAN WORKERS CERTIFICATED	100	38	97	17	34	186	-86	186%	OVERTARGET	This is a priority area for the CHIETA and strategic programmes have been initiated to address this target	

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2011 / 2012 CONSOLIDATED COVER PAGE FOR QMR REPORTING											COMMENTS
GOALS / OUTCOME / OUTPUTS	TARGET	QRT 1	QRT 2	QRT 3	QRT 4	TOTAL	VARIANCE	% ACHIEVED	ACHIEVEMENT STATUS		
4.2.2 TOTAL ARTISAN UNEMPLOYED ENTERED (NATIONAL TARGET 2319)	800	148	166	281	413	1008	-208	126%	OVERTARGET	This is a priority area for the CHIETA and strategic programmes have been initiated to address this target	
4.2.2 ARTISANS UNEMPLOYED CERTIFICATED	400	44	50	15	34	143	257	36%	UNDERTARGET	The timeframes for certification of Artisans is 3-4 years The participation in Trade Testing is in progress	
4.3.2 FET COLLEGE PARTNERSHIPS	4	0	1	0	3	4	0	100%	OVERTARGET	The approval of the Discretionary Grants Funding Window by the GB empowered the CHIETA to over achieve on this target	
4.4.1 WORKPLACE EXPERIENCE	250	46	35	43	184	308	-58	123%	OVERTARGET	This is a priority area for the CHIETA and strategic programmes have been initiated to address this target Employers focused this as a priority area.	

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2011 / 2012 CONSOLIDATED COVER PAGE FOR QMR REPORTING											COMMENTS
GOALS / OUTCOME / OUTPUTS	TARGET	QRT 1	QRT 2	QRT 3	QRT 4	TOTAL	VARIANCE	% ACHIEVED	ACHIEVEMENT STATUS		
4.4.1 WORKPLACE PLACEMENT	0	0	0	0	2	2	+2		NO TARGET SET	No target was set however the CHIETA was able to support this area	
4.6.1 CO-OPERATIVES	2				4	4		200%	OVERTARGET	The approval of the Discretionary Grants Funding Window by the GB empowered the CHIETA to over achieve on this target	
4.6.2 SMALL BUSINESS SUPPORT	4				6	6		150%	OVERTARGET	The approval of the Discretionary Grants Funding Window by the GB empowered the CHIETA to over achieve on this target	
4.6.3 NGO, CBO, CBC						0			NO TARGET SET	No Target was set	
4.8 CAREER GUIDANCE	200			280	335	615		308%	OVERTARGET	The approval of the Discretionary Grants Funding Window by the GB empowered the CHIETA to over achieve on this target	

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2011 / 2012 CONSOLIDATED COVER PAGE FOR QMR REPORTING											COMMENTS
GOALS / OUTCOME / OUTPUTS	TARGET	QRT 1	QRT 2	QRT 3	QRT 4	TOTAL	VARIANCE	% ACHIEVED	ACHIEVEMENT STATUS		
LARGE FIRMS	116	145	145	145	145	145	-29	125%	OVERTARGET	Achieved through the Regional Strategy	
MEDIUM FIRMS	84	140	140	140	140	140	-56	167%	OVERTARGET	Achieved through the Regional Strategy	
SMALL FIRMS	144	361	361	361	361	361	-217	251%	OVERTARGET	Achieved through the Regional Strategy	
HIV INITIATIVES		25	40	0	0	65			NO TARGET SET	No target was set however the CHIETA was able to support this area	
TOTAL											

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PROGRAMME 12: STRATEGIC PROJECTS DIVISION - ADDRESSING KEY TRANSFORMATIONAL AND DEVELOPMENTAL IMPERATIVES

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET 2011 / 12	ACTUAL	VARIANCE	COMMENTS
Key Developmental and Transformational Imperatives	Speeding up economic growth & transforming the economy to create decent work and sustainable livelihoods Massive programme to build economic & social infra-structure	4 Projects per year	4	0	N/A
Key Developmental and Transformational Imperatives	Comprehensive rural development strategy Strengthening skills & Human Resources Base Improving the health of all South Africans Building cohesive, caring and sustainable communities Pursuing African advancement & enhanced international co-operation Sustainable Resource Management use Building a developmental State including the improvement of public services & strengthening democratic institutions	4 Projects per year	4	0	N/A
Key Developmental and Transformational Imperatives		4 Projects per year	4	0	N/A

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PROGRAMME 13: ADDRESSING THE MINISTER OF DHET'S SERVICE LEVEL AGREEMENT WITH THE PRESIDENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET		ACTUAL	VARIANCE	COMMENTS
		2011 / 12				
	Develop a standardised framework for the assessment of skills shortages and vacancies within the Chemical Sector (SSP)	1		1	0	N/A
	Increase the no of ABET 4 entrants	100		0	100	Awaiting certification from Provider for enrolment on level 4
Establish a credible Institutional mechanism for skills development	Improve the no of NCV success rates while increasing planned growth of NCV enrolments across level 2 & 3	50		625	+575	This target formed part of the SQMR
	Provide a range of learning options to meet the demand of those with matric but do not meet requirements for university entrance(18.2)	50(RPL)		143	+93	

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STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGET		ACTUAL	VARIANCE	COMMENTS
		2011 / 12	2011 / 12			
	Produce at least 2000 Artisans per annum	2319		1750	569	This was a pilot target of 2319 that came from the NEDLAC and given to the CHIETA in support of the New Growth Path
	Establish a system to distinguish between learnerships up to and including level 5 and level 6 and above	1		1	0	N/A
	Increase the proportion of unemployed people as compared to employed people, entering Learnerships	5%		3%	2%	CHIETA Companies recruited more 18.1 learners than 18.2 learners
	Provide increased support to industry university partnerships	3		3	0	N/A

HUMAN RESOURCES

Functioning as a learning organisation and an organisational culture underpinned by performance and sustained improvement CHIETA had a challenging 2011/12 year. In preparation for the NSDS III, CHIETA closely considered the most appropriate organisational architecture arrangement to ensure that CHIETA would be appropriately staffed and functional in support of NSDS III in a logic and integrated manner. The Governing Board subsequently approved a high level organogram and functional grouping of CHIETA activities. This is currently in its final implementation phase. This high level organogram is on page 57.

Through a strong participatory and transparent process with staff members CHIETA has conceptualized within the NSDS III framework an Strategic Plan 2011-2016. This will be used as the basis for performance monitoring and evaluation ensuring optimal organisational behaviour in support of our broad stakeholder base . We are confident that this will lay a solid foundation for alignment of HR processes going forward in support of business imperatives.

During 2011/12 CHIETA implemented an Internship Programme. The CHIETA Internship Programme is a graduate work experience programme targeting young unemployed graduates who have completed their studies. The internship provides learners with the opportunity to practice work skills that they have studied and will practice in the future. Fourteen interns started the Programme during October/November 2011 and six were appointed on a fixed term contract until 31 March 2016.

Under mentioned table indicates our current staff profile in the various occupational groupings of CHIETA.

