



ANNUAL REPORT

2015/16



***CHIETA: The catalyst for enhanced skills,
economic growth and employability***



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

Vision

World-class education and training for the Chemical Sector.

Mission

CHIETA contributes to sustainable development through facilitating the provision of skills for growth in the Chemical Sector.



Blade Nzimande
Minister of Higher Education and Training

“Together let us move South Africa forward, through the provision of quality and affordable post-school education and training”

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PART A: GENERAL INFORMATION



PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

Registered name of the public entity	Chemical Industries Sector Education and Training Authority
Registration numbers and/or other relevant numbers	03/CHIETA/1/4/11
Registered office address	2 Clamart Road, Richmond, Johannesburg
Postal address	PO Box 961, Auckland Park, 2006
Contact telephone numbers	011 628 7000
Email address	info@chieta.org.za
Website	www.chieta.org.za
External auditor's information	Auditor-General South Africa, 300 Middel Street, Brooklyn, Pretoria, 0001
Banker's information	Nedbank Ltd, 100 Main Street, PO Box 1144, Johannesburg 0001
Company secretary	Governance and Risk (Executive Manager)

2. SKILLS DEVELOPMENT RELATED ACRONYMS

ABET	Adult Basic Education and Training
AIDS	Acquired Immune Deficiency Syndrome
AQP	Assessment Quality Partner
ATR	Annual Training Report
ATU	Apprentice Training Unit
ARPL	Artisan Recognition Prior Learning
BBBEE	Broad-Based Black Economic Empowerment
CEPPWAWU	Chemical Energy Paper Printing Wood Allied Workers Union
CBO	Community-Based Organisation
CBC	Community Based Committee
CHE	Council for Higher Education
CHIETA	Chemical Industries Education and Training Authority
CPUT	Cape Peninsula University of Technology
DG	Director-General
DG	Discretionary Grants
DHET	Department of Higher Education and Training
DoL	Department of Labour
DMU	Data Management Unit
DQP	Development Quality Partner
DSAP	Dual System Artisan Project
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
TVET	Further Education and Training
GIWUSA	General Industries Worker's Union of South Africa
GMET	Generic Manufacturing Engineering and Technology
GRAP	Generally Recognised Accounting Practice
GSC	Governance and Strategy Committee
HDSA	Historically Disadvantaged South African
HET	Higher Education and Training
HIV	Human Immunodeficiency Virus
HRD	Human Resource Development
HR	Human Resources
HSRC	Human Sciences Research Council
ICAS	Independent Complaints Advocacy Service
ISOE	Institute for Sectoral and Occupational Excellence
LM	Local Municipality
LMIP	Labour Market Intelligence Project
LPDI	Learning Programme Development and Implementation
MG	Mandatory grants
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding

MUT	Mangosuthu University of Technology
NAMB	National Artisan Moderating Body
NCV	National Certificate Vocational
NDP	National Development Plan
NGO	Non-Governmental Organisation
NQF	National Qualification Framework
NLPES	National Legislative Programme Evaluation Society
NMMU	Nelson Mandela Metropolitan University
NSDS	National Skills-Development Strategy
NSF	National Skills Fund
OFO	Organising Framework for Occupations
P1	Practical 1
P2	Practical 2
PIVOTAL	Professional, Vocational, Occupational, Technical and Academic Learning
PSDF	Provincial Skills-Development Forum
PFMA	Public Finance Management Act
QA	Quality Assurance
QALA	Quality Assurance of Learner Achievements
QAP	Quality Assurance Partner
QCTO	Quality Council for Trades and Occupations
OHS	Occupational Health and Safety
RSA	Regional Skills Advisor
RSF	Regional Skills Forum
RPL	Recognition of Prior Learning
SACWU	South African Chemical Workers Union
SAGDA	South African Graduates Development Association
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
SQMR	SETA Quarterly Monitoring Report
SSP	Sector Skills Plan
TTC	Trade test Centre
UASA	United Association of South Africa
UoT	University of Technology
WIL	Workplace Integrated Learning
WSP	Workplace Skills Plan
WSU	Walter Sisulu University



Nolitha Fakude
Chairperson

3. FOREWORD BY THE CHAIRPERSON

It is my pleasure to present the Fifth Annual Report of CHIETA, which has been published annually since my Chairmanship tenure commenced. Over the past five years, the Board and I have walked this journey where significant progress has been achieved in this sector during the 3rd National Skills Development Strategy. Once again, the 2015/16 year has been an outstanding year for the Chemical Industries and Education Authority (CHIETA). As a credible industry partner, this SETA has made a sustained contribution to skills development during its 15 years of existence through the passion and dedication of its people.

I am proud to declare that CHIETA has once again obtained an unqualified audit as well as a clean audit outcome from Auditor-General of South Africa (AGSA). This solid track record of good governance is critical to instilling confidence and trust among chemical and manufacturing industry stakeholders to ensure that we fulfil our skills development mandate responsibly.

In addition to delivering on its various mandated areas, the focus for CHIETA this past year has been on strengthening South Africa's young skills development system and building on its own strengths, particularly with regards to the following:

1. Ensuring that the right skills are developed for the needs of industry, the economy and the country:

In this regard CHIETA has continued to maintain its initiatives that encourage the youth to attain a full 3-year occupationally-directed qualifications. In addition, CHIETA also enabled school leavers, who wished to follow a different approach, build their qualification, using a staggered part-qualification route. This also promotes job creation in that some of the participants find employment as soon as part of the key work related skills are learnt, even before they complete the full qualification.

This part-qualification approach was successfully implemented for the welding qualification. Young out-of-school learners were assisted in entering industry-based training programmes in order to obtain recognition for a meaningful portion of learning through a skills programme, extracted from the qualification. The outcome of this approach contributed to the employability of candidates and this initiative was further supported through additional funding in order to provide access to further opportunities to obtaining additional learning outcomes and working towards completing the qualification. This has enhanced effectiveness, efficiency and impact, and is a useful model for consideration at a national level.

2. To enhance workplace experience-based training:

Through its skill funding regime, CHIETA allocated substantial funds to encourage employers to open their doors to young people who attend TVET Colleges and other public institutions at a higher education level. This enabled them to access their theoretical training in order to obtain workplace experience, to complement the theoretical training obtained at public institutions, and by so doing to obtain their full qualifications.

An innovative initiative undertaken in the past year was CHIETA's training partnership project in the Durban South Basin. Industry experts worked closely with the Coastal TVET College to inform the youth from the surrounding communities about the qualifications required by industry. These industry experts also lectured at the College which catalysed collaboration between the formal workplaces and the College. Learners and their lecturers were also required to undertake scheduled visits to production facilities for first hand operational experience.

3. Continuing to build strong partnerships with important role-players for a range of training interventions through bursaries:

I am pleased to report that CHIETA worked closely with universities and companies in awarding bursaries to deserving students in the past year. Bursaries were approved to the value of R58,986,164 (R45,163,118 in 2014/15 and R11,479,601 in 2013/14).

The co-funding model that CHIETA has started implementing has had a positive impact. Through this model companies identify learners and take them on board to be mentored through work integrated learning opportunities as and when needed. This assists learners in fulfilling the workplace based training requirements in order to complete their qualifications.

This model also places students in a position to gain employment in the company after training, since the companies have invested in such learners through mentorship and worked with them through programmes and formed relationships - this by using CHIETA's co-funding model. Indications from this model are promising and have potential for further impact.

SKILLS DEVELOPMENT, OUR SHARED RESPONSIBILITY

In working to achieve government's developmental goals, we as CHIETA recognise that all industry stakeholders have a role to play in contributing to skills development and training in South Africa. As an industry based SETA, in order to realise a common national goal, CHIETA subscribes to the vision of the National Development Plan and that of the Human Resources Development Strategy for South Africa.

Arguably, the past year has been characterised by uncertainty across all spheres of society, both here at home and globally. This uncertainty also impacts on the dynamics and the long term planning of the skills development environment. For success in skills development it is imperative to understand the current and future skills needs of the economy, to put into place appropriate school subjects and to use relevant tools to obtain intelligence regarding future skills needs. Labour market intelligence is one such tool and it is vital in understanding where the economy is going, what innovations are on the horizon and what skills to plan for.

Scenario planning is another tool that can assist with appropriate planning processes by projecting future scenarios. Credible industry and employee information and data and the understanding of national strategies must be factored into the strategic planning processes of skills authorities such as CHIETA.

In this regard CHIETA has undertaken scenario planning exercises to formulate understandings of future requirements and how best to address them. It has also worked closely with industry to obtain high quality labour market information directly from companies. This has enabled CHIETA to better understand the skills profile of the bulk of the employed workers in the chemical and manufacturing industry, their training needs and the skills plans of its member companies. CHIETA can therefore service the skills needs appropriately, efficiently and economically and is thus poised to make an even greater impact on skills development in the next 20 years, and beyond.

In conclusion, I would like to say that, in South Africa, where there is so much need and potential, skills development is a serious matter. I am grateful to the Honourable Minister of Higher Education and Training, the department's officials, all stakeholders and CHIETA's Accounting Authority, for their valued support in developing a skilled and capable workforce.

I would also like to thank the Audit Committee and the Accounting Authority members in performing their oversight roles and their support of CHIETA and myself.

On behalf of my fellow Board members, I wish to thank Ms Ayesha Itzkin, CHIETA's CEO (Acting), the Management Team and CHIETA staff for their dedication and hard work culminating in another successful year for CHIETA.



NOLITHA FAKUDE
Chairperson



Ayesha Itzkin
Acting Chief Executive Officer

4. REPORT FROM THE CHIEF EXECUTIVE OFFICER

INTRODUCTION

It gives me great pleasure to provide you with this report of CHIETA's fifth year as a high performing SETA in the NSDS III period. I am proud to report that CHIETA has again obtained an unqualified audit outcome for the 2015/16 financial year from the Auditor-General of South Africa (AGSA). This year, as was the case last year, the AG (SA) has again pronounced CHIETA's audit to be clean.

This means that due processes related to the Public Finance Management Act and all other applicable legislation were adhered to, and also, as pronounced by the AGSA and CHIETA's appointed Internal Auditors (Nexia-Sabat), CHIETA's internal control environment is functional, compliant and supportive of good governance at all collective levels within the organisation. This has ensured accurate performance and financial reporting and accountability in all areas of administration, e.g. supply chain management, disbursement of grants, performance reporting and cost control measures. CHIETA's own internal performance monitoring processes have assisted greatly in the continuous monitoring of itself against the required criteria, thus ensuring that CHIETA remains accountable in all areas.

I am pleased to report that once again CHIETA, in compliance with the grant regulations promulgated by the Minister of Higher Education and Training on 3 December 2012, has committed approximately 98% of its available funding to skills training during this reporting period, and that we have succeeded in reducing our reserves by R15.3 million. This is a notable achievement for a Schedule 3 Public Entity. In such Public Entities, in order for good performance to be recognized, financial reserves need to be reduced rather than increased. Reducing reserves is linked to an increase in service delivery spending, while growing reserves means not spending on projects as needed thus not delivering on your mandate.

Obtaining this clean audit outcome is as a result of CHIETA's optimised business processes. This was supported by clear accountability frameworks for the respective CHIETA business units, individual staff members with detailed staff performance contracts linked to CHIETA's delivery targets and the continuous proactive monitoring and evaluation of delivery by CHIETA's governance structures.