CHIETA STAFF PROFILE

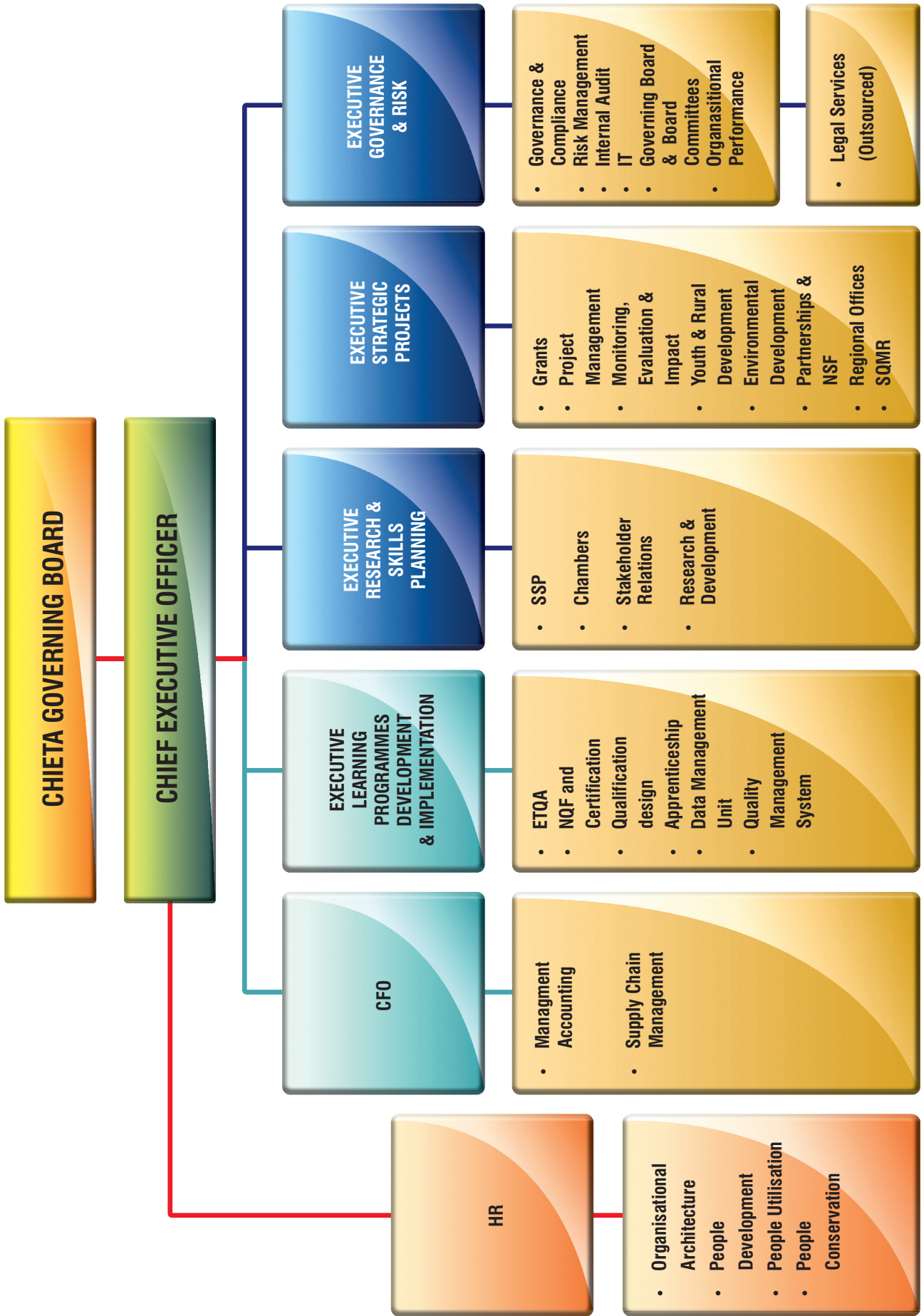
POSITIONS	AFRICAN	COLOURED	DISABLED	INDIAN	WHITE	TOTAL FEMALE	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL MALE	GRAND TOTAL
ACCOUNTANT							1				1	1
ACTING CEO			1	1		1						1
ADMINISTRATOR	7	1				8	2				2	10
ASSISTANT ADMINISTRATOR	2					2	3				3	5
CALL CENTRE AGENT	2					2	1				1	3
CLEANER	3					3						3
DATA CAPTURER	3					3	1				1	4
EXECUTIVE MANAGER								1	1		2	2
FILING CLERK							2				2	2
MANAGER	3				1	4	3		3		6	10
PRACTITIONER	6	1				7	1	1			2	9
REGIONAL SKILLS ADVISOR	1			1		2	4	1	1	1	7	9
SPECIALIST	3				1	4	1	1			2	6
GRAND TOTAL	30	2	1	1	2	36	19	3	5	2	29	65

Erratum

2010/2011

The following 3 persons were on the CHIETA staff list:

1. Marriam Kwakwa
2. Christopher Sono
3. Kelebogile Dilotsotlhe



FINANCE

UNQUALIFIED AUDIT OPINION:

The CHIETA has obtained an unqualified audit opinion for the financial year ended March 2012. An unqualified audit opinion has been obtained for all of the years since inception and this confirms the high levels of integrity of financial management practices and accountability within the organisation.

REVENUE:

Skills development levy income earned increased by 11.3%, from R297.2-million for the year ended 31 March 2011, to R330.9-million for the year ended 31 March 2012. Total revenue earned increased by 12%, from R315.6-million in the prior period, to R353.4-million in the current financial year.

The contribution of the return on invested funds to total revenue was R20.7- million, representing approximately 6% of total revenue.

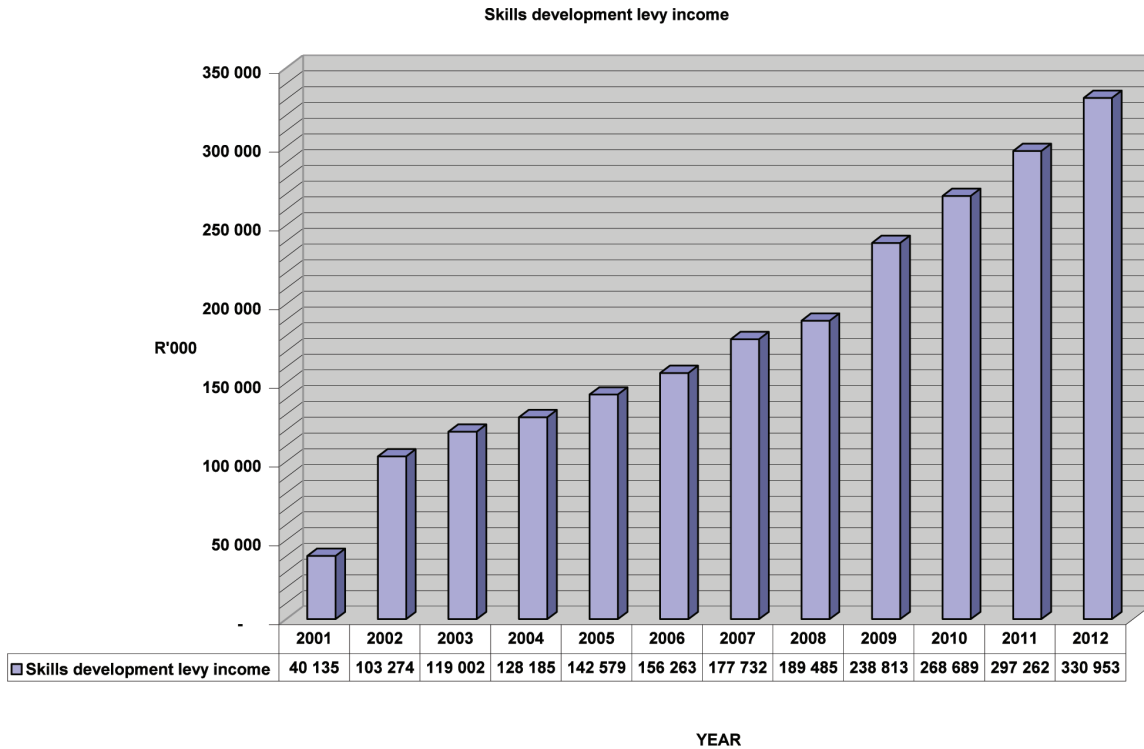
- Analysis of trends in skills development levy income and member companies

Skills development levy income has increased substantially since inception. Total actual SDL income received for the year ended March 2012 was 725% above the SDL income for the year ended March 2001 (For the entire period since inception to date, SDL income has escalated by an annual equivalent average of approximately 25%, materially exceeding both inflation and estimated annual salary increment in the chemical sector in each year). The Chieta experienced a substantial increase in the number of levy paying company's since inception to date. The total number of levy paying companies increased by over 122% from inception to March 2012.



Farhad Motala
Chief Financial Officer

FIGURE 1



EXPENDITURE:

Administrative expenditure remained within the legislated 10% maximum allowed by the skills development funding regulations. The CHIETA realised a saving of over R7.3-million on administration expenses for the financial year ended 31 March 2012. This amount, together with the total investment return of R20.7-million and unclaimed mandatory grants to the value of R18.2-million was transferred to the discretionary reserve at year end, to be utilized for discretionary grants and identified projects for sector skills priorities.

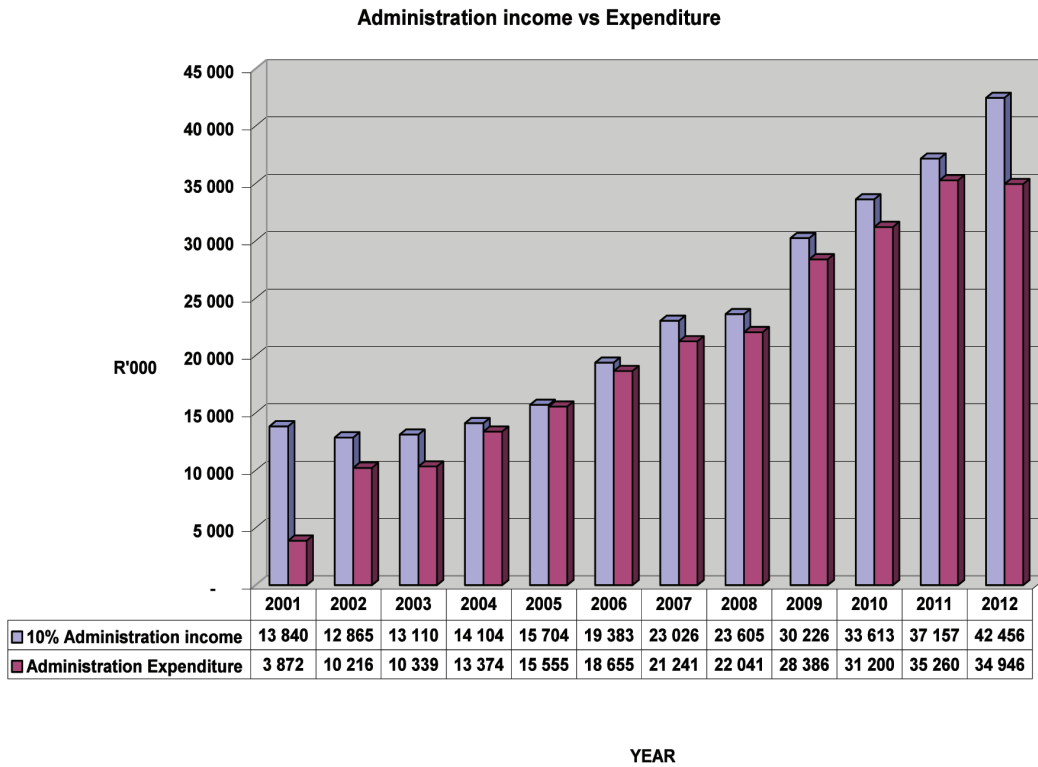
Employer grants and project expenditure increased by 9.7% during the financial year from R239.4-million in 2011, to R262.5-million for the year ended 31 March 2012. Expenses on mandatory grants represented 91% of the skills development levy income received for the purposes of mandatory grants. An amount of R81.4- million was earned as discretionary grant levy income and R73.7 million was expensed in discretionary grants and projects during the period.

- Financial Viability and going concern

Figure 2 shows administration income received against administration expenditure from 2001 to 2012. The CHIETA has sustained its level of operations within the 10% legislated administration provision in each year since inception without compromising achievement of its Service Level Agreement (SLA) targets with the Department of Higher Education and Training. Savings in actual operational expenditure from 2001 to 2012 of over R34-million was reallocated to discretionary reserves and utilised in discretionary grants for chemical sector skills priorities. These savings are attributed to continuous development of expenditure control and procurement practices within the CHIETA as well as streamlined, effective and efficient human resource capacity.

FINANCE

FIGURE 2

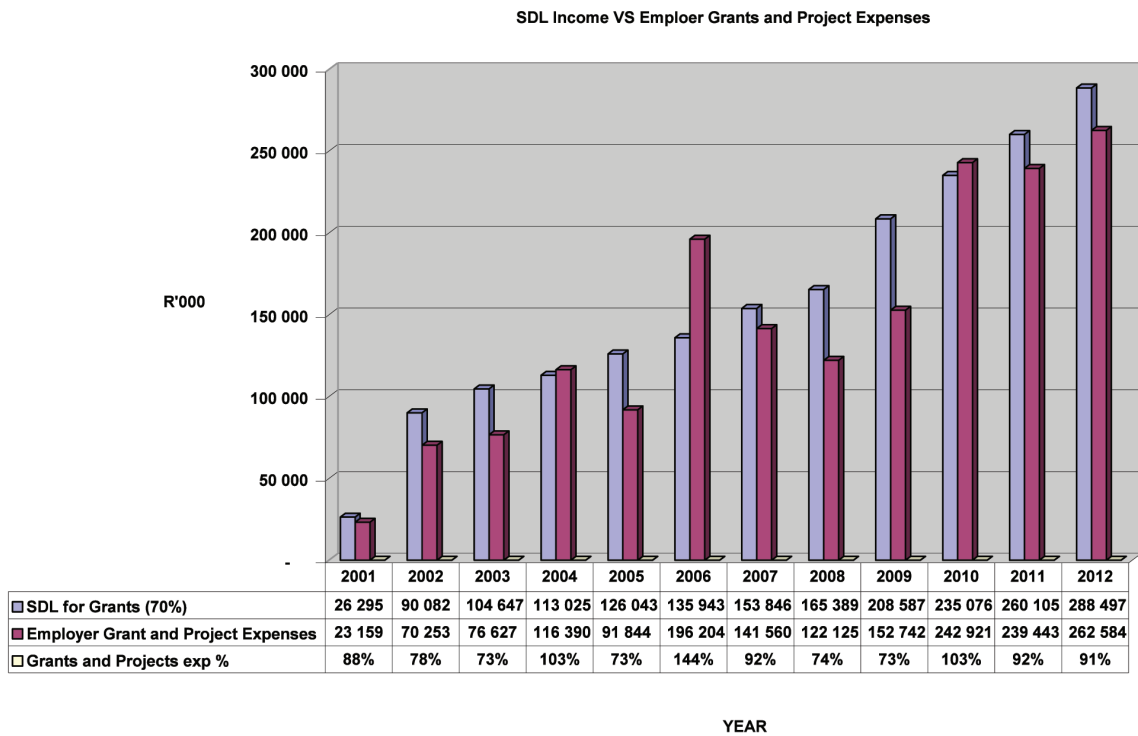


- Levy Grant Disbursement as per NSDS targets exceeded over period of existence.

The CHIETA has exceeded its NSDS targets for grant disbursement for each year since inception.

Figure 3 shows the total SDL income received for grants in each year since inception compared to the total grant and project expenses during this period. The CHIETA has achieved an average disbursement rate of over 90% for the entire period since inception and has consistently exceeded its SLA targets with its executive authority in each year since inception.

FIGURE 3



FUNDS, RESERVES AND COMMITMENTS:

An amount of R25.6-million was transferred to the discretionary reserve to be utilised for discretionary grants and sector prioritised projects based on the National Skills Development Strategy 3. The total funds available in the discretionary reserve increased by R55.7-million from R284.4-million as at 31 March 2011 to R340.1-million as at 31 March 2012. Of the R340.1-million in the discretionary reserve as at 31 March 2012, R303.5-million is committed to discretionary grants for which substantial contractual obligations have been met. A further amount of R36 million has been allocated to strategic sector projects for the period April 2012 to March 2013.

REPORT OF THE AUDIT COMMITTEE

The report of the Audit Committee has been prepared in accordance with the Treasury Regulations for Public Entities 27.1.7 and 27.1.10 (b) and (c) issued in terms of the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999.

We are pleased to present our report for the financial year ended 31 March 2012

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of the members listed hereunder and is required to meet two times per annum as per its approved terms of reference. During the current year four meetings were held.

Summary of meetings attended per independent member:

NAME	19/05/2011	28/07/2011	28/10/2011	15/02/2012
Mr. JL Davis (Chairperson)	√	√	√	√
Adv. F Mukaddam	√	√	√	√
Mr. M Kepadisa	√	√	√	√

√ Attended meeting

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter as well as the recommendations of the King III code of corporate governance, and has discharged all its responsibilities as contained therein.

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

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management letter of the Auditor- General, we conclude that the existing control environment requires improvement in order to provide a reasonable assurance that the organisation's goals and objectives are being achieved. There are areas that have been highlighted in various reports of the Internal Audit and the Auditor-General, where the internal control systems require corrective action. The Audit Committee will monitor management's progress in urgently resolving these matters on a regular basis, as required in terms of the Audit Committee charter.

REPORT OF THE AUDIT COMMITTEE

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the Accounting Authority;
- Reviewed the Auditor-General's management report and management's response thereto;
- Reviewed adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusion on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



JL DAVIS

Chairperson of the Audit Committee

REPORT OF THE AUDITOR-GENERAL

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

INTRODUCTION

1. I have audited the financial statements of the Chemical Industries Education and Training Authority set out on pages 67 to 105, which comprise the statement of financial position as at 31 March 2012, statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African 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) (PFMA), 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.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

REPORT OF THE AUDITOR-GENERAL

OPINION

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Chemical Industries Education and Training Authority as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with South African Standards of GRAP and in the requirements of the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

PREDETERMINED OBJECTIVES

7. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 28 to 54 of the annual report.
8. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

9. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

ADDITIONAL MATTERS

10. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matter below.

MATERIAL ADJUSTMENTS TO THE ANNUAL PERFORMANCE REPORT

11. Material misstatements in the annual performance report were identified during the audit, all of which were corrected by management.

REPORT OF THE AUDITOR-GENERAL

COMPLIANCE WITH LAWS AND REGULATIONS

12. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA.

INTERNAL CONTROL

13. I considered internal control relevant to my audit of annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the finding on the annual performance report.

LEADERSHIP

14. Management did not review the consistency of the annual performance report in relation to the strategic plan prior to submission for audit. As a result the annual performance report was not consistent with the strategic plan as not all the planned objectives, indicators and targets were included in the annual performance report. This has subsequently been corrected by management.

Auditor-General

Pretoria

31 July 2012



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

The Annual Financial Statements for the year ended 31 March 2012, set out on pages 67 to 105, 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 May 2012, and are signed on their behalf by:



AYESHA ITZKIN
Acting Chief Executive Officer



NOLITHA FAKUDE
Chairperson of the Accounting Authority

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REPORT OF THE ACCOUNTING AUTHORITY

for the year ended 31 March 2012

30 May 2012

REPORT BY THE ACCOUNTING AUTHORITY TO THE EXECUTIVE AUTHORITY / PROVINCIAL LEGISLATURE AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA.

1. GENERAL REVIEW OF THE STATE OF AFFAIRS

1.1 Income

During the period under review the Chemical Industries Education and Training Authority (CHIETA) realised an 11.3% increase in skills development levy income in comparison to the levy income earned for the year ended 31 March 2011. Return on invested funds accounted for R20.7 million of total revenue and increased by 21.5% from the previous year.

1.2 Expenses

CHIETA administration expenditure remained well within the 10% margin prescribed by the skills development regulations, and administration savings of over R7.3 million was transferred to the discretionary reserve at 31 March 2012.

The CHIETA expensed over R262 million in employer grants and project expenses representing more than 90% of available grant levy income of approximately R288 million for the financial year ended 31 March 2012.