CHIETA, THE TRUSTED SKILLS DEVELOPMENT BUSINESS PARTNER TO GOVERNMENT AND INDUSTRY

The South African chemical industry is hugely important to the economy and a key component of the country's economic base. The chemical manufacturing sector therefore continues to occupy a significant share of the economy despite its relative importance declining in real terms from 19% in 1993 to about 17% in 2012 (Stats SA, 2014). The manufacturing arm of the chemical sector is highly significant having contributed 7.4% to the country's GDP in 2014 mainly from petrochemicals, pharmaceuticals, chemical processes in plastics' manufacturing, vaccines, ARVs, cosmetics, paints, explosives & fertilizer manufacturing, the glass industry and base chemicals. (It also contributed another 21% to the manufacturing sector.)

This giant chemical industry has, over the last 15 years of the existence of SETAs, learnt to trust CHIETA as its SETA and business partner and to work closely with it to ensure that we plan together, use resources economically, effectively and efficiently and focus on specific skills requirements. On many projects CHIETA and its member companies have agreed on co-funding models thus promoting efficiencies, fostering co-ownership of the projects and reducing the cost of training even below the national norm. CHIETA's skills development funds were optimized to support the most important skills needed by the economy thus ensuring better than expected delivery even during the current difficult economic period.

Industry has cooperated with CHIETA, appreciating that CHIETA, their SETA, does react positively when they express their skills needs for training purposes to obtain competently trained workers for the economy and industry. This entails co-planning projects together with CHIETA and deriving strategies for the work integrated learning components so industry can also open its workplaces to learners from public institutions including TVET colleges.

There is ongoing work on how the collaboration with TVET Colleges will be implemented and how to re-package the college curricula to align with the occupationally directed modules that industry has learnt to trust, such as learnerships, apprenticeships and part qualifications. In this regard CHIETA also thanks our partner TVET Colleges for their co-operation in working towards relevant training.

The 2015/16 partnerships with industry have led to such a high level of cooperation that industry, in this period, supported college education by availing its technical experts who were assigned to give lectures to learners, and allowing college lecturers and learners to undertake industry tours and company visits. CHIETA is convinced that, when industry starts to take ownership of occupationally directed training, we in South Africa will obtain a credible skills development system where we train for jobs and job creation. This is in line with skills training in Germany, Brazil and other countries who work closely with industry as important skills development partners.

THE IMPORTANCE OF GOOD PLANNING

It is clear that CHIETA's member companies and other stakeholders have recognised and appreciated the incredible value CHIETA, as an Authority, continues to make to both the labour components and companies of the Chemical Industry.

CHIETA's online skills planning platform was initially conceptualised and developed in 2011. This has contributed to excellence in planning, and has assisted CHIETA member companies and other stakeholders to benefit in accessing grant funding and the uploading of evidence for monitoring purposes (in addition to the on-site monitoring conducted by CHIETA). It has also assisted CHIETA in making timeous payments to companies, and ensure that all transactions are recorded and reported transparently and accountably.

Accessing highly credible and useful information on the real skills needs of industry through this platform was further optimized during this current reporting period. This system has contributed in significantly advancing company based skills planning processes and the understanding of the organising framework of occupations (OFOs) and therefore companies can easily map their skills needs to the OFO.

Significantly electronic platform has resulted in CHIETA having individual biographical records of more than 160,000 chemical industry workers, and many more unemployed workers that CHIETA and the industry have funded for training. These records have enabled CHIETA and the companies to understand which basic skills, top-up skills, part qualifications or qualifications have been completed and what more is required. This ensures the supply of an adequate skills "pipeline" promoting the sustainability and competitiveness of South Africa's and Africa's economic giant – the Chemical Industry.

THE ROLE OF GOOD GOVERNANCE

CHIETA's organisational business processes are well supported by a strong governance foundation and oversight by CHIETA's Accounting Authority (Governing Board). Together with management, representatives of the industry, labour and government on the Accounting Authority, Committees and various Chambers, CHIETA continues to lead in the strategic planning processes, deliberating on and finalising CHIETA's strategic focal areas and organisational targets.

As expressed in CHIETA's Sector Skills Plan (SSP), these Board processes culminate in clear performance and delivery indicators and measurable targets linked to time frames, budgets and current and future core and scarce skills needs of industry. This year, CHIETA has again successfully reported its service delivery in line with the AGSA's "follow the money" principle. CHIETA's systems have demonstrated the ability to trace back all grant funding allocated to individual learners and programmes, as identified by industry and through research in the Sector Skills Plan.

CHIETA'S DETAILED RESEARCH TO PLAN FOR THE NEEDS OF THE ECONOMY

Skills planning processes must be supported by high quality information to ensure success. CHIETA's labour market and skills related research, its SSP and its strategic planning processes, are guided by a strategic research agenda, the processes being led annually by the Accounting Authority. They are enhanced and complemented by high quality quantitative and qualitative information from CHIETA's diverse stakeholder base in the chemical industry.

The number of workplace skills plans received year on year with credible information has assisted with good planning. Workplace Skills Plan (WSP) submissions have continued to increase from 2010/11 to 2015/16 due to CHIETA's various

interventions, and encouraging and capacitating more companies to participate in skills planning. Mandatory Grant payments made to large and medium sized CHIETA companies for submitting their WSPs increased from 660 companies in 2014/15 to 791 in 2015/16. This is the fifth consecutive increase demonstrating the ever growing confidence in CHIETA by companies who decide to pay their levies to CHIETA.

Drilling down the SSP to subsector level has resulted in high quality skills plans being compiled for each of the nine chemical industry sub-sectors thus detailing the skills needs of the entire chemical industry. This clearly defines the 799 occupations utilised in the sector, from logistics to sales personnel, artisans to engineers and others. This forward looking information enhances CHIETA's ability to plan better for the delivery of future skills needs also through scenario planning to derive, through proper research, the medium term scenarios for South Africa's social and political futures based on scientifically obtained economic and other data.

CHIETA ACHIEVES ITS TARGETS AGAIN

CHIETA's performance information reported on pages 21 to 47 was subjected to various levels of independent assurance in order to verify the accuracy, completeness and credibility. This was undertaken by the Department of Higher Education and Training (DHET), an internal audit and an external audit report from the AGSA.

CHIETA's achievements are reflected by the impact CHIETA has made to date, through industry-specific training and development, and also through CHIETA's support to national imperatives. These include skills development related to rural development, the support of deserving learners with bursaries, maths and science education at schools, support of people with disabilities and the support to other national priorities such as the Strategic Infrastructure Projects and public institutions such as TVET Colleges.

Through CHIETA's industry based project in the Durban South Basin, where industry is an important training partner, all are guaranteed workplace experience and a minimum of 80% of them will be absorbed into jobs at the end of the training. Trainers from industry go to college as guest lecturers and college lecturers go into workplaces for real experience to gain an understanding of the workings of industry. The curriculum has been re-packaged to meet industry standards and requirements.

TRACKING, TRACING AND IMPACT

Now that the skills development system is fifteen years old, it has become possible to begin to measure the impact of training. It is important to remember that NSDS I from the year 2000 to 2005 was the set-up phase for all SETAs and very little training was undertaken during this time. Skills interventions started taking off in NSDS II (from 2006 to March 2011) and only in NSDS III (from April 2011 to 2016), based on all parties experiences, did skills development start in earnest, the impact of which can only be measured once the systems began working - which is what the Annual Report presents.

In the meantime, and in preparation for conducting impact studies, CHIETA commissioned an analysis of its sectors' WSP/ATR information from 2012/13 establishing time series data on the profile of the sector and its skills development initiatives. In June 2011 CHIETA started with the collection of WSP/ATR data at the individual employee level. This source data allows for in-depth analysis and the proper monitoring of the chemical industry labour market¹.

To better understand how the new skills system was unfolding, CHIETA's Trends Analysis Report of 2012/13 to 2015/16 looks at the profile of the sector, its workforce competency levels, occupational distribution, age ranges, disability, qualification levels, OFO profiles and equity profiles etc.² The trends report, are an addition to CHIETA'S impact assessment activities. CHIETA has recently developed a Skills Supply and Demand (SSD) database to add to measuring its impact (described below).

¹ Trends in Employment and Training, December 2015, A CHIETA Publication.

² The specific objectives of the Trends Analysis were to determine the changes that occurred in the chemical sector in terms of the geographic distribution, size and composition of organizations that submitted WSPs/ATRs to CHIETA over the three year period. To describe the changes in the profile of the workforce in terms of various biographical variables. To analyse trends and changes in training offered by organizations in the chemical sector over the three year period. To monitor trends in skills shortages reported by employers in the sector CHIETA, 2014, page 1.

The latest Trends Analysis Report provides interesting information such as, that the petroleum subsector employed between 44 000 and 47 000 people. In all four years, Gauteng was the province with the largest number of employees – 45% in 2012, 42% in 2013 and 41% in 2014 and 2015. This was followed by KwaZulu-Natal with 19% of employees in 2012, 16% in 2013, 17% in 2014 and 19% in 2015.

Employees in the chemical sector are highly qualified more so than in many other sectors. In 2015, more than 38% had post matric qualifications (NQF levels 5 and above) and another 46% held qualifications at NQF Level 4. People with educational levels below NQF level 1 formed only 4% of the workforce in 2012 and 2013. This is reflective of the need for appropriate skills in this highly complex industry. In 2014 this figure dropped to 3% and to 2% in 2015. Such information is invaluable to CHIETA for planning purposes.

A precursor to this CHIETA Trends Report was the Study conducted in 2009 by the HSRC³ and commissioned by the Department of Labour (that managed skills development at the time) at the end of NSDS II yielding interesting results about the positive impact of learnerships for competency and job creation.

CHIETA's new Skills Supply and Demand (SSD) database was also further enhanced in 2015/16. This database records the details of learners in the chemical industry from public institutions, member companies as well as private candidates who wish to place their details on this database in order to seek a variety of opportunities. Important partners in this regard are also public institutions.

Details of candidates on the database allows CHIETA to track the movements of these candidates from institutions of learning to, work integrated learning opportunities, placement and job opportunities etc. Chemical companies are encouraged to source learners and graduates from CHIETA's SSD. CHIETA will continue to play its role as the skills authority that tracks and traces learners and measures impact from this powerful multi-faceted tool, thus enabling CHIETA to play its mandated role as a skills authority with confidence.

SUCSESSES IN ENERGY, OIL AND GAS

CHIETA continues to be recognised as the leading SETA for energy, oil, gas and alternative energy. The nuclear industry plays an active role in CHIETA's Petroleum and Energy Chamber and CHIETA has, in the current reporting period, supported personnel from the Department of Energy (DOE) with bursary funding since this department plays a significant role in CHIETA. NECSA is also accredited by CHIETA as a provider of skills training. The gas industry has worked with CHIETA to develop qualifications for its needs and the electrical State Owned Enterprises have worked with CHIETA to develop highly skilled electricians, electrical engineers, and skilled staff for their chemical related operations.

Approximately half of South Africa's manufacturing exports lie in capital-intensive processed minerals, metals and chemicals, spheres that CHIETA oversees. In recognition of this fact, CHIETA has, inter alia, in response to the National Developmental Plan (NDP), supported learners on bursaries in the required high skill areas, including technicians, technologists and engineers.

CHIETA, through its proactive research and skills planning processes and through forming strategic partnerships with relevant institutions, continues to identify future skills needs, inter alia, in the area of green skills, shale gas fracturing, the nuclear environment, off-shore explorations and by making plans to support the needs of industry in this regard. To this end, a number of important partnerships have been established with relevant public institutions and chemical and manufacturing companies.

CHIETA'S PERFORMANCE AND DELIVERY OVER TIME

Over the period of the various NSDS strategies CHIETA has continuously met or exceeded its agreed performance target and delivered on its mandate within a culture of high performance and accountability. In 2015/16, CHIETA obtained its fifteenth consecutive unqualified audit outcome from AGSA. Table 1 compares a few of CHIETA's major achievements on important targets over the last two financial years.

³ Impact Assessment of NSDS II: The three main research questions were: What is the scale and kind of skills the learner-ship and apprenticeship pathway systems produce? What are the different learner-ship and apprenticeship trajectories in the transition to employment? To what extent do the pathway systems build the kinds of skills and capabilities that equip young people for the workplace and enhance the transition to employment?

Table 1

Consolidated performance areas supported through funding/co-funding	2014/15	2015/16
Learnerships supported	3 794	5 811
Bursaries supported	661	1 367
Skills programmes supported	5 691	6 792
Artisans supported	1 741	1 864
Work Integrated Learning supported (TVET and HEI)	629	1 169
Support to small business, Co-ops, NGO/CBOs	159	205

Some factors contributing to CHIETA's success and impact:

- Highly effective governance and management structures especially since 2011 when the governance structures expended their oversight function with understanding, confidence, effectiveness and accountability
- Sophisticated and integrated strategic planning processes that are strongly stakeholder driven. This has resulted from CHIETA's well consulted sector and subsector skills plans aligned, to clearly defined performance indicators and pre-determined targets, to the funding and performance frameworks and to CHIETA's business unit deliverables in its staff performance contracts
- Successful efforts to broaden the member company base. The expanding company base illustrates stakeholder confidence in CHIETA as a valuable business partner to industry
- Strong regime of management and governance oversight for on-going monitoring, evaluation, and reporting
- System wide integrated Risk Management and Combined Assurance frame work to proactively manage organisational risk and a functional control environment
- Robust CHIETA drive towards the continuous improvement of core business processes in research, mandatory and discretionary grants, strategic projects, quality assurance and certification/accreditation. This ensures that company standards are met combined with shorter turnaround times and high quality support and service delivery to the chemical companies, learners and other stakeholders
- CHIETA's focus on ensuring a nurturing and enabling environment for its own employees that has resulted in a committed and hardworking workforce.

CHALLENGES

No major challenges were experienced during this reporting period with the exception of the effect of uncertainty in the future skills landscape. CHIETA has however, continued to operate using the "business-as-usual" principle as instructed by our Executive Authority.

CONCLUSION

As stated above, South Africa's chemical industry is of great significance to the South African economy and a key component of the country's economic base and therefore continues to occupy a significant share of the South African economy despite the relative decline in the current international economic climate. Due to its various sub-sectors the chemical industry remains a major player in the manufacturing sector and is a significant role player in South Africa's economy. These sub-sectors include petrochemicals, pharmaceuticals, chemical processing of plastics manufacturing, vaccines, ARVs, cosmetics, paints, explosives and fertilizer manufacturing, the glass industry, base chemicals, speciality chemicals, surface coatings and others. It is important therefore to work closely with industry and ensure that the right skills at the right level of competency are always available.

ACKNOWLEDGEMENTS

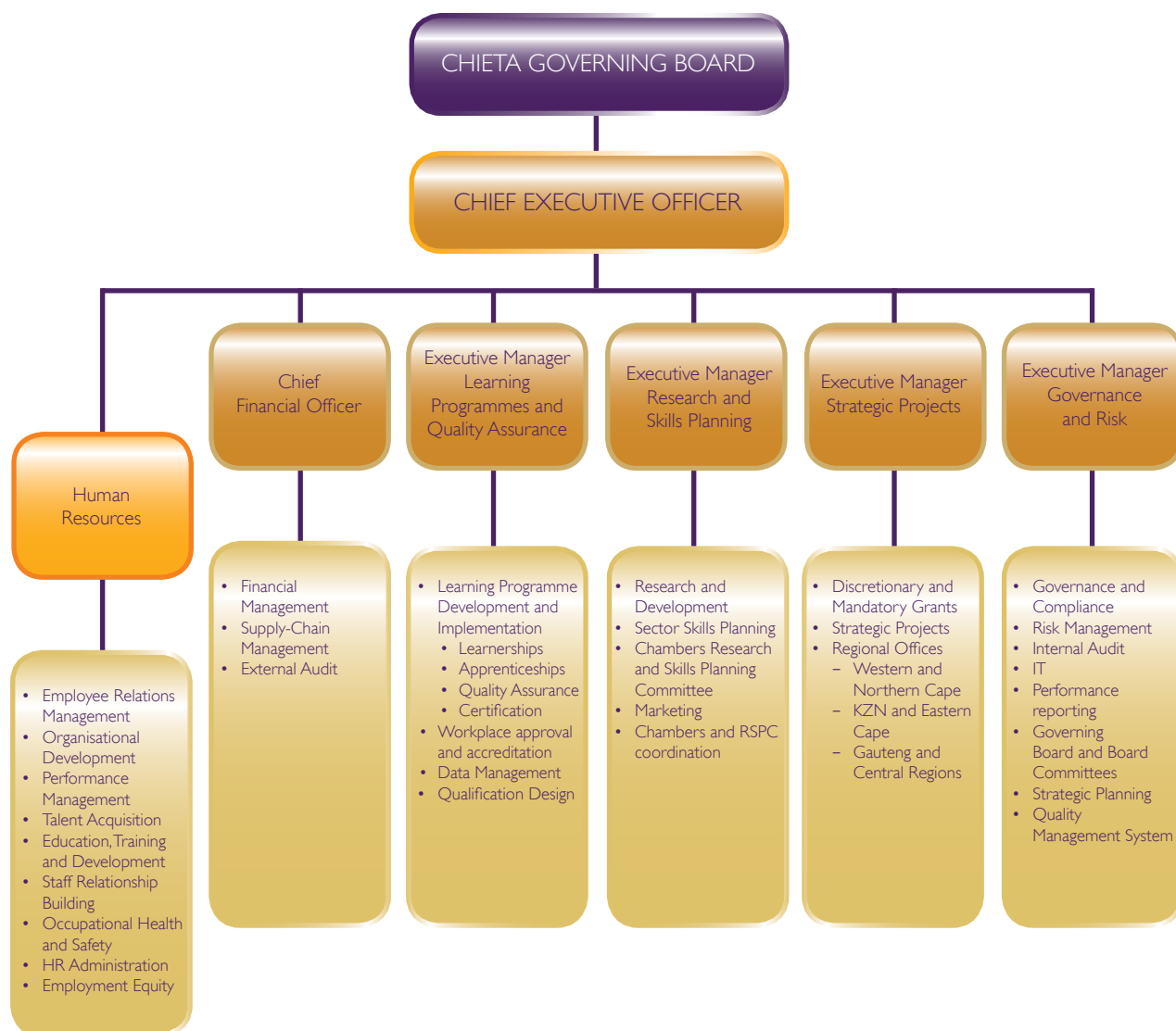
I wish to thank CHIETA's staff, the Governing Board and its Governance Committees, CHIETA stakeholders and partners, the Minister of Higher Education and Training, the DHET, various participating government departments, AGSA, and SAB & T (CHIETA's independent internal audit service provider) for their contribution to CHIETA's fifteenth unqualified and clean audit outcome in 2015/16 and for another extremely successful year for CHIETA in support of industry, the Post School Education and Training System, the youth and our compatriots.

With its experience over the last 16 years, CHIETA will continue to benefit the South African skills development system and facilitate the development of relevant skills for industry in support of sustainability and job creation by using the skills levy funding in an accountable, efficient and effective manner for transformation of the people and the economy. The confidence and trust that our stakeholders have placed in CHIETA is evidence of this.



AYESHA ITZKIN
Chief Executive Officer (Acting)

5. ORGANISATIONAL STRUCTURE



OUR BOARD



Nolitha Fakude
Chairperson



Manene Samela



Bertie van Baalen



Jan Smit



Salathia Phetla



Brian Muir



Jacqui Klaasen



Mandla Nkabinde



Dr Tshenge Demana



Mosehla Mampho



Dan Nkotsoe



Ingrid Dimo



Ronnie Muruven



Daniel Ndou



Gerhard Ceronie

MEET OUR EXECUTIVES



Ayesha Itzkin
Acting CEO



Kedibone Moroane
Executive: Research and Skills Planning



Raakshani Sing
Executive: Grants and Strategic Projects



Trevor Channing
Executive: Governance and Risk



Farhad Motala
Chief Financial Officer

MEET OUR MANAGERS



Ashvir Isseri
Grants Manager



Glory Nyathi
Stakeholder Relations Manager



Tshidi Magonare
Regional Manager: Gauteng and Central
Regions



Princess Moumakoe
Projects and WIL Manager



Roger Adriaanse
Regional Manager: Western and Northern Cape
Regions



Stuurman Aphane
Learning Programs Implementation Manager



Munya Makota
Finance Manager



Adele Delpont
Human Resources Manager



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



Ronnie Naidoo
Monitoring and Evaluation Manager

PART B: PERFORMANCE INFORMATION



PART B: PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA report, which includes its report on CHIETA's predetermined objectives, is on page 82.

2. SITUATIONAL ANALYSIS CHEMICAL INDUSTRY

INTRODUCTION

The Chemical Industries Sector Education and Training Authority (CHIETA) prepares the Sector Skills Plan (SSP) update in accordance with the requirements of the Department of Higher Education and Training (DHET) annually. Among other things, this plan assists in providing the situational context and sector profile. The policy context for skills planning for the chemical sector includes the National Skills Development Strategy (NSDS) III, the National Skills Accord, the National Youth Employment Accord (NYEA), the White Paper for Post-School Education and Training, the Quality Council for Trades and Occupations (QCTO) policies, and various regulations, such as the Grant Regulations (released 03 December 2012, Gazette 35940).

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

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

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

The information presented in this SSP and as part of the Annual Report, has been drawn from a number of sources. CHIETA has used the information from Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) to obtain data on the workplaces in the sector, the format used exceeding the minimum legislated requirements. As from the 2012/13 mandatory grants cycle, employers have been submitting individual employee records against the Organising Framework for Occupations (OFO) codes (referred to as source data). CHIETA decided to adopt the source data approach as the information contained in the WSPs and ATRs is critical in providing detailed baseline statistical information on the sector. The WSPs and ATRs represent more than 80% of employees in the sector, the detailed data submitted enabling CHIETA to undertake a more detailed and accurate analysis of the sector.

This source data was supplemented with other sector-specific and national data, such as that from Quantec 2014 and from the quarterly labour force surveys. Other national data sources used include employment equity reports published by the Department of Labour, the Higher Education Management Information System (HEMIS) and the Technical Vocational Education and Training (TVET) institutions maintained by the DHET.

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

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

An annual strategic planning workshop of the governing authority provides valuable input into the updating of the SSP, skills planning in general and the strategic plan.

Specific skills needs, developed through CHIETA's involvement with government departments, have been factored into the SSP. These include skills needed to support the DTI, IPAP projects on pharmaceuticals and cosmetics and the scarce and critical skills needs of the Department of Energy related to the chemical sector.

PROFILE OF THE INDUSTRY

industrial coverage, subsectors and chambers of the Chemical industry

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

In the 2014/15 financial year a total of 2,010 companies paid skills development levies to CHIETA. This is an increase of 86 compared to the previous financial year. This increase can be attributed mainly to very small companies who began paying the SDL, probably due to their payrolls exceeding the levy threshold of R500 000 per year.

In 2014 total employment increased slightly to 157,992 and to 160,309 in 2015 which represents an increase in employment in the industry of 2.7% over the total period. The majority (80%) of the companies in the chemicals industry are classified as either micro (employing fewer than 5 people) or small (employing between five and 49 people). Only 13% are categorised as medium (employing between 50 and 149 people) and 7% as large (employing more than 149 people). The high prevalence of micro and small companies in the industry has major implications for the nature of the support which CHIETA is required to provide to workplaces in relation to skills development.