1.2.1 *Discretionary Grants and commitments:*

During the financial year under review, management reviewed the entire discretionary grant policy framework, internal controls, processes and procedures, guidelines and funding models for discretionary grant allocations. The objective of the review was to ensure that a credible process was in place to ensure proper accountability within all levels of the organisation for the project management, optimal service delivery and disbursement of discretionary grants. A newly constituted grant review committee was enacted as a constitutional committee of the Accounting Authority and established to provide oversight on the strategy and implementation of the grant policy framework, internal controls, processes and procedures, guidelines and funding models that were developed and recommended by management. This committee provided an additional layer of independent verification that supplemented the existing three levels of internal verification and evaluation processes adopted by management in the evaluation and assessment of discretionary grant proposals and recommendations. Discretionary grant allocations and funding priorities were also interrogated, ranked and aligned against the priorities of the National Skills Development Strategy 3 (NSDS 3). While some delays were experienced in the implementation of the DG process and finalisation of the contractual commitments, these challenges were largely eradicated by management based on qualitative evaluations and early warning systems from implemented controls that ensured corrective measures were implemented expeditiously.

During the year under review, applications for discretionary grants were once again over subscribed. After evaluation according to the established criteria, awards of over R194 million was approved. The nature of initiatives supported included:

REPORT OF THE ACCOUNTING AUTHORITY

for the year ended 31 March 2012

- Programs supporting learners on registered learnerships and workplace experience
- Supporting of scarce and critical skills
- Honouring apprenticeship and artisan training commitments and prioritising new apprenticeship programmes
- Supporting partnerships and training initiatives in FET, HET and 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
- 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 well accounted for and that the projects and programmes undertaken have considerably benefited the chemical industries sector as a whole.

As at 31 March 2012, total CHIETA commitments based on outstanding discretionary grant contractual obligations was at R303 million. This amount included an allocation of R194 million during the year to skills priorities as outlined in note 16 on page 98 of the annual financial statements. A further allocation of R36 million was approved by the accounting authority on strategic discretionary projects resulting in a total commitment of the discretionary grant reserve.

1.2.3 Mandatory Grants

Mandatory Grant participation levels increased substantially on the new electronic on-line submission platform by approximately 30% and exceeded anticipated participation projections during the financial period. The mandatory grant expense increased by 25% to form R154 million in 2011 to R188 million for the financial year ended 31 March 2012. The total amount of cash disbursed in mandatory grants was R232 million which exceeded disbursement targets and the prior year disbursement by amount by 85%.

2. SERVICES RENDERED BY THE PUBLIC ENTITY AND TARIFF POLICY

The CHIETA is a schedule 3A public entity enacted by the Minister of Labour 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 sector. No tariff is charged for services rendered. The CHIETA is funded through skills development levies contributed in terms of the Skills Development Act by employers in the chemicals industries sector.

3. CAPACITY CONSTRAINTS

Whilst certain capacity constraints were experienced by the organisation for the year under review, these did not impact on the ultimate delivery by CHIETA to its stakeholders, nor was the achievement of our strategic objectives compromised.

4. UTILISATION OF DONOR FUNDS

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

REPORT OF THE ACCOUNTING AUTHORITY *for the year ended 31 March 2012*

5. BUSINESS ADDRESS

2 Clamart Road
Richmond
Johannesburg
2193

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.

10. NEW / PROPOSED ACTIVITIES

No new activities have been proposed.

11. RE-LICENSING

The CHIETA has been re-established for a five year period until 31 March 2016.

12. CORPORATE GOVERNANCE

12.1 Corporate Governance and Compliance with PFMA

The CHIETA has implemented the recommendations of the Public Finance Management Act (PFMA) and the King Report on Corporate Governance. The CHIETA audit committee met regularly during the financial year in order to perform, inter-alia the following:

- the oversight role over the internal audit function
- review of CHIETA financial statements and management accounts
- assessment and review of a fraud prevention plan and code of ethics,
- annual independent review and update of policies, procedures and PFMA compliance by the internal and external audit function

REPORT OF THE ACCOUNTING AUTHORITY

for the year ended 31 March 2012

- annual risk assessment and update
- tracking of and implementation of internal audit recommendations by audit committee and governance structures
- consideration of governance and legal compliance with protocols and controls

12.2 Financial Risk Management and systems of control

Section 38(a) 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 Governing Board and managerial level on strategic and operational risk management.

The CHIETA has over the last few years embarked upon a comprehensive organisation wide risk management process that was done in a structured, consistent and integrated manner that aligns strategy, processes, people, technology and knowledge towards mitigating risks within acceptable levels. This Chieta Risk Management Framework covers the full spectrum of risks taken in the pursuance of CHIETA objectives and are categorized 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 are 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 frameworks.

12.3 Expenditure Control and Procurement Framework

The CHIETA has developed a robust framework for expenditure control, governed by various policies, procedures, delegations and systems, which are updated on a regular basis. A supply chain management policy framework is fully implemented in line with the preferential procurement practice framework act and supply chain management regulations. These policies and procedures are reviewed regularly by the CHIETA management, staff, and internal 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 net asset base was approximately R346 million at 31 March 2012. Total net assets increased by approximately R55.7 million as at the financial year ended 31 March 2012.

REPORT OF THE ACCOUNTING AUTHORITY *for the year ended 31 March 2012*

12.5 Governing Board and Executive Committee Meetings

Governing board members attend quarterly meetings and 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 47 of the PFMA and performs a critical governance function. As with the board, its constitutional structure and operation have been considered in relation to best practice recommendations in terms of the King Report and the protocols on corporate governance.

12.6.2 Management Committee

Through involvement with 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.

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 take their rightful place at all levels.

12.6.4 Employment Equity

There is continual monitoring and enforcement of employment equity practices.

REPORT OF THE ACCOUNTING AUTHORITY

for the year ended 31 March 2012

13. REMUNERATION TO MEMBERS OF THE ACCOUNTING AUTHORITY AND EXECUTIVE MANAGEMENT:

ACCOUNTING AUTHORITY:

	Name	Constituency	Allowance				Total
			Board Meeting Fee	Committee Meeting Fee	Once-off Board fee 5%	Once-off Board fee 8%	
1	Nolitha Fakude	Ministerial appointee - Chairperson	-	-	-	-	-
2	Chemist Khumalo	Ministerial appointee	27 540	-	23 360	-	50 900
3	Manene Samela	Ministerial appointee	16 524	-	23 360	-	39 884
4	Brian Muir	UASA	27 540	5 565	-	29 920	63 025
5	Gerhard Ceronie	Solidarity	27 540	18 550	-	29 920	76 010
6	Mosehle Mampho	SACWU	24 786	19 095	-	29 920	73 801
7	Daniel Nkotsoe	GIWUSA	22 032	3 710	-	29 920	55 662
8	Ingrid Dimo	National Bargaining Council	27 540	1 855	23 360	-	52 755
9	Jacqui Klaasen (Payment to Omnia)	Explosives industry	24 786	15 385	-	29 920	70 091
10	Merwe Van Pletsen	NPEA	16 524	1 855	-	29 920	48 299
11	Tshenge Demana	DTI	-	-	-	-	-
12	Jan Smit	NASCEA	22 032	11 130	-	29 920	63 082
13	Bertie Van Baalen	NBCEA	19 278	6 110	-	29 920	55 308
14	George Mnguni	Department of Energy	-	-	-	-	-
15	Mike Booth	CAIA	22 032	5 565	-	29 920	57 517
Total			278 154	88 820	70 080	269 279	706 333

EXECUTIVE MANAGEMENT:

Name	Designation	Basic	Allowances	Provident fund	Performance Bonus	Total
Ayesha Itzkin	Acting CEO / ETDQA Executive	710 566	216 302	144 994	203 654	1 275 516
Farhad Motala	CFO	848 981	189 000	179 878	172 348	1 390 207
Trevor Channing	Governance & Risk Executive	521 382	381 945	157 913	149 662	1 210 902
Kelebogile Dilotsotlhe	Former CEO	452 313	-	-	-	452 313
Total		2 533 242	787 247	482 785	525 664	4 328 938

Chairperson of the CHIETA Accounting Authority
Date: 30 May 2012

CHIETA GOVERNING BOARD 2011/2012

Nolitha Fakude (Chairperson)
Chemist Khumalo
Manene Samela
Bertie van Baalen
Mr Merwe Van Pletsen
Jan Smit
Jacqui Klaasen
Mr Brian Muir
Mosehle Petros Mampho
Dan Nkotsoe
Dr D Mike Booth
George Mnguni
Dr Tshenge Demana
Ingrid Sebolelo Dimo

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

Statement of Financial Performance as at 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
NON EXCHANGE REVENUE			
Skills Development Levy: income	2	330 953	297 262
Skills Development Levy: penalties and interest		1 726	1 134
National Skills Fund income	13	-	190
Other income		36	2
EXCHANGE REVENUE			
Investment income	3	20 712	17 046
Total revenue	1	<u>353 427</u>	<u>315 634</u>
EXPENSES			
Employer grant and project expenses	4	(262 584)	(239 443)
Administration expenses	5	(34 946)	(35 260)
Loss on Disposal	6	(159)	-
National Skills Fund expenses	13	-	(190)
Total expenses		<u>(297 689)</u>	<u>(274 893)</u>
NET SURPLUS FOR THE YEAR	1	<u><u>55 738</u></u>	<u><u>40 741</u></u>