Of the companies that paid levies to CHIETA in 2014/15, 48% were located in Gauteng, 26% in KwaZulu Natal and 17% in the Western Cape with the Northern Cape having less than 1%. The companies in the Chemical Sector are mostly located in urban areas.

In 2014/15 the petroleum subsector employed the largest contingent of workers in the chemical sector with more than 46,000. The second largest employer was the base chemicals subsector with just more than 16%, followed by the pharmaceuticals and speciality chemicals subsector (15% each), the FMCG subsector (8%) and the glass subsector (6%). The other subsectors employed 5% or less.

In 2014/15 almost 40% of the employees in the industry had post matric qualifications (NQF levels 5 and above) while 46% hold qualifications at NQF Level 4. People with educational levels below NQF level 1 formed only 4% of the workforce in 2012 and 2013. In 2014 this figure dropped to 3% and to 2% in 2015.

The occupational distribution of employees remained more or less the same over the four-year period from 2012 to 2015. In 2012 a fifth of all employees in the chemical industry worked as plant and machine operators and assemblers and another fifth worked as technicians and associate professionals. In the first year of the review, 14% worked as professionals. This increased to 15% in the following year but remained at 15% in 2014 before declining to 13% in 2015. The proportion of managers remained relatively consistent with 13% in 2012 and 2015, and 12% in 2013 and in 2014. 2% of workers were categorised as learners in 2012, 1% in 2013, increasing to 2% in 2014 and decreasing to 1% in 2015.

In 2014/15 37% of all workers were less than 35 years of age. In 2012 workers between the ages of 36 to 54 constituted 52% of the workforce and decreased by one percentage point in each of the following years. In 2012, 8% of employees were close to retirement (i.e. between 55 and 59 years of age) compared to 7% in the following year returning to 8% in 2014 and 2015. In 2012, 6% of workers were 60 years of age and older compared to 5% in the following three years. In 2012, the average age of workers was 41, this figure dropping to 40 in 2013 and remained at that level in 2014 and 2015.

In 2014 the industry employed 50,228 (32%) women and 53,838 (34%) in 2015, while in 2014, 0.8% of employees in the chemical industry were listed as disabled.

ECONOMIC PERFORMANCE OF THE INDUSTRY

In 2014 the chemicals industry contributed 3.5% of the South African Gross Domestic Product (GDP), 25% to total manufacturing GVA, 13.2% of the country's imports and 11.9% of its exports. The subsector "Coke and Refined Petroleum Products" contributed 1.3% of GDP and 3.9% of imports whereas the subsector "Other Chemicals and Man-made Fibres" contributed 1.0% of GDP and 4.6% of imports.

The Chemical Industry is capital intensive and accounted for 4.7% of the gross fixed capital formation in 2014 while contributing only 1.1% of total employment in the country consisting mainly of high level and artisanal skills.

The economic performance of the industry is affected by many factors which do not necessarily have the same impact on the respective subsectors. Some of the most pertinent are:

- The regulatory environment
- The availability and cost of raw materials
- International trends in chemical production
- Global economic growth
- The performance of other sectors in the economy
- Consumer markets and spending
- Administration, logistics and compliance costs

THE DEMAND FOR SKILLS IN THE INDUSTRY

The skills requirements of the chemical industry have changed gradually over the last few decades. While the demand for semi-skilled and unskilled workers declined, the need for skilled and highly skilled workers has increased.

At the end of March 2015 the Chemical Industry employed 11,398 people in 59 designated trades. Fitters and turners (2,530) formed the largest group of artisans followed by metal machinists (1,481) and electricians (1,219).

At the same time there were about 19,107 employees in the chemical sector working in occupations identified on the OFO as 'green'. 7,230 chemical plant controllers were the largest occupational group and 3,378 were chemistry technicians. In 2015 CHIETA embarked on a project to identify and analyse "green" occupations in the surface coatings subsector. This study clearly identified three "occupational families" in which green skills are a crucial element of the demand side of the sectoral labour market. They were safety, health, environment and quality related occupations, technical and laboratory related occupations (research & development and technicians) and painters (Jenkin, 2016).

THE SUPPLY OF SKILLS TO THE INDUSTRY

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

In respect of the new supply to the industry, there has been substantial growth in the numbers of new graduates from universities and universities of technology in certain engineering fields. The growth in the average annual output for national diplomas is reported to be 7% for diplomas in chemical engineering and technology and 6% for first degrees in the same field.

Despite these positive growth trends, increases are still insufficient to meet the needs of the national economy in general, and the chemical industry in particular. In order to ensure future growth, it will be necessary to support higher education institutions through a variety of initiatives such as:

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

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

Current supply includes people who are currently employed in addition to those who are unemployed, but are available for work. The training and development of the current workforce forms a critical aspect of skills supply and in 2014, training opportunities were provided to 47% of employees in the chemical industry. Approximately 250,000 training opportunities were given to employees who could access more than one opportunity, the large proportion being short courses, skills and induction programmes. Where no training was available locally, international courses in specialised areas were made available as well as access to e-learning programmes.

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

- Interventions at school level, particularly in respect of mathematics and science teaching
- Support for TVET colleges
- Support for and co-operation with higher education and training institutions
- Artisan development
- Qualification development

- Quality assurance
- Institutes or centres for training excellence
- HIV/AIDS interventions
- Chamber- specific responses to skills needs
- Partnerships with government departments
- Provincial engagements
- Support for rural learners
- Support for small and micro enterprises
- Recognition of prior learning and PIVOTAL programmes to address critical skills needs

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

- Various research projects
- The collection of WSP/ATR data according to individual employee records using CHIETA source data platform. The in-depth analysis of this data has yielded excellent time series data that is giving CHIETA an opportunity to analyse trends and impacts
- A partnerships conference with the aim of expanding and deepening partnerships for the continued impactful skills development interventions for the chemical industry

THE SKILLS NEEDS OF THE INDUSTRY

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

In the WSPs submitted in March 2015, 28% of employers reported that they experienced skills shortages in that they could not find suitable people to fill positions in their organisations. The total number of vacancies reported was 2,917 equating to 1.8 % of the total number of positions in the sector. Despite the fact that employers identified a total of 112 occupations in which they experienced scarcity, the chemical industry is currently not experiencing major skills shortages. Skills shortages are however, being experienced at the specialisation level within key occupations, the majority of which were identified by only a few employers and in many of them the vacancy rates were quite low. In order to prioritise skills that are in short supply in the industry, a shortened list of scarce skills occupations was developed. This list can be found in the CHIETA SSP for 2015/16 which includes 35 occupations.

Skills shortages were reported across all occupational categories, with skills needs shared by subsectors for:

- Managers in production, sales and marketing
- Professionals in chemistry, engineering, and sales of industrial and pharmaceutical products
- Technicians that can work at the level of chemical plant coordinators
- Various artisans

The industry has to compete for some of these skills with the broader manufacturing and other sectors and is affected by national skills shortages.

Apart from skills shortages other skills need to be addressed, including a number of cross-cutting and general skills (critical skills), many of which involve large portions of the existing workforce. These skills include:

- Core chemical skills including specialist/contextual knowledge, artisan and management development particularly in relation to historically disadvantaged individuals (HDIs)
- Professional skills
- Environmental skills
- Health and safety

- Foundational learning
- Recognition of Prior Learning
- New and emerging skills

It is important that CHIETA and industry work together in solving the skills challenges of the industry.

CHIETA will support the development of artisanal and other skills relative to the occupations identified for SIPS.

CHIETA'S STRATEGIC FRAMEWORK

Following an analysis of the sector profile and skills supply and demand within the sector, CHIETA has determined strategic objectives supported by strategic outcomes and strategic programmes to meet and exceed industry needs. In the development of these outcomes and programmes, various national government imperatives were taken into consideration as also outlined in CHIETA's strategic plan and Annual Performance Plan (APP).

CHIETA has identified six strategic objectives, namely:

- Positioning CHIETA as a sustainable and value adding business partner to its stakeholders
- Moving beyond numbers and demonstrating the impact of CHIETA's skills development interventions towards addressing the socio-economic imperatives of South Africa
- Partnerships on public and private bases, becoming a primary delivery arm for skills development interventions
- Maintaining and continuously improving a culture of good governance within CHIETA
- Sustained and continuous improvement of performance and service delivery to CHIETA stakeholders
- Alignment of CHIETA focal areas towards delivery of NSDS III and CHIETA SSP.

3. CHIETA STRATEGIC OBJECTIVES

CHIETA's strategic objectives were achieved and exceeded through the undermentioned strategic outcome orientated goals which culminated in CHIETA's strategic programmes with specific performance indicators and pre-determined organisational targets as per the CHIETA 2015/16 performance report on page 30 of this report.

CHIETA DEFINED TEN STRATEGIC OUTCOME ORIENTED GOALS:

Strategic Outcome Oriented Goal 1	<p>ADMINISTRATION</p> <p>The purpose of this programme is to instil a culture of good governance for CHIETA within the framework of governance best practices, CHIETA's constitutional framework, PFMA and relevant skills development legislation.</p> <p>Part of the process is the continuous definition and quality assurance of optimised business processes, knowledge management systems and organisational architecture frameworks. This would be in support of the professional and confident discharge of our legislative mandate through directing organisational behaviour in a structured, capacitated and focused manner.</p>
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Strategic Outcome Oriented Goal 2	<p>ESTABLISH A CREDIBLE INSTITUTIONAL MECHANISM FOR SKILLS PLANNING</p> <p>The national and chemical industry skills development needs, are researched, documented and communicated thus enabling effective skills planning within the sector. This establishes a credible integrated management information system for CHIETA thus providing proactive and sound decision making with regards to skills development interventions for the chemical industry and South Africa. CHIETA plays an important role in gathering statistics and other relevant information on labour market skills needs and training requirements. Our close contact and key research partnerships with the stakeholders within the Chemical Industry Sector enable us to document and communicate recent emerging trends and to develop solid baseline indicators. This provides a sustained improvement in the quality of our information which is essential in any plans to meet South Africa's skills needs thus guiding investment in specific education and training provisions. CHIETA's Sector and each Sub-Sector's Skills Plans are well researched and provide a sound analysis of the Chemical Sector that results in an agreed strategy to address skills needs.</p>
Strategic Outcome Oriented Goal 3	<p>INCREASE ACCESS TO OCCUPATIONALLY DIRECTED PROGRAMMES</p> <p>This outcome focused on the more efficient utilisation of workplace based skills development and increased access to occupational development programmes. This involved the identification of intermediate and high level scarce and critical skills through the grant disbursement system. There is a need to ensure the continuous upgrade of skills in the workplace and to help ensure a measurable increase in intermediate skills thus necessitating an increase in capacity at training institutions and workplace experiential learning opportunities. Workplace learning is an integral part of all CHIETA's learning programmes and to this end, effective partnerships have been forged between our employers to provide workplace training. This ensures that skills have real labour market relevance and that young people especially, are exposed to the world of work.</p> <p>Employers, willing to accept the placement of learners and graduates in their workplaces, will be able to supplement the cost of the programme with a PIVOTAL Grant from CHIETA. The leading priority programme of CHIETA is to visibly and tangibly ensure the successful implementation of the intent and objectives of the Grant Regulations published on 3 December 2012 supported by the relevant CHIETA Strategic Programmes.</p>

Strategic Outcome Oriented Goal 4	<p>PROMOTING GROWTH OF PUBLIC TVET COLLEGE SYSTEM THAT IS RESPONSIVE TO SECTOR, LOCAL REGIONAL AND NATIONAL SKILLS NEED AND PRIORITIES</p> <p>Forging stronger synergy between CHIETA and TVET colleges effectively contributes to the clear linkage of the TVET College system and the world of work within the chemical industry. This strategic outcome supported TVET Colleges and assist in building capacity to ensure that they take centre stage in skills development. The Minister of Higher Education and Training emphasised the need for public TVET's to become providers of choice and urged SETA's to play a value-adding role in this regard.</p> <p>CHIETA has long recognised the importance of TVET Colleges to support occupationally directed training for its sector. There is a concern, however, about the disjuncture between the TVET College system and the world of work. CHIETA supported college lecturers in understanding its qualification needs and to train its industry's workforce in areas such as foundational learning, theoretical courses, and other courses such as the NCV.</p> <p>Linkages and closer collaboration were supported with college lecturers and industry.</p> <p>CHIETA has also provided incentives for workplace experience for students to meet the necessary requirements in order to graduate from TVETs. In terms of the visibility and presence of CHIETA within specifically rural TVETs, CHIETA will maintain and further enhance its presence at the Ehlanzeni TVET College and surrounding campuses in Mpumalanga and provide secondary support to other lead SETAs thus ensuring CHIETA's visibility and presence across relevant TVET institutions in South Africa, specifically those in rural areas.</p> <p>CHIETA identified TVET partners with a bias towards equity, rural development, green economy and urban development. A strong emphasis was on assisting in the continuous improvement in the quality of TVET leadership/management and TVET lecturer capacity building.</p>
Strategic Outcome Oriented Goal 5	<p>ADDRESSING THE LOW LEVEL LANGUAGE AND NUMERACY SKILLS TO PROVIDE ACCESS TO ADDITIONAL TRAINING</p> <p>CHIETA has prioritised the addressing of language, literacy and numeracy skills that are fundamental in improving economic and social participation. This will assist young school leavers and adults to engage in training or work experience thus improving employability. Many young people who leave school before obtaining a secondary qualification, have little chance of participating productively in the economy. There are a large number of young people aged between 18 and 24 who are not in employment, in education or in training, and have a poor educational foundation and are ill-prepared to undertake further learning. South Africa and specifically CHIETA cannot afford to overlook this problem and the urgent attention it deserves. This programme focuses on youth and adult learners in AET programmes and a strong emphasis is placed on maths and science bridging programmes to ensure learner readiness. Interventions to support maths and science teachers/educators will also be an evolving focal area.</p>

Strategic Outcome Oriented Goal 6	<p>ENCOURAGING BETTER USE OF WORKPLACE-BASED SKILLS DEVELOPMENT</p> <p>This involves the training of employed workers in order to address critical skills, productivity improvement, economic growth and the ability of the workforce to respond to changes in the labour market.</p> <p>In support of this goal, CHIETA focused on the ongoing training of employees in order to improve the overall productivity and performance of the chemical industry and to address skills imbalances within the chemical industry sector. CHIETA focused on PIVOTAL skills as defined in the SSP, and the development of a work force that can adapt to changes in the labour market.</p> <p>Through our mandatory grants CHIETA supported the training of employed workers and encourage employers to expand such training in order to improve productivity and to close any skills gaps that they identified. This work will also be guided by the Organising Framework of Occupations (OFO) for the correct identification and profiling of occupations.</p>
Strategic Outcome Oriented Goal 7	<p>ENCOURAGING AND SUPPORTING CO-OPERATIVES, SMALL ENTERPRISES, WORKER INITIATED NGOS AND COMMUNITY TRAINING INITIATIVES</p> <p>Support of these structures is important in order to contribute to economic and employment growth. This is CHIETA's social development funding window which supported co-operatives, NGOs, CBOs, CBCs and small business. CHIETA supported established quality projects that have a proven track record and collaborated with our employers in supporting their existing CSI programmes.</p> <p>This outcome utilises the skills development opportunities to empower people to make a sustainable living. Low levels of education and the lack of standardised, appropriate and accredited training are key constraints in enabling people to create their own opportunities. There are also constraints in up-scaling the contribution of co-operatives which, if properly supported, can play an important role in both the mainstream and margins of the South African Chemical Industries economy. In terms of small business support CHIETA has specifically maintained and enhanced its SMME voucher programme by providing accredited and focused skills training to small businesses within the chemical industry.</p>
Strategic Outcome Oriented Goal 8	<p>INCREASING PUBLIC SECTOR CAPACITY FOR IMPROVED SERVICE DELIVERY AND SUPPORTING AND BUILDING OF A DEVELOPMENTAL STATE</p> <p>CHIETA supported the provision of quality education and training interventions within the public sector. A clear focus towards support of the public sector is essential as it is the largest single employer in the country and allow CHIETA through skills development to positively impact and contribute to sustained service delivery in South Africa.</p>
Strategic Outcome Oriented Goal 9	<p>BUILDING CAREER AND VOCATIONAL GUIDANCE</p> <p>This involves career guidance initiatives in order to attract the youth and rural students into scarce and critical skills for the chemical industry. CHIETA maintained and continuously updated a career guide for the industry which will include maths and science.</p> <p>CHIETA disseminated career guides to schools focusing strongly on rural areas. School pupils have to make their relevant school subject choices from grade 10 onwards, therefore CHIETA targeted pupils/learners from Grade 9 level in order to influence career choices at an early stage. This guide addressed the career pathways in the chemical industry including critical and scarce skills.</p>
Strategic Outcome Oriented Goal 10	<p>ADDRESSING THE MEDIUM-TERM STRATEGIC PRIORITIES OF GOVERNMENT</p> <p>CHIETA, within the ambit of its skills development mandate, is responsive to the medium-term priorities of government and has dedicated projects specifically in support of rural development and the strengthening of South Africa's human resources and skills base.</p>

4. ORGANISATIONAL PERFORMANCE REPORT FOR APRIL 2015/16 FINANCIAL YEAR AND PERFORMANCE CYCLE

1. BACKGROUND

The CHIETA Governing Board mandated the adoption of the CHIETA Strategic Plan and 2015/16 Annual Performance Plan with clear performance targets defined in 10 (ten) specific strategic programmes. In terms of governance and organisational performance management principles, CHIETA's management reports quarterly to the CHIETA Governing Board on actual organisational performance against pre-determined targets in order to assist the Governing Board in discharging their oversight function in a responsible and pro-active manner.

CHIETA prides itself on its achievements and impact as a Sector Education and Training Authority and as a value adding business partner to the Chemical Industry in South Africa. Through sustained partnerships with its stakeholders, skills development interventions contributed to continuously capacitating the various occupational groups within the sector and ensured that the supply was adequate to contribute to the sustainability and competitiveness of the sector at a national and global level.

The CHIETA Accounting Authority (Governing Board), as representatives of the industry, labour and government participated in strategic planning sessions to deliberate on and finalise its strategic focal areas and pre-determined organisational targets for 2015/16. These strategic planning processes culminated in clear performance areas, indicators and measurable targets linked to set time frames and budget allocations. These linked directly to the critical and scarce skills need of Industry, both current and future. This was further supported by clear accountability frameworks for the respective CHIETA Business Units and individual staff members, to ensure an integrated monitoring and evaluation framework for CHIETA, supported through a strong oversight function from CHIETA governance structures.

The alignment of both the CHIETA Strategic Plan and the Annual Performance Plan to the CHIETA Sector Skills Plan, formed a credible basis and guiding framework for CHIETA's conceptualisation of performance targets, funding allocation and monitoring, and reporting on skills development within the Chemical Industries Sector.

2. ORGANISATIONAL PERFORMANCE REPORT

The Performance Report is structured in direct correlation to the approved Strategic Plan and Annual Performance Plan (APP) 2015/16. The report reflects each of the 10 (ten) strategic programmes, relevant performance indicators and performance targets within each programme. CHIETA reports on the actual performance of 58 (fifty-eight) performance indicators/targets.

The performance dashboard highlights the status of each indicator and programme in direct correlation to the total annual target set for 2015/16.

The intention therefore is to provide the governance structures with a clear indication as to whether a programme is on track as per its quarterly target set.

The annual performance dashboard for 2015/16 attached to this narrative, indicates actual performance against pre-determined targets on a three colour (robot) dashboard system, namely:

- 2.1 Red indicates that actual performance is nil and below the annual target
- 2.2 Amber indicates movement on actual performance but still below the annual target
- 2.3 Green indicates actual achievement of performance meeting or exceeding the annual target

Explanatory comments are also provided in the performance dashboard against each reported performance indicator thus providing further context to the reported performance.

All 10 (Ten) strategic programmes and 58 (Fifty-Eight) Performance Indicators are reported to be in a green status.

Target achievement was greatly assisted due to the CHIETA approach towards optimised funding frameworks with CHIETA companies. This allowed CHIETA to obtain more value in terms of learner numbers against skills development investment made.

All 10 (Ten) strategic programmes' baseline targets were exceeded. Of the 58 (Fifty-Eight) performance targets, 46 (Forty Six) (79%) were exceeded and the remaining 12 (Twelve) (21%) were achieved.

CHIETA STRATEGIC PROGRAMME CONSOLIDATED AND BASELINE PERFORMANCE DASHBORD

The table below reflects the status and percentage of achievement of CHIETA's 10 (Ten) Strategic Programmes over the 2015/16 financial year. **The total average baseline achievement is 150%.**

Programme Number	Strategic Programme	2015/16 Target	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Annual Total	Variance	Percentage Achieved
Programme 1	Administration	30	7	9	7	14	37	7	123%
Programme 2	Research and Skills Planning	48	1	0	0	51	52	4	108%
Programme 3	Occupationally Directed Programme	17 514	3 324	6 085	5 362	11 794	26 565	9 051	152%
Programme 4	TVET / TVET College Programme	1158	109	268	261	1088	1726	568	149%
Programme 5	Low Level Youth and Adult Language and Numeracy Skills	635	80	0	119	790	989	354	156%
Programme 6	Workplace Based Skills Development	689	0	0	0	791	791	102	115%
Programme 7	Co-Ops, Small Enterprises, NGOs, CBOs, CBCs and Work Initiated	152	0	3	64	143	210	58	138%
Programme 8	Administration and Public Sector Capacity	1	0	0	0	2	2	1	200%
Programme 9	Career and Vocational Guidance	17	6	0	5	14	25	8	147%
Programme 10	Medium Term Strategic Priorities	10	0	0	0	11	11	1	110%
Total CHIETA Baseline Achievement		20 254	3 527	6 365	5 818	14 698	30 408	10 154	150%

3. DETAILED STRATEGIC PROGRAMME PERSPECTIVE

3.1 Programme 1: Administration

This programme focuses on sound governance and financial administration in support of accountable skills development interventions to CHIETA stakeholders and refers to the effective functioning of CHIETA governance structures and financial management indicators.

The programme is in a green baseline status with an achievement of 123%.

3.2 Programme 2: Research and Skills Planning

This programme reports on performance indicators relating to research and skills planning interventions in support of the CHIETA SSP, i.e. a track and trace system for graduates and undergraduates, 10 (Ten) research reports implementing the board approved CHIETA research agenda, postgraduate support and Industry/University partnerships. The purpose of this programme is to ensure that CHIETA, among other important imperatives, meets the National Skills Development's Strategy objective for a credible mechanism for skills planning and continues to be an authoritative voice on skills in the chemical industries sector. The body of knowledge generated from the programme, identifies sector skills need and assists decision making in the prioritisation of interventions for the benefit of, and value to, the sector. The research topics implemented in the 2015/16 financial year helped develop a better understanding of the variables which affect the performance of the chemical sector. They also provided information with which to advise CHIETA on the direction that should be taken in seeking to engender change that will ultimately accrue benefits to the sector.