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

Statement of Financial Position as at 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
ASSETS			
Current assets			
Prepayments and advances (Exchange)	8	84	40
Accounts receivable	9	2 029	389
- Non-Exchange		2 029	220
- Exchange		-	169
Cash and cash equivalents	10	369 596	361 143
Inventories	20	77	27
		371 786	361 599
Non-current assets			
Property, plant and equipment	6	871	1 001
Other intangible assets	7	146	110
		1 017	1 111
TOTAL ASSETS		372 803	362 710
Less: Current liabilities			
Accounts payable	12	26 546	70 928
- Non-Exchange		14 858	63 124
- Exchange		11 688	7 804
National Skills Fund received in advance (Non Exchange)	13	-	1 107
Bank Overdraft (Non Exchange)	11	-	156
		26 546	72 191
TOTAL NET ASSETS		346 257	290 519
FUNDS CONTRIBUTED BY:			
Funds and reserves			
Administration reserve		6 094	6 094
Discretionary reserve		340 163	284 425
TOTAL NET FUNDS		346 257	290 519

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

Statement of Changes in Net Assets as at 31 March 2012

	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Net accumulated surplus R'000	Total R'000
Balance at 31 March 2009	6 094	-	229 838	-	235 932
Net Surplus per Statement of Financial Performance				13 846	13 846
Allocation of Net accumulated surplus	2 409	17 193	(5 756)	(13 846)	
Excess reserves transferred to Discretionary reserve	(2 409)	(17 193)	19 602		-
Balance at 31 March 2010	6 094	-	243 684	-	249 778
Net Surplus per Statement of Financial Performance				40 741	40 741
Allocation of Net accumulated surplus	1 897	31 438	7 406	(40 741)	-
Excess reserves transferred to Discretionary reserve	(1 897)	(31 438)	33 335		-
Balance at 31 March 2011	6 094	-	284 425	-	290 519
Net Surplus per Statement of Financial Performance				55 738	55 738
Allocation of Net accumulated surplus	7 351	18 249	30 138	(55 738)	-
Excess reserves transferred to Discretionary reserve	(7 351)	(18 249)	25 600		-
Balance at 31 March 2012	6 094	-	340 163	-	346 257

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

Cash Flow Statement

for the year ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		331 073	300 156
Levies, interest and penalties received		331 039	299 964
Other cash receipts from stakeholders		34	2
NSF Special projects		-	190
Cash paid to stakeholders, suppliers and employees		(341 822)	(250 688)
Grants and project payments		(307 010)	(215 805)
Compensation of employees	5.1	(17 891)	(17 921)
Payments to suppliers and other		(16 921)	(16 962)
<i>Cash utilised in operations</i>	14	(10 749)	49 468
Investment income	3	20 712	17 046
Net cash inflow from operating activities		9 963	66 514
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(405)	(258)
Proceeds from disposal of property, plant and equipment		2	-
Net cash outflow from investing activities		(403)	(258)
CASH FLOW FROM FINANCING ACTIVITIES			
Grants, transfers and funds received		(1 107)	(262)
Net cash inflow from financing activities		(1 107)	(262)
Net increase in cash and cash equivalents		8 453	65 994
Cash and cash equivalents at beginning of year	10	361 143	295 149
Cash and cash equivalents at end of year	10	369 596	361 143

ACCOUNTING POLICY NOTES

to the Annual Financial Statements for the year ended 31 March 2012

1. ACCOUNTING POLICY:

1.1 Basis of preparation

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

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

1.3 Specific information such as:

- (a) receivables from non-exchange transactions, including taxes and transfers;
- (b) taxes and transfers payable;
- (c) trade and other payables from non-exchange transactions must be presented separately on the statement of financial position.

1.4 The amount and nature of any restrictions on cash balances is required to be disclosed.

In addition to the above, the following GRAP statements have been approved, but are not yet effective as at 31 March 2012

GRAP 9 - Revenue from exchange transactions

GRAP 12 - Inventories

GRAP 13 - Leases

GRAP 14 - Events after the reporting date

GRAP 17 - Property, Plant and Equipment

GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets

GRAP 23 - Revenue from non-exchange transactions (Taxes and Transfers)

GRAP 24 - Presentation of Budget Information in Financial Statements

GRAP 100 - Non-current Assets held for sale and Discontinued Operations

GRAP 102 - Intangible Assets

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.

1.5 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.

1.6 Going Concern

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.

ACCOUNTING POLICY NOTES

to the Annual Financial Statements for the year ended 31 March 2012

2.1 Currency

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

3.1 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.

3.2 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.

3.3 Interest and penalties

Interest and penalties on the skills development levy is recognised on the accrual basis.

3.4 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.

3.5 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.

ACCOUNTING POLICY NOTES

to the Annual Financial Statements for the year ended 31 March 2012

3.6 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.

4.1 Grants and project expenditure

A registered company may recover a maximum of 50% 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 June 2011. The grant is equivalent to 50% 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 20% 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 can be allocated to the project; and
- such other costs as are specifically chargeable to the Seta under the terms of the contract.

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.

5.1 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.

ACCOUNTING POLICY NOTES

to the Annual Financial Statements for the year ended 31 March 2012

6.1 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	50%
- 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 expected useful life of assets within each class differs, since all of the assets are expected to be in use over the life of the SETA. The depreciation of assets commences on the date that the asset is available for use, even if it is not yet in use.

The estimated useful life of the assets are limited to the remaining period of the licence issued to the CHIETA by the Minister of Higher Education and Training. For the current year the remaining period is 4 years (2011: 5 years). Useful life of assets are re-assessed at the end of each financial year.

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

- 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.

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.

ACCOUNTING POLICY NOTES

to the Annual Financial Statements for the year ended 31 March 2012

7.1 Finance and 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.

8.1 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.

9.1 Provisions

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.

9.2 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.

9.3 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.

10.1 Financial instruments

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.

ACCOUNTING POLICY NOTES

to the Annual Financial Statements for the year ended 31 March 2012

10.1 Financial instruments (continued)

Measurement

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

10.2 Financial assets

The Seta's principle financial assets are accounts and other receivable and cash and cash equivalents.

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.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

10.3 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.

ACCOUNTING POLICY NOTES

to the Annual Financial Statements for the year ended 31 March 2012

10.3 Financial liabilities (continued)

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.

11.1 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:

	2011/12	2010/11
	%	%
Administration costs of the SETA	10	10
Employer Grant Fund Levy	50	50
Mandatory Workplace Skills Planning Grant	50	50
Discretionary grants and projects	20	20
	80	80

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.

ACCOUNTING POLICY NOTES

to the Annual Financial Statements for the year ended 31 March 2012

11.1 Reserves (continued)

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received are utilised in accordance with the original source of the income.

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 is 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.

11.2 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.

11.3 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.

11.4 Commitments and contingencies

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 16.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

1a ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	Administration reserve		Mandatory reserve		Discretionary reserve			
	Total per Income Statement R'000	R'000	Mandatory skills planning and implementation grant R'000	Total R'000	Discretionary grants R'000	NSF Special projects R'000	CHIETA Projects R'000	Total discretionary R'000
Total revenue	353 427	35 105	188 835	188 835	129 487	-	-	129 487
Skills development levy income:								
Admin levy income (10%)	42 456	42 456	-	-	-	-	-	-
Grant levy income (70%)	288 497	-	207 084	207 084	81 413	-	-	81 413
Skills development levy: penalties and interest	1 726	-	-	-	1 726	-	-	1 726
National Skills Fund income	-	-	-	-	-	-	-	-
Investment income	20 712	-	-	-	20 712	-	-	20 712
Other income	36	-	-	-	36	-	-	36
Transfer to Discretionary Reserve	-	(7 351)	(18 249)	(18 249)	25 600	-	-	25 600
Total expenses	297 689	35 105	188 835	188 835	47 169	-	26 580	73 749
Administration expenses	34 946	34 946	-	-	-	-	-	-
Loss on Disposal	159	159	-	-	-	-	-	-
Employer grants and project expenses	262 584	-	188 835	188 835	47 169	-	26 580	73 749
Net surplus per statement of financial performance allocated	55 738	-	-	-	82 318	-	(26 580)	55 738

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

1a ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Administration reserve		Mandatory reserve		Discretionary reserve			
	Total per Income Statement R'000	R'000	Mandatory skills planning and implementation grant R'000	Total R'000	Discretionary grants R'000	NSF Special projects R'000	CHIETA Projects R'000	Total discretionary R'000
Total revenue	315 634	35 260	154 324	154 324	125 860	190	-	126 050
Skills development levy income:								
Admin levy income (10%)	37 157	37 157	-	-	-	-	-	-
Grant levy income (70%)	260 105	-	185 762	185 762	74 343	-	-	74 343
Skills development levy: penalties and interest	1 134	-	-	-	1 134	-	-	1 134
National Skills Fund income	190	-	-	-	-	190	-	190
Investment income	17 046	-	-	-	17 046	-	-	17 046
Other income	2	-	-	-	2	-	-	2
Transfer to Discretionary Reserve	-	(1 897)	(31 438)	(31 438)	33 335	-	-	33 335
Total expenses	274 893	35 260	154 324	154 324	56 456	190	28 663	85 309
Administration expenses	35 260	35 260	-	-	-	-	-	-
National Skills Fund expenses	190	-	-	-	-	190	-	190
Employer grants and project expenses	239 443	-	154 324	154 324	56 456	-	28 663	85 119
Net surplus per statement of financial performance allocated	40 741	-	-	-	69 404	-	(28 663)	40 741