The Research and Skills Planning Unit seeks to ensure that the environment and focus of skills development is properly understood and that circumstances are properly communicated so that plans can be set in place to maintain responsive programmes of skills development in all sub-sectors. The research programme seeks to ensure that skills development makes a measurable contribution to the performance and productivity of member organisations and the sector as a whole.

The annual targets on postgraduate support towards Masters, PhDs and Post-Docs have been exceeded which is in direct support of the Minister of Higher Education and Training Service Level Agreement with the President of South Africa.

This programme is in a green baseline status with an achievement of 108%.

Below is a breakdown of some of the Research Projects undertaken in 2015/16

Research Agenda Theme	Research Topic	Purpose of Research
Enhance and maintain a credible institutional mechanism for skills planning	Emerging chemical manufacturers and market access	To undertake market assessment on the impediments to emerging players in accessing markets. To expose common hindrances that limit emerging chemical manufacturers and traders in making headway in the industry.
TVET and WIL	Identify institutional challenges faced by TVET colleges in the implementation of WIL	The project aims to identify the institutional challenges faced by TVET colleges in the implementation of WIL by: <ul style="list-style-type: none"> identifying challenges related to building the TVET college, industry, business and government partnerships establishing whether there is a clear articulation of roles of key major players in WIL identifying the unique challenges faced by rural TVET institutions in the implementation of WIL
Sustainability and Socio Economic Development	The education/training – skills needs gaps of Small, Micro and Medium Enterprises (SMMEs) in the Chemical Industries Education and Training Authority (CHIETA)	The main aim of this research is to assess and profile the skills need of SMMEs by identifying gaps and challenges faced by the SMMEs in the context of skills development in CHIETA. Studies have shown that the South African experience raises the question of the appropriateness of sectoral approach to skills need when it comes to smaller enterprises, which is the focus of this study. Previous studies do not focus on the needs of SMMEs by sector, therefore, to lump them together, is to assume homogeneity of the SMME sector. Sectoral analysis of the skills need of SMMEs in specific CHIETA sectors will give perspective on skills that exist and those that are missing, therefore providing strategies with which to address the gaps.

Research Agenda Theme	Research Topic	Purpose of Research
Sustainability and Socio Economic Development	People with disabilities	To explore research on factors that hinder the integration of People With Disability in the chemical sector and to provide guidelines/strategies to the sector on the recruitment, monitoring and retention of PWDs
Technical and Innovation Research to advance chemical sector	Acid mine drainage treatment	Postgraduate technical research investigating an alternative methodology for the treatment of acid mine drainage that focuses on reducing the toxicology of the sludge in treated water.
	Research Assistantship Programme (RAP) in chemistry	This project has been designed as an intervention to kindle, in the early years of tertiary education, an interest in research to those who excel in Chemistry leading to postgraduate studies in the School of Chemistry and ultimately professional jobs in the industry. The programme is now in its 3rd year and has been showing increasing outputs each year. Most notably, the level of interest in remaining in chemistry research has increased, evidenced by increased numbers of Honours and Masters students as well as increased intention to pursue post-graduate studies from 1st and 2nd year undergraduates. The project concludes with a case study and impact assessment report for the programme, and aims to ensure that a pipeline for academic chemical research is achieved.
Renewable Energy Skills Development - Green Skills	Green skills in the South African Surface Coatings sector with a focus on paint	<p>To provide a detailed overview of green occupations/ greening of existing occupations in the chosen chemical sub-sector (or priority area within this sub-sector)</p> <p>To provide data for revision of South Africa Green OFO (Organising Framework for Occupations) via collaboration with DHET</p> <p>To contribute to a toolkit for organisational development that helps to unlock, plan and budget for green jobs and greening of jobs along the value chain of an organisation/ sector</p>

3.3 Programme 3: Occupationally Directed Programmes

This programme is the core of the skills development programmes within CHIETA which provide learners with learning opportunities that will translate into social and economic development for people empowered with these skills. The main purpose of this programme is to shape the foundation for skills development in CHIETA's organisations and to stimulate meaningful participation in the skills development process. At the core of the programme is the creation of more opportunities for skills development in the chemical sector which will enhance the efficiencies, performance and productivity of the sector as a whole.

This programme is the fundamental programme of the CHIETA Strategic Plan that brings people on to the ladder of growth and personal fulfilment through education and skills development in the following ways:

- 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
- The RPL programme seeks to recognise that many talented and capable citizens who may not have certification, are in fact eligible through this programme and can therefore be further prepared, legitimately, for the workplace
- The artisan programme provides a pipeline of key skills for South Africa's infrastructure projects
- The bursary and internship programme also provides a sustainable platform for employment opportunities within the Chemical Industries sector.

The Occupationally Directed Programmes are the core programmes of CHIETA whose primary role is to facilitate and enable a programme of sustained delivery to stakeholders who seek to align and maximise the services of CHIETA to the unique needs of each sub-sector within the Chemical Industry.

This programme primarily reflects the DHET SQMR targets that CHIETA reports on quarterly to the Department. The performance targets are categorised for employed and unemployed learners, entered and certified in the following indicators:

- Learnerships
- Bursaries
- Internships
- Skills Programmes
- Artisans
- Candidacy Programmes
- RPL Programmes

This programme is in a green status with a baseline achievement of 152%.

Significant delivery has transpired with all 22 indicators as indicated in this programme and notably, all have been exceeded.

The Candidacy programme is a new indicator and target which was introduced in programme 3. This intervention was implemented in the petroleum sector and the target was exceeded.

3.4 Programme 4: TVET College Programme

This programme focused specifically on workplace experiential learners, partnerships with TVETs and TVET lecturer capacity building.

TVET college partnerships have been concluded with the following TVET Colleges:

- | | |
|------------------------|------------------------|
| • Coastal | • Flavius Mareka |
| • Esayidi | • South West Gauteng |
| • Port Elizabeth | • Central Johannesburg |
| • Umfolozi | • Westcol |
| • Central Johannesburg | • Lephalale |
| • Ehlanzeni | • Goldfields |
| • Majuba | • Tshwane |
| • Boland | • Ekurhuleni East |
| • West Coast | • Ehlanzeni Nelspruit |
| • College of Cape Town | |
| • False Bay | |

This programme is in a green baseline status with an achievement of 149%.

3.5 Programme 5: Youth and Adult Language Numeracy Skills

The intention of this programme is to bring people onto the ladder of growth and personal fulfilment through adult education.

This programme refers to learners participating in the Adult Education Training Programmes as well as Maths and Science bridging programmes. Maths and Science projects were implemented in partnership with the following stakeholders:

- Boland TVET College
- Nkungumathe Youth Development Forum
- University of the Western Cape

This programme is in a green baseline status with an achievement of 156%.

3.6 Programme 6: Workplace Based Skills Development

This programme deals with mandatory grants payments and support to large, medium and small companies. The process of developing a Workplace Skills Plan requires broad understanding and participation. The requirements for the proper implementation of these plans are appropriate systems, comprehensive policies and transparent and accountable collaborative processes between business and labour. Mandatory grants seek to mobilise Workplace Skills Plans and encourage organisations to benefit from their levy payment.

This programme is in a green baseline status with an achievement of 115% in terms of payments made against the annual targets of large, medium and small companies.

3.7 Programme 7: Support to Co-ops, Small Enterprises, NGOs, CBCs and, CBOs

This programme deals with support towards Co-ops, Small Business, NGOs / CBOs, CBC and worker initiated training. There are many communities, both rural and urban, that are severely stressed by a variety of social and economic hardships. The CHIETA Strategic Projects business unit works in these communities to render a variety of skills development services and support. This programme seeks to build support structures to enhance welfare and relieve stresses within these communities.

This programme is in a green baseline status with an achievement of 138%.

3.8 Programme 8: Public Sector Capacity

This programme focuses on value adding partnerships with the public sector in terms of skills development. Projects were concluded with the Free State Education Trust and the Department of Energy with bursary support.

This programme is in a green baseline status with an achievement of 200%.

3.9 Programme 9: Career and Vocational Guidance

This programme focuses on the provision of career guides, learners receiving career guidance and partnerships with professional bodies on career and vocational guidance.

Career exhibitions were held at SciBono Discovery Centre in Gauteng, Imbizo Week at Matlatsana in the North West, eThekweni municipality in KZN and False Bay TVET College in the Western Cape. CHIETA also supported the "Learner Focus Week" Expos and implemented a strategic career exhibition on "The Decade of The Artisan" at the Majuba TVET College also in KZN. Career exhibitions were also set up in partnership with Ugu Career Expo, Nkunzi Organisation for Disabled People and the Career Exhibition sponsored by the Department of Labour.

The main aim and goal of the CHIETA Career Guidance Programme is to provide information and advice to learners so that they are in a position to make informed and intelligent career choices. To make such choices, learners need to have a good understanding of their own strengths, likes, dislikes and preferences in respect of the kind of work they might want to pursue after school. CHIETA is there to provide information as to what opportunities suit their personal profiles so that they can match their possible career preferences with available opportunities.

This programme is in a green baseline status with an achievement of 147%.

3.10 Programme 10: Medium Term Government Strategic Priorities

This programme focused on projects that CHIETA embarked upon in partnership with stakeholders to address Medium Term Government priorities. The focus is on contributing to the building of cohesive, caring and sustainable communities. The focus of activity is on the effort undertaken to reach out and serve the marginalised and under-represented groups.

Some of the projects that have been implemented through this programme are as follows:

- The implementation of the Coded Welding Skills Programme to support the SIPs programmes in Lephalale. This is in support of the Presidential Strategic Infrastructure Projects in SA.
- The scope has also been increased for SMME and NGO/Co-ops support through the CHIETA Voucher Scheme. This is in support of “unlocking the potential of SMMEs, co-operatives and township and rural enterprises” as articulated by Government.
- The focused SIPs programme for Chemical / Civil /Electrical / Industrial and Mechanical Engineers and the CHIETA Artisan Trades such as Electricians, Millwrights, Boilermakers, Welders and Riggers are creating a sustainable pipeline for the South African National Infrastructure Plan.
- The aim of CHIETA and the South African Oil and Gas Alliance partnership for employment creation is for artisan trainees and interns to be placed in industry for workplace learning. The CHIETA funded Recognition of Prior Learning provides a second chance for artisan development to unemployed learners who missed out on training opportunities in the past.

This programme is in a green baseline status with an achievement of 110%.

4. CONCLUSION

In conclusion, CHIETA has an excellent delivery record and has met or exceeded all targets in the 10 programmes of the Strategic Plan and the Annual Performance Plan 2015/16 as well as in the performance contract between the Governing Board and the Minister of DHET as per the 2015/16 Service Level Agreement. CHIETA's CEO, Executive (CHIETA MANCO) and staff want to place on record their sincere appreciation to the CHIETA Governing Board, Board Committees (with special reference to the Governance and Strategy Committee), Employers and Stakeholders for their assistance, leadership and support during the 2015/16 financial year.

The overall baseline is in a green status with an achievement of 150%.

PROGRAMME 1: ADMINISTRATION											
Performance Indicator	2015/16		Actual Q1	Actual Q2	Actual Q3	Actual Q4	Total	Variance	Status		Comments
	Target	1							2015/16	Achieved	
1.1.1 Unqualified Audit Opinion	1	0	0	0	0	1	1	0		100%	Target achieved
1.1.2 Effective functioning of CHIETA Governance and Constitutional structures	24	6	8	6	11	31	7			129%	Target exceeded as per scheduled Governance Meetings and engagements.
1.1.3 CHIETA Annual budget balance 10% threshold	1	0	0	0	1	1	0			100%	Target achieved
1.1.4 Timeous payment of 0.5% to QCTO	4	1	1	1	1	4	0			100%	Target achieved.
1.1.5 Baseline	30	7	9	7	14	37	7			123%	Baseline target exceeded.

PROGRAMME 2: RESEARCH AND SKILLS PLANNING											
Performance Indicator	2015/16		Actual Q1	Actual Q2	Actual Q3	Actual Q4	Total	Variance	Status		Comments
	Target	1							2015/16	Achieved	
2.1.1 WSP and ATR received and analysed	1	1	0	0	0	0	1	0		100%	The analysis commissioned through the WSPs & ATRs provides a profile of the Chemical Sector on Skills Development initiatives within the sector
2.1.2 Number of Research reports inclusive of Research Partnerships	10	0	0	0	0	10	0			100%	Research Reports were achieved as a result of the Research Agenda commissioned by the Research and Skills Planning Unit
2.1.3 Number of Sub Sector Chamber Skills Plans	9	0	0	0	0	9	0			100%	This was achieved through several chamber meetings where skills priorities were identified and conceptualised into sub-sector skills plans.

PROGRAMME 2: RESEARCH AND SKILLS PLANNING

Performance Indicator	2015/16 Target	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Total	Variance	Status 2015/16	Achieved	Comments
2.1.4 Track and Trace System for graduates	1	0	0	0	1	1	0		100%	This was achieved as a result of the methodology used to populate learner data through strategic relationships with institutions and the active usage by SDFs of CHIETA companies. Thus the data management of the Supply-Side involves several key role players; HET and TVET institutions (providers), and active CHIETA company participants in recruiting and placing suitable learners.
2.1.5 Updated and well researched SSP	1	0	0	0	1	1	0		100%	This was achieved through the on-going collaborations with CHIETA Stakeholders on submission of Board approved Sector Skills Plan to DHET.
2.1.6 Support of Master Graduates	17	0	0	0	18	18	1		106%	This was exceeded through strategic partnerships with industry through CHIETA Discretionary Grants Funding Windows.
2.1.7 Support of Doctorates Graduates	3	0	0	0	4	4	1		133%	This was exceeded through strategic partnerships with industry through CHIETA Discretionary Grants Funding Windows.
2.1.8 Support of Post Doctorates	3	0	0	0	4	4	1		133%	This was exceeded through strategic partnerships with industry through CHIETA Discretionary Grants Funding Windows.
2.1.9 Support Industry and University partnership	3	0	0	0	4	4	1		133%	This was achieved through industry and university partnerships through CHIETA Discretionary Grants Funding Windows.
2.1.10 Baseline	48	1	0	0	51	52	4		108%	Baseline target exceeded

PROGRAMME 3: OCCUPATIONALLY DIRECTED PROGRAMME											
Performance Indicator	2015/16		Actual Q1	Actual Q2	Actual Q3	Actual Q4	Total	Variance	Status 2015/16	Achieved	Comments
	Target										
3.1.1 Employed learnerships entered	1 700	182	323	380	1 010	1 895	195			111%	Target exceeded. This indicator was exceeded through the Discretionary Grants Funding Model. Member companies responded very favourably to this Funding Programme in enhancing productivity and performance within the Workplaces of the Chemical Sector.
3.1.2 Employed bursaries entered	260	5	14	17	273	309	49			119%	Target exceeded. This was a direct result of the Discretionary Grant Programme that encouraged companies to provide bursaries to their employees.
3.1.3 Employed internships entered	100	0	0	110	0	110	10			110%	Target exceeded. This was a direct result of the Discretionary Grant Programme that encouraged companies to provide bursaries to their employees.
3.1.4 Skills Programmes Workers Entered	3 300	369	969	930	1 665	3 933	633			119%	Target exceeded. A strategic focus driven by CHIETA within the Chemical Sector assisted in achieving and exceeding this indicator in providing specific work related and skills programmes for workers that could progress on the NQF and provide for upward mobility of positions within their workplaces. The impact of the recent DG cycle also assisted with the acceleration towards exceeding this target.
3.1.5 Employed learnership certificated	825	277	500	75	245	1 097	272			133%	Target exceeded. This indicator was exceeded through the efforts of CHIETA Providers and the Learnerships Unit to accelerate the issuance of certification of Learnerships.
3.1.6 Employed bursaries certificated	130	0	0	6	129	135	5			104%	Target exceeded. This was a direct result of the Discretionary Grant Programme that encouraged companies to provide bursaries to their employees.

PROGRAMME 3: OCCUPATIONALLY DIRECTED PROGRAMME											
Performance Indicator	2015/16		Actual Q1	Actual Q2	Actual Q3	Actual Q4	Total	Variance	Status 2015/16	Achieved	Comments
	Target										
3.1.7 Employed internship certificated	50		0	0	0	55	5			110%	Target exceeded. This was a direct result of the Discretionary Grant Programme that encouraged companies to provide bursaries to their employees.
3.1.8 Employed Skills Programme certificated	1 650		218	373	174	1 534	649			139%	Target exceeded. This was exceeded through the Regional Strategy in terms of the Implementation timeframes. Member companies were encouraged to complete their implementation of their skills programmes and this resulted in a significant increase of certification of learners.
3.1.9 Unemployed learnerships entered	2 200		563	795	1 353	1 205	3 916	1 716		178%	Target exceeded. This indicator was exceeded through the Discretionary Grants Funding Model. Member companies responded very favourably to this Funding Programme in enhancing productivity and performance within the Workplaces of the Chemical Sector.
3.1.10 Unemployed bursaries entered	310		61	118	99	780	1 058	748		341%	Target exceeded. This was a direct result of the Discretionary Grant Programme that encouraged companies to provide bursaries for unemployed learners.
3.1.11 Unemployed internships entered	510		74	43	83	417	617	107		121%	This indicator was exceeded through the Discretionary Grants Funding Model where member companies responded favourably to provide internship programmes for the unemployed learners.
3.1.12 Unemployed skills programme entered	1 250		482	741	475	1 161	2 859	1 609		229%	Target exceeded. A strategic focus driven by CHIETA within the Chemical Sector assisted in exceeding this indicator in providing specific work related and skills programmes for unemployed learners that could progress on the NQF and provide for mobility into employment. The impact of the recent DG cycle also assisted with the acceleration towards exceeding this target.

PROGRAMME 3: OCCUPATIONALLY DIRECTED PROGRAMME

Performance Indicator	2015/16		Actual Q1	Actual Q2	Actual Q3	Actual Q4	Total	Variance	Status 2015/16	Achieved	Comments
	Target										
3.1.13 Unemployed learnerships certified	1 100		523	346	302	245	1 416	316		129%	Target exceeded. This indicator was exceeded through the efforts of CHIETA Providers and the Learnerships Unit to accelerate the issuance of certification of Learnerships.
3.1.14 Unemployed bursaries certified	155		0	0	0	249	249	94		161%	Target exceeded. A strategic project set up by CHIETA encouraging unemployed young learners pursuing Chemical related courses / careers within the Chemical Sector. In the recent engagements with DHET, the SETA's were requested given their affordability frameworks to further strengthen investment in this area
3.1.15 Unemployed internships certified	255		0	2	0	274	276	21		108%	Target exceeded. CHIETA Employers were encouraged to meet the implementation timeframes for completion and certification for their unemployed learners.
3.1.16 Unemployed skills programmes certified	625		0	295	633	990	1 918	1 293		307%	Target exceeded. The positive response from member companies' implementation and project management within the time frames of various skills programme projects resulted in positive completion and certification.
3.1.17 Employed /Unemployed Artisan Entered	1 720		241	866	265	492	1 864	144		108%	Target exceeded. The Discretionary Grants Funding Model prioritised this programme. The prioritised SIPs Programmes also contributed to exceeding this indicator.
3.1.18 Employed /Unemployed Artisan Certified	444		160	168	120	344	792	348		178%	Target exceeded. The support from the National Artisan Moderating Body (NAMB) assisted CHIETA in exceeding this target.
3.1.19 University Student Placement Entered	110		12	39	68	113	232	122		211%	Target exceeded. The Discretionary Grants Funding Model prioritised this programme. The prioritised SIPs Programmes also contributed to exceeding this indicator.
3.1.20 University Student Placement Completed	50		0	0	11	131	142	92		284%	Target exceeded. The Discretionary Grants Funding Model prioritised this programme. The prioritised SIPs Programmes also contributed to exceeding this indicator.

PROGRAMME 3: OCCUPATIONALLY DIRECTED PROGRAMME

Performance Indicator	2015/16	Actual				Actual Q4	Total	Variance	Status 2015/16	Achieved	Comments
	Target	Q1	Q2	Q3	Q4						
3.1.2.1 Candidacy Programme Entered	20	0	0	0	31	31	11			155%	Target exceeded. The Discretionary Grants Funding Model prioritised this programme. The prioritised SIPs Programmes also contributed to exceeding this indicator.
3.1.2.2 RPL	750	157	493	261	451	1 362	612			182%	Target exceeded. The Discretionary Grants Funding Model prioritised this programme. The prioritised SIPs Programmes also contributed to exceeding this indicator.
3.1.2.3 Baseline	17 514	3 324	6 085	5 362	11 794	26 565	9 051			152%	Baseline target exceeded

PROGRAMME 4: TVET / FET COLLEGE PROGRAMME

Performance Indicator	2015/16	Actual				Actual Q4	Total	Variance	Status 2015/16	Achieved	Comments
	Target	Q1	Q2	Q3	Q4						
4.1.1 TVET/TVET Graduate Placement Entered	700	100	146	189	502	937	237			134%	Target exceeded. This indicator was exceeded through the Regional Partnership Agreements through the Discretionary Grants Funding Model.
4.1.2 TVET/TVET Graduate Placement Completed Integrated Learning	350	0	0	20	403	423	73			121%	Target exceeded. This target also was exceeded through the TVET's implementation Plan for completion of placements.
4.1.3 Number of TVET/TVET College partnerships	18	0	6	4	10	20	2			111%	Target exceeded. CHIETA responded to a Discretionary Grant application in partnership with Public TVET Colleges.
4.1.4 Number of TVET/TVET lecturer / Management Capacity Building Entered	60	9	62	42	62	175	115			292%	Target Exceeded. TVET Colleges responded to the Discretionary Grant Funding Model to enhance capacity building of lecturers
4.1.5 Number of TVET/TVET lecturer / Management Capacity Building Completed	30	0	54	6	111	171	141			570%	Target Exceeded. TVET Colleges responded to the Discretionary Grant Funding Model to enhance capacity building of lecturers
4.1.6 Baseline	1 158	109	268	261	1 088	1 726	568			149%	Baseline target achieved.

PROGRAMME 5: LOW LEVEL YOUTH AND ADULT LANGUAGE AND NUMERACY SKILLS											
Performance Indicator		2015/16		Actual Q1	Actual Q2	Actual Q3	Actual Q4	Total	Variance	Status	Comments
		Target	2015/16							Achieved	
5.1.1	Number of learners in ABET/AET entered	250	80	0	50	297	427	177		171%	Target exceeded. This was a focus area in CHIETA Discretionary Grants Funding Model and CHIETA Strategic Plan that resulted in positive participation and achievement from CHIETA stakeholders.
5.1.2	Number of learners in ABET/AET certified	125	0	0	69	213	282	157		226%	Target exceeded. This was a focus area in CHIETA Discretionary Grants Funding Model and CHIETA Strategic Plan that resulted in positive participation and achievement from CHIETA stakeholders.
5.1.3	Number of learners in Maths and Science Bridging Programmes	200	0	0	0	210	210	10		105%	Target exceeded. This was a focus area in CHIETA Strategic Funding Model that resulted in positive participation and achievement from the partnership with TVET Colleges and Universities.
5.1.4	Number of learners assisted with matric to obtain university entrance	60	0	0	0	70	70	10		117%	Target exceeded. This was a focus area in CHIETA Strategic Funding Model that resulted in positive participation and achievement from the partnership with TVET Colleges/ University's and member companies.
5.1.5	Baseline	635	80	0	119	790	989	354		156%	Baseline target Exceeded.