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

2. SKILLS DEVELOPMENT LEVY INCOME

	Note	2011/12 R'000	2010/11 R'000
The total levy income per the Income Statement is as follows:			
Levy income: Administration		42 456	37 157
Skills development levies transferred from department of higher education and training		42 436	37 142
Intersecta transfers in		20	15
Levy income: Employer Grants		207 084	185 762
Skills development levies transferred from department of higher education and training		206 959	185 685
Intersecta transfers in		125	77
Levy income: Discretionary Grants		81 413	74 343
Skills development levies transferred from department of higher education and training		81 374	74 312
Intersecta transfers in		39	31
		330 953	297 262

3. INVESTMENT INCOME

Interest income		20 712	17 046
Bank deposits		20 712	17 046
		20 712	17 046

4. EMPLOYER GRANT AND PROJECT EXPENSES

Mandatory grants		188 835	154 324
Disbursed		232 049	124 931
Movement in provisions and accruals		(43 214)	29 393
Discretionary grants		47 169	56 456
Disbursed		52 056	60 450
Movement in provisions and accruals		(4 887)	(3 994)
Project expenditure	16.1	26 580	28 663
Disbursed		26 745	32 628
Movement in provisions and accruals		(165)	(3 965)
		262 584	239 443

4.1 Project expenditure consist of:

Direct project costs		26 580	28 663
		26 580	28 663

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

5. ADMINISTRATION EXPENSES

	Note	2011/12 R'000	2010/11 R'000
Depreciation		304	123
Amortisation of intangibles		35	63
Operating lease rentals (minimum lease payments)		2 056	4 422
Buildings		2 056	4 422
Maintenance, repairs and running costs		208	249
Property and buildings		208	249
Utilities		618	-
Advertising, marketing and promotions, communication		310	180
Consultancy and service provider fees		1 191	1 969
Legal fees		877	446
Cost of employment	5.1	19 366	18 650
Travel and subsistence		1 474	1 926
Training and development		479	248
Remuneration to members of the accounting authority		706	-
Remuneration to members of the audit committee		346	161
Internal auditors remuneration		1 281	1 095
External auditor's remuneration		1 757	1 733
Audit fees		1 757	1 733
Bad debts written off		-	55
Internet Service (ISP)		648	675
Telephone and Fax		664	853
Printing and stationary		591	539
Insurance costs		249	332
Workshop and meetings		169	219
Other		1 617	1 322
		34 946	35 260

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.

5.1 Cost of employment

Salaries and wages		16 656	15 770
Basic salaries		12 552	12 860
Performance awards		2 065	1 237
Temporary staff		1 355	840
Leave provision		684	833
Social contributions		2 710	2 880
Medical aid contributions		455	409
Provident fund contributions: defined contribution plans		2 209	2 298
UIF		46	173
		19 366	18 650

Allocation of cost of employment

Administration expenses	5	19 366	18 650
		19 366	18 650

Average number of employees

	34	35
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated depreciation/ impairment	Closing carrying amount
	R'000	R'000	R'000
Year ended 31 March 2012			
Computer equipment	1 505	(1 088)	417
Office furniture and fittings	1 489	(1 356)	133
Office equipment	888	(567)	321
Balance at end of period	3 882	(3 011)	871
Made up as follows:			
- Owned assets	3 678	(2 807)	871
- Leased assets	204	(204)	-

During the reassessment of useful lives and residual values, it has become evident that certain items of property, plant and equipment have become obsolete. Consequently these were scrapped.

	Cost	Accumulated depreciation/ impairment	Closing carrying amount
	R'000	R'000	R'000
Year ended 31 March 2011			
Computer equipment	1 999	(1 595)	404
Office furniture and fittings	1 869	(1 700)	169
Office equipment	1 407	(979)	428
Balance at end of period	5 275	(4 274)	1 001
Made up as follows:			
- Owned assets	5 071	(4 070)	1 001
- Leased assets	204	(204)	-

Movement summary 2012	Carrying amount 2011	Adjustments	Additions	Disposals	Depreciation/ Amortisation charge	Carrying amount 2012
	R'000	R'000	R'000	R'000	R'000	R'000
Computer equipment	404	1	223	(72)	(139)	417
Office furniture and fittings	169		31	(16)	(51)	133
Office equipment	428	(1)	59	(51)	(114)	321
Balance at end of period	1 001	-	313	(139)	(304)	871

Movement summary 2011

Computer equipment	333		144		(73)	404
Office furniture and fittings	154		26		(11)	169
Office equipment	458		9		(39)	428
Balance at end of period	945	-	179	-	(123)	1 001

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

7. INTANGIBLE ASSETS - COMPUTER SOFTWARE

	2011/12 R'000	2010/11 R'000
Opening carry value	110	93
Cost / valuation	1 384	1 304
Accumulated amortisation	(1 274)	(1 211)
Movements during the year	36	17
Additions	92	80
Disposals	(21)	-
Amortisation	(35)	(63)
Closing carry value	146	110
Cost / valuation	494	1 384
Accumulated amortisation	(348)	(1 274)

During the reassessment of useful lives and residual values, it has become evident that certain computer software have become obsolete. Consequently these were scrapped.

CHANGE IN ACCOUNTING ESTIMATE

During the period the useful lives of property, plant and equipment as well as the useful lives of intangible assets were re-assessed in line with the requirements of GRAP 17 and GRAP 102. Following the reassessment the remaining useful lives of property, plant and equipment as well as the remaining useful lives of intangible assets were assessed at 4 years. This is attributable to additional / new information that became available during the prior year regarding the renewal of license of the various SETA's. CHIETA will have a licence for the next 4 years, therefore the assets are depreciated in accordance with the period of the licence to continue operating.

The additional information that became available has resulted in a change in the useful lives of the assets of CHIETA, which constitutes a change in accounting estimate in accordance with GRAP 3. The impact of the change in accounting estimate is a reduction in the annual depreciation and amortisation expenses. It is expected that this trend may continue in future periods.

The depreciation and amortisation expenses have decreased as follows for the 2012 financial year:

	Before change in estimate	After change in estimate	Net Decrease
Amortisation: Computer software	85	35	50
Depreciation: Computer equipment	189	139	50
Depreciation: Furniture & fittings	28	51	-23
Depreciation: Office equipments	73	114	-41
	375	339	36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

8. PREPAYMENTS AND ADVANCES

	Note	2011/12 R'000	2010/11 R'000
Staff Advances		52	40
Prepayments		32	-
Closing balance		84	40

9. ACCOUNTS RECEIVABLE

	Note	2011/12 R'000	2010/11 R'000
Interseta debtors (Non-Exchange)	19	-	79
Projects Debtors (Exchange)		-	169
Deposits (Non-Exchange)		123	83
Trade receivables (Non-Exchange)		1 703	46
Employer receivable (Non-Exchange)		203	12
		2 029	389

9.1 Bad debts written off

	2011/12 R'000	2010/11 R'000
Employee receivable	-	55
Amounts written-off	-	(55)
Employee receivable	-	-

10. CASH AND CASH EQUIVALENTS

	2011/12 R'000	2010/11 R'000
Cash at bank and in hand	369 596	361 143
Cash at bank	369 595	361 141
Cash on hand	1	2
Cash and cash equivalents at end of year	369 596	361 143

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 5.5 % (2011: 5.6%).

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 three 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. BANK OVERDRAFT

	2011/12 R'000	2010/11 R'000
Bank Overdraft	-	156
	-	156
	-	156

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

12. ACCOUNTS PAYABLE

	Notes	2011/12 R'000	2010/11 R'000
		14 858	63 124
Skills development grants payable - mandatory (Non -Exchange)		11 651	54 865
Skills development grants payable - discretionary (Non -Exchange)		3 031	7 918
Project creditors (Non -Exchange)		12	177
Intersecta payables (Non -Exchange)	19	164	164
Sundry payables		11 688	7 804
Other Accruals (Exchange)		5 840	1 417
Leave and Bonus pay accrual (Exchange)	12.1	3 916	2 441
Service provider fees outstanding (Exchange)		1 819	3 929
Trade payables (Exchange)		113	17
		26 546	70 928

12.1 Leave and Bonus pay accrual

	Employee leave provision	Employee bonus provision	2011/12 R'000	2010/11 R'000
Open carrying amount	833	1 608	2 441	1 712
Amounts utilised	(833)	(1 608)	(2 441)	(1 712)
Change in estimate	1 015	2 901	3 916	2 441
Closing carrying amount	1 015	2 901	3 916	2 441
Non-current	-	-	-	-
Current	1 015	2 901	3 916	-
Total	1 015	2 901	3 916	2 441

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.