PROGRAMME 6: WORK PLACE BASED SKILLS DEVELOPMENT										
Performance Indicator	2015/16 Target	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Total	Variance	Status 2015/16	Achieved	Comments
6.1.1 Mandatory Grants paid to large firms	114	0	0	0	131	131	17		115%	CHIETA embarked on extensive Regional Skills Forums, road shows and national interventions to encourage member companies to participate. The online process of the submission of WSPs and ATRs encouraged member companies to participate and yielded positive results.
6.1.2 Mandatory Grants paid to medium firms	150	0	0	0	163	163	13		109%	CHIETA embarked on extensive Regional Skills Forums, road shows and national interventions to encourage member companies to participate. The online process of the submission of WSPs and ATRs encouraged member companies to participate and yielded positive results.
6.1.3 Mandatory Grants paid to small firms	300	0	0	0	367	367	67		122%	CHIETA embarked on extensive Regional Forums, road shows and national interventions to encourage member companies to participate. The online process of the submission of WSPs and ATRs encouraged member companies to participate and yielded positive results.
6.1.4 SETA/Employer Partnership	125	0	0	0	130	130	5		104%	Target exceeded. This indicator was exceeded through the Discretionary Grants Funding Model. Member companies responded very favourably to this Funding Programme in enhancing productivity and performance within the Workplaces of the Chemical Sector.
6.1.5 Baseline	689	0	0	0	791	791	102		115%	Baseline target exceeded.

PROGRAMME 7: SUPPORT TO CO-OPS, SMALL ENTERPRISES, NGO's, CBO's, CBC's AND WORKER INITIATED / COMMUNITY TRAINING INITIATIVES

Performance Indicator	2015/16		Actual		Actual		Actual		Actual		Total	Variance	Status 2015/16	Achieved	Comments
	Target		Q1	Q2	Q3	Q4									
7.1.1 Number of Co-ops supported	30		0	3	47	23					73	43		243%	Target exceeded. This was a prioritised Rural funding model that encouraged co-ops to participate through CHIETA Strategic Projects. This programme was also implemented within the framework of the actual outcomes of one of the NSDS III strategic goals.
7.1.2 Number of small business supported	90		0	0	17	81					98	8		109%	Target exceeded. The Discretionary Grants Funding Model encouraged especially small businesses to participate and this resulted in exceeding the target.
7.1.3 Number of NGO, CBOs and CBCs supported	27		0	0	0	34					34	7		126%	Target exceeded. This was a prioritised Rural funding model that encouraged co-ops to participate through CHIETA Strategic Projects in particular through the Voucher Scheme.
7.1.4 Number of worker initiated training	5		0	0	0	5					5	0		100%	Target achieved. Target achieved through the Regional Outreach Strategy for Skills Development Committee support.
7.1.5 Baseline	152		0	3	64	143					210	58		138%	Baseline target exceeded.

PROGRAMME 8: ADMINISTRATION AND PUBLIC SECTOR CAPACITY

Performance Indicator	2015/16		Actual Q1	Actual Q2	Actual Q3	Actual Q4	Total	Variance	Status 2015/16	Achieved	Comments
	Target										
8.1.1 Number of public sector partnerships	1	0	0	0	0	2	1			200%	Target exceeded through the support of two public sector partnerships with the Free State Education Trust and the Dept. of Energy
8.1.2 Baseline	1	0	0	0	0	2	1			200%	Baseline target exceeded.

PROGRAM 9: CAREER AND VOCATIONAL GUIDANCE

Performance Indicator	2015/16		Actual Q1	Actual Q2	Actual Q3	Actual Q4	Total	Variance	Status 2015/16	Achieved	Comments
	Target										
9.1.1 Number of CHIETA career guides inclusive of Maths and Science guides	1	0	0	0	1	0	1	0		100%	Target achieved through the development of the Scarce and Critical Skills Guide.
9.1.2 Number of career guidance events	4	6	0	0	1	3	10	6		250%	Target exceeded due to the National call by DHET to participate in Career Guidance Expo's and workshops. This was also one of the prioritised funding areas within the Discretionary Grants Funding Programme and specific attention was given to Maths and Science Career Guidance Programmes with positive uptake and feedback from stakeholders.
9.1.3 Rural Development Projects	9	0	0	0	0	11	11	2		122%	Target exceeded. This indicator was exceeded through the Strategic Funding Model. Member companies responded very favourably to this Funding Programme in enhancing productivity and performance within the Workplaces of the Chemical Sector.
9.1.4 Partnership with Professional Bodies in vocational and career guidance	3	0	0	0	3	0	3	0		100%	Target achieved through the Research and Skills Planning agenda for 2014/15.
9.1.5 Baseline	17	6	0	0	5	14	25	8		147%	Baseline target exceeded.

PROGRAMME 10: MEDIUM TERM STRATEGIC PRIORITIES											
Performance Indicator		2015/16 Target	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Total	Variance	Status 2015/16	Achieved	Comments
10.1.1	Number of projects in support of Government priorities	10	0	0	0	11	11	1		110%	Target exceeded. This was also a prioritised funding programme through the Strategic Projects that encouraged and resulted in many member companies and providers to participate positively in this intervention.
10.1.2	Baseline	10	0	0	0	11	11	1		110%	Baseline target exceeded.

PART C: RESEARCH AND SKILLS PLANNING



PART C: RESEARCH AND SKILLS PLANNING

1. INTRODUCTION

In 2011, the introduction of the National Skills Development Strategy (NSDS) III placed greater emphasis on research and analysis and mandated Sector Education and Training Authorities (SETAs), to become authoritative voices on skills in the respective industrial sectors. In response and alignment to this strategic guidance document and recognising the importance of sound research in guiding decision making, CHIETA formally established and capacitated the Research and Skills Planning unit.

Research within both CHIETA and the industry plays a critical role in skills planning, stakeholders' engagement and consultation, needs identification and priority setting.

Goal number 1 of the NSDS III focusses on establishing a credible institutional mechanism for skills planning. Central to the realisation of this goal is the need for quality and timely data and information from the industry. This data can be analysed and supplemented by credible research alluding to skills needs and priorities and a strategic direction for the sector.

Research within CHIETA is guided by its Research Policy Framework and Strategic Research Agenda approved by the Accounting Authority. The purpose of this policy framework and research agenda is to guide the implementation of research in areas of strategic importance.

Those areas, as approved by the Accounting Authority, are themed in research agenda covering core labour market research, Technical Vocational Education and Training (TVET), Work Integrated Learning (WIL), Impact Assessments and Sustainability and Socio-Economic Development.

2. THE ROLE OF GOVERNANCE STRUCTURES IN SKILLS PLANNING

CHIETA's governance structures, inclusive of stakeholder constituencies, are central to skills planning as well as the development and finalisation of the SSP Update, Strategic Plan and Annual Performance Plan.

The Accounting Authority sets the strategic direction for CHIETA and provides effective leadership in order to ensure that CHIETA implements the goals of the NSDS and its Performance Agreement with the Minister, whilst the Accounting Authority's Governance and Strategy Committee (GSC) oversees the skills planning and reporting processes.

Their responsibilities include:

- Overseeing CHIETA's Sector Skills Planning process and research agenda
- Informing and guiding CHIETA on relevant scarce, critical and priority skills for the chemical industry
- Overseeing CHIETA's strategic planning process in terms of its strategic focal areas in support of the SSP, also based on industry needs
- Overseeing organisational performance and monitoring of deliverables against the SSP, Strategic Plan and Annual Performance Plan

The Chairperson of the Governance and Strategy Committee has been delegated by the Accounting Authority to approve CHIETA's SSP which is then ratified at the next Governing Board meeting. The unfolding of these processes is reported to the Governing Board at each of its meetings on an on-going basis (bearing in mind that the Board approves the SSP development and progress in all its meetings).

The functional work of the GSC is carried out by the Research and Skills Planning Committee (RSPC). This is a GSC subcommittee set up for this purpose comprising five chairpersons of the five CHIETA chambers. Together with the five CHIETA chambers, the core mandate of the Research and Skills Planning Committee is skills planning. The chambers represent all nine economic subsectors in the chemical sector.

The functions of the Research and Skills Planning Committee are as follows:

- To advise and recommend CHIETA's research agenda and oversee relevant research projects undertaken by CHIETA in respect of the CHIETA SSP
- To receive and discuss reports from the Chambers on skills needs and priorities within the sector
- To advise CHIETA on scarce occupations/skills and critical skills for the chemical sector
- To support and advise CHIETA on the Qualifications Framework/Matrix by identifying priority areas for learning programme development
- To monitor the implementation of the Sector Skills Plan
- To review and make recommendations on the SSP process to the Governance and Strategy Committee and seek Board mandates on the SSP through the Governance and Strategy Committee.

The five Chambers have played a central role in skills planning in line with their constitutional mandate. These chambers are made up of nine sectors, namely, Petroleum and Base Chemicals, Fast-Moving Consumer Goods and Pharmaceuticals, Explosives and Fertilisers, Speciality Chemicals and Surface Coatings and Glass. The chambers consist of employers, trade unions, government departments (DTI and Department of Energy) and critical interest groups and meet at least quarterly to carry out their mandate.

The role of the Chambers is:

- To consult with the nine sub-sectors of the Chemical Industry in areas of skills development and planning. The objective of such consultation is to compile the SSP for the sector taking into consideration areas of skills demand, skills supply and scarce and critical skills that inform the strategic plan
- To facilitate and participate in the development of the SSP reflecting the skills requirements of industry by sector and sub sector
- To submit a Chamber Skills Plan, advise on the Qualifications Framework/Matrix aligned to the OFO and contribute to a critical/scarce skills list for the relevant sub-sector(s)
- To monitor the implementation of the Chamber Skills Plan in support of SSP
- To identify and assist with, where possible, relevant research projects undertaken by CHIETA in support of the SSP
- To review the SSP process and make recommendations to Governance structures via the Research and Skills Planning Committee to the GSC.

3. THE SECTOR SKILLS PLAN UPDATE 2015/16

In 2015/16 CHIETA again achieved its mandate and developed and submitted to the Department of Higher Education and Training (DHET), the Sector Skills Plan (SSP) Update for the Chemical Sector for the period 2016 to 2021.

The Sector Skills Plan Update, endorsed by CHIETA's Board, was prepared in accordance with the National Skills Development Strategy (NSDS) III for the period 2011 to 2016, and guided by the DHET's SSP Framework and Requirements (2011 to 2016). This policy guiding document achieved the standardisation of SSPs developed by the SETAs and enhanced the accessibility of these strategic documents by all stakeholders within the sectors. Relevant legislation, strategies and debates around skills development were considered. This included sector-specific and broader national imperatives related to the growth and development of the economy, including the Grant Regulations in the development of the SSP Update.

The purpose of the SSP Update is to guide and inform skills-development initiatives in the Chemical Industry annually. The report is the result of, not only a well-researched process, but also extensive stakeholder consultation, particularly via CHIETA's chambers. CHIETA