13. NATIONAL SKILLS FUND: SPECIAL PROJECTS

	2011/12 R'000	2010/11 R'000
Opening balance	1 107	1 179
Interest received	-	118
Reimbursed to National Skills Fund	(1 107)	-
Utilised and recognised as revenue-conditions met:	-	(190)
OGCM Artisan skills Project	-	(190)
Closing balance	-	1 107

During the current year the opening balance available of R1,107 (R'000) was recognised as a liability until the conditions attached were met. During the year, R1,107 (R'000) of the remaining balance of project funds was transferred to the National Skills Fund as all project conditions were met. As at year end no further liability was outstanding to the National Skills Fund.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

14. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS

	2011/12 R'000	2010/11 R'000
Net surplus as per statement of financial performance	55 738	40 741
Adjusted for non-cash items:		
Depreciation	304	123
Amortisation	35	63
NSF Special project income recognised	-	190
Adjusted for items separately disclosed:		
Investment income	(20 712)	(17 046)
Finance lease instalments	157	-
Adjusted for working capital changes:		
(Increase) in receivables	(1 689)	1 619
Increase / (decrease) in payables	(44 538)	20 767
Decrease in prepayments and advances	(44)	3 011
Cash generated from operations	(10 749)	49 468

15. CONTINGENCIES

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury. As at year-end, this amount could not be quantified as National Treasury has not defined surplus funds. Formal approval has been obtained from National Treasury to retain surplus funds.

16. COMMITMENTS

16.1 Discretionary reserve

Of the balance of R340,163 (R'000) available in the Discretionary reserve at the end of March 2012, R156,847 (R'000) has been approved and allocated for discretionary grants and substantial portions of contractual obligations have been met. A further amount of R194,612 has been allocated and approved for discretionary grant programs as outlined below. During the financial year an amount of R47,174 was utilised on contractual deliverables. An additional amount of R31 million is in the process of allocation by the discretionary grant review committee and has been approved after balance sheet date. Any balance available on the reserve will be utilised for the purposes of strategic sector projects.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

16.1 Discretionary reserve (continued)

Discretionary Grant Programs	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Not Contracted Adjustments R'000	Utilised R'000	Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Not Contracted Adjustments R'000	Utilised R'000	Total Commitment 2011/12
Adult Basic Education and Training (ABET)	5 549	4 833	-	1 737	8 645	4 231	-	2 850	10 027
Apprentice / Artisan training and development	23 774	9 654	(321)	12 111	20 996	29 270	-	4 573	45 693
Recognition of Prior Learning (RPL)	1 490	1 040	-	417	2 113	5 605	-	345	7 373
Broad Based Black Economic Empowerment	2 621	5 162	-	923	6 860	6 744	-	656	12 948
Career Guidance	150	1 025	-	50	1 125	904	-	374	1 655
Further Education and Training (FET)	36 681	20 834	-	15 698	41 817	73 922	(480)	7 920	107 339
Foundational Learning	-	-	-	-	-	715	-	112	603
Graduate Development	5 098	1 036	-	1 900	4 234	5 934	(171)	4 535	5 462
Higher Education and Training (HET)	3 043	1 971	-	1 286	3 728	7 980	-	1 000	10 708
Infrastructure Development	-	1 533	-	-	1 533	-	-	71	1 462
Internships	8 570	2 844	-	4 602	6 812	6 608	-	741	12 679
GETC Leainerships	12 163	5 286	-	4 683	12 766	10 203	-	5 886	17 083
New Venture Creation (NVC)	2 528	9 923	-	1 686	10 765	1 560	-	4 236	8 089
National priorities	-	526	-	-	526	703	-	1 294	(65)
Skills Programs	6 507	11 442	-	3 134	14 815	7 327	-	6 323	15 819
Workplace Experience	15 711	11 744	-	6 449	21 006	25 877	(108)	5 578	41 197
Work Placement / Employment Creation	-	886	-	1 780	-894	7 029	-	665	5 470
	123 885	89 739	(321)	56 456	156 847	194 612	(759)	47 157	303 542

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

Strategic Sector Projects	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Adjustments R'000	Utilised R'000	Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Adjustments R'000	Utilised R'000	Total Commitment 2011/12
Quality Assurance and provider support	1 094	4 200	(3 000)	2 099	195	3 100	(99)	3 394	-
Channel 4 - Investors in People Project	174	-	(174)	-	-	-	-	-	-
Chemical industries Standards Generating Body	2 959	2 167	(4 800)	228	97	-	86	11	-
Development / Revision of learning materials / assessment guides	634	-	-	128	506	-	452	54	-
ETDQA accreditation and document management	1 001	-	(1 001)	-	-	-	-	-	-
Register assessors and moderators	1 440	-	(1 440)	-	-	-	-	-	-
National Learnership Development Project	385	1 400	(1 000)	626	159	1 100	209	1 050	-
Revised accreditation assessment guidelines	350	-	(350)	-	-	-	-	-	-
Chamber and stakeholder support	1 292	2 117	(2 000)	1 311	98	200	26	272	-
Regional Stakeholder Support	2 235	6 212	(3 500)	4 864	83	6 212	1 385	4 910	-
Audit guidelines and training	108	-	(108)	-	-	-	-	-	-
Apprenticeship / Artisan development	230	4 200	-	4 318	112	4 400	502	4 010	-
Offline data capture and MIS Project	475	-	(475)	-	-	-	-	-	-
Organisational work study and data management	647	1 400	-	1 158	889	450	150	1 189	-
Governance and stakeholder capacity building	124	300	-	318	106	2 500	932	1 674	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

Strategic Sector Projects	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Adjustments R'000	Utilised R'000	Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Adjustments R'000	Utilised R'000	Total Commitment 2011/12
Research and evaluation	563	-	93	656	-	2 367	1 750	617	-
Information, resource and QMS	(64)	-	64	-	-	-	-1	1	-
ISOE Strategy and implementation	3 451	-	(3 000)	318	133	500	75	558	-
New Venture creation	333	-	-	-	333	-	333	-	-
SDF Capacity building	41	-	(41)	-	-	-	-	-	-
ABET SMME	860	-	(860)	-	-	-	-	-	-
Employee Wellness Program	102	-	(102)	-	-	-	-	-	-
Remuneration bench-marking	205	250	(205)	-	250	-	250	-	-
Bursary Scheme	2 054	9 075	(3 083)	4 509	3 537	5 302	3 614	5 225	-
Projects Office / OGCM	-	-	1 537	1 537	-	-	-42	42	-
FET Science Project	100	-	(100)	-	-	-	-	-	-
HET / FET Learnerships	166	-	(166)	-	-	-	-	-	-
Integrated Marketing and relationship management	(215)	1 920	-	1 156	549	1 920	353	2 116	-
Skills Programme / Learner Certification	2 116	-	(2 116)	-	-	-	-	-	-
Critical Skills Learnership	200	-	200	-	400	-	400	-	-
Medical Sales Reps	100	-	(100)	-	-	-	-	-	-
Occupational health and safety	250	-	(250)	-	-	-	-	-	-
Grade 12 Maths and Science	-	250	-	-	250	-	250	-	-
SAPIA	-	4 818	-	4 818	-	-	-	-	-
SMME Strategy / Voucher Project	1 984	1 300	(1 984)	619	681	3 800	3 024	1 457	-
Total	25 393	39 609	(27 961)	28 663	8 378	31 851	13 649	26 580	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

16. COMMITMENTS (continued)

16.2 Operating Leases

	2011/12 R'000	2010/11 R'000
Minimum lease payments under operating leases recognised as an expense in the year		
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:	2 056	4 422
Not later than one year	1 942	-
Later than one year and not later than five years	6 180	-
Operating Leases	8 123	-

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of 4 years and rentals escalate on average by 8% per annum. The monthly payments for property assessment rates and taxes and municipal charges are included as part of other operating expenditure in the statement of financial performance.

17. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular, Fruitless and Wasteful Expenditure:

To the best of our knowledge, no material losses through criminal conduct, or irregular, fruitless and wasteful expenditure were incurred during the year ended 31 March 2012.

Irregular expenditure

	2011/12 R'000	2010/11 R'000
Opening balance	584	-
Add: Irregular expenditure	-	584
Amount condoned	(584)	
Closing Balance	-	584

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

18. FINANCIAL INSTRUMENTS

In the course of the CHIETA operations it is exposed to interest rate, credit, liquidity and market risk. The CHIETA has developed a comprehensive risk strategy in terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

Interest rate risk

The CHIETA's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are as follows:

	Floating rate		Fixed Rate		Non-inter- est bearing	TOTAL R'000
	Amount R'000	Effective interest rate	Amount R'000	Weighted av- erage effec- tive interest rate %	Amount R'000	
Year ended 31 March 2012						
Assets						
Cash	348 884	5.5%	20 712	5.5%	-	369 596
Accounts receivable	-	-	-	-	2 029	2 029
	348 884	5.5%	20 712	5.5%	2 029	371 625
Liabilities						
Accounts payable	-	-	-	-	26 546	26 546
	-	-	-	-	26 546	26 546
Year ended 31 March 2011						
<i>Total financial assets</i>	344 097	-	17 046	-	389	361 532
<i>Total financial liabilities</i>	-	-	-	-	70 928	70 928
	344 097	-	17 046	-	71 317	432 460

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

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 and other receivables, and account and other 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 account and other payables approximates fair value due to the relatively short-term maturity of these financial liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

19. RELATED PARTY TRANSACTIONS

Transactions with other SETA's

Interseta transactions and balances arise due to the movement of employers from one SETA to another. The following transactions occurred during the year with other SETA's.

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

	2011/12 R'000		2010/11 R'000	
	Transfers in/ (out) during the year	Amount receivable/ (payable)	Transfers in/ (out) during the year	Amount receivable/ (payable)
Receivables	187	-	123	79
MQA	69	-	-	-
W&R SETA	-	-	-	29
HEALTH AND WELFARE	114	-	123	-
AGRISETA	4	-	-	-
SERVICES	-	-	-	50
Payables	-	(164)	-	(164)
W&R SETA	-	(3)	-	(3)
MQA	-	(69)	-	(69)
MERSETA	-	(92)	-	(92)
Total	187	(164)	123	(85)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

19. **RELATED PARTY TRANSACTIONS (continued)**
Transactions with Board member representative companies

Constituency of Board Member	Transacting Company	Transaction type	2011/12 R'000		2010/11 R'000	
			Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
Payables						
Base chemicals and petroleum	Huntsman Tioxide	Discretionary Grant	-	-	324	(324)
Explosives and fertilizers	Omnia	Discretionary Grant	2 410	(2 410)	974	(974)
South African chemical workers union	SACWU	Discretionary Grant	-	-	300	(300)
Speciality chemicals and surface coatings	Plascon	Discretionary Grant	-	-	1 014	(1 014)
Base chemicals and petroleum	Sasol Limited	Discretionary Grant	11 580	(11 580)	-	-
Base chemicals and petroleum	Sapref	Discretionary Grant	-	-	508	(508)
Explosives and fertilizers	Foskor	Discretionary Grant	-	-	475	(475)
Pharmaceuticals and chemically related consumer goods (FMCG)	Revlon	Discretionary Grant	-	-	342	(342)
Glass	PFG	Discretionary Grant	-	-	318	(318)
Pharmaceuticals and chemically related consumer goods (FMCG)	Adcock Ingram	Discretionary Grant	-	-	859	(859)
Total			13 990	13 990	6 624	(6 624)

The above transactions occurred under terms that were no less favourable than those available in similar arm's length dealings.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

20. INVENTORIES

	2011/12 R'000	2010/11 R'000
Inventories consist of :		
Consumable Stores	3	5
Stationary Marketing / promotional material	73	-
Groceries and refreshments	-	22
	76	27

21. COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2012

	Approved Budget	Actual	Favourable (Unfavourable) Variance	Approved Budget	Actual	Favourable (Unfavourable) Variance
	2011/12			2010/11		
	R'000	R'000	R'000	R'000	R'000	R'000
NON-EXCHANGE REVENUE						
Skills Development Levy: income	318 900	330 953	12 053	319 706	297 262	(22 444)
Skills Development Levy: penalties and interest	908	1 726	818	856	1 134	278
National Skills Fund income	-	-	-	-	190	190
Other income	-	36	36	-	2	2
EXCHANGE REVENUE						
Investment income	16 673	20 712	4 039	17 550	17 046	(504)
Total revenue	336 481	353 427	16 946	338 112	315 634	(22 478)
EXPENSES						
Employer grant and project expenses	302 355	262 584	(39 771)	305 195	239 443	(65 752)
Administration expenses	34 126	34 946	820	32 917	35 260	2 343
Loss on Disposal	-	159	159	-	-	-
National Skills Fund expenses	-	-	-	-	190	190
Total expenses	336 481	297 689	(38 792)	338 112	274 893	(63 219)
NET SURPLUS FOR THE YEAR	-	55 738	55 738	-	40 741	40 741

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

21. COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

The favourable variance in skills development levy income is due to a higher than anticipated return of levies from member companies. The CHIETA budgeted for an 8% increase in levy income for the financial year, and received a 11.3% increment. Based on an analyses of levy income it appears that the employee base in the sector continued to expand during the period in excess of the inflationary target. National skills fund income was lower than budget due to the finalisation and closure of the OGCM artisan training project at the during the year. The unfavourable variance on the Employer grant project expenses was due to the lower than projected discretionary grant disbursement for the financial year.

22. CONTINGENCIES

Contingent Liabilities:

The CHIETA is currently defending a claim in the capital sum of R3,600,000 made against the CHIETA by Cedar Park Properties (Pty) Ltd pertaining to the alleged repudiation of the lease agreement entered into by the former CHIETA CEO. The pending legal matter is currently in the pleading stage and management is uncertain of the outcome of the litigation. As reported in the prior year report of the Auditor - General (SA) and contrary to the requirements of section 66(3)(b) of the PFMA, the former CEO of CHIETA signed a guarantee with the bank without the approval of the accounting authority. An amount of R561,492 relating to a bank guarantee is subject to legal discussions with the landlord. The total extent of penalties or recovery of expenses that the CHIETA will be subjected to could not be quantified, pending finalisation of legal correspondence and discussion with the landlord.

Contingent Asset:

The CHIETA have instituted a counterclaim in the capital sum of R1,706,936 against Cedar Park Properties relating to the recovery of lease rentals that were transferred to Cedar Park properties via a debit order agreement entered into by the former CHIETA CEO. The pending legal matter is currently in the pleading stage and management is uncertain of the outcome of the litigation.

MATERIALITY AND SIGNIFICANCE FRAMEWORK

for the 2011/2012 financial year

Signed on behalf of the accounting authority by:



Chairperson of the Accounting authority
(Nolitha Fakude)



Acting CEO
(Ayesha Itzkin)

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MATERIALITY AND SIGNIFICANCE FRAMEWORK

for the 2011/2012 financial year

1. OBJECTIVE

The policy is intended to determine material & significant events that warrant disclosure by the Accounting Authority to:

- The Executive Authority / legislature;
- The National Treasury;
- The Office of the Auditor General.

Therefore events of a similar nature as considered material & significant but does not constitute material & significant will be managed “in-house” by the Accounting Authority in terms of formal enquiries & disciplinary processes defined by the Human Resources policies & 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.

The specific sections of the Public Finance Management Act that is relevant to:

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 authorized by this Act; and
 - » In the case of public entities, is also authorized 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).”

MATERIALITY AND SIGNIFICANCE FRAMEWORK *for the 2011/2012 financial year*

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 organization’s activities i.e. –
 - » The creation and registration of national standards and qualifications in the sector and sub-sectors;
 - » To curricula, 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;
 - » To implement the sector skills plan.

A lower level of materiality is considered appropriate.

- *Statutory Requirements*

The organization is a public entity, as contained in schedule 3A of the Public Finance Management Act, and as such is governed by legislation applicable to government entities. Such legislation are therefore prepared in terms of good corporate governance and is intended to govern finance, supply chain management, asset management, etc, within the organization. In light of this, the probability of a material or significant infringement is considered unlikely.

MATERIALITY AND SIGNIFICANCE FRAMEWORK

for the 2011/2012 financial year

- *Governance Structure*

The Accounting Authority (Governing Board) is represented by its stakeholders i.e. organized employer and employee representation from the sector. The Accounting Authority, in terms of legislation is accountable for the performance and governance of the organization to the Executive Authority (Minister of Labour). In terms of governance, the organization is further directed by the Audit Committee (external members), the external auditors (the Auditor General's office), the internal auditors (external firm of auditors).

In view of the external participation in the operations of the organization, 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 organization:

- » 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 organization have 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 organization;
- » Fraudulent or dishonest behaviour of ALL officers or staff of the organization. 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;

MATERIALITY AND SIGNIFICANCE FRAMEWORK *for the 2011/2012 financial year*

- » 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 organization'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;
- » Application of new or changes in accounting policy.

4. MATERIALITY

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 have if it is to be useful.

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 organization is not considered to be an indicator of performance as the organization 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

Definition

A transaction is significant if conducting the transaction is vitally important to fulfill the organization's mandate and for it to operate effectively.

Significance is larger than materiality as significant transactions may impact the organization as a whole. A transaction may be material but not significant whereas all significant transactions are material.

MATERIALITY AND SIGNIFICANCE FRAMEWORK

for the 2011/2012 financial year

Significance Level

The organization 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;
- Annual report

The framework will be disclosed as contained in Annexure A attached.

ANNEXURE A

TREASURY REGULATION 28.1.5

“For purposes of “material” [sections 50(1), 55(2) and 66(1) (c) of the Act] and “significant” [section 54(2) of the Act], 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.”

MATERIAL		
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

MATERIALITY AND SIGNIFICANCE FRAMEWORK

for the 2011/2012 financial year

MATERIAL		
Section 55 (2)	<p>(2) The annual report and financial statements must –</p> <p>(b) include particulars of –</p> <p>(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.</p>	<p>Quantitative – 1% of total revenue</p> <p>Qualitative – events as contained in the Materiality and Significance Framework Policy</p>
Section 66 (1)	<p>(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 –</p> <p>(a) is authorised by this Act;</p> <p>(b) in the case of public entities, is also authorised by other legislation not in conflict with this Act; and</p> <p>(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 out in terms of the Borrowing Powers of the Provincial Governments Act, 1996 (Act No 48 of 1996).</p>	<p>All events/transactions will require disclosure – 100% compliance</p>

SIGNIFICANT		
Section 54 (2)	<p>(1) 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 –</p> <p>(a) establishment or participation in the establishment of a company;</p> <p>(b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;</p> <p>(c) acquisition or disposal of a significant shareholding in a company;</p> <p>(d) acquisition or disposal of a significant asset;</p> <p>(e) commencement or cessation of a significant business activity; and</p> <p>(f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.</p>	<p>All events / transactions will require disclosure – 100% compliance</p>



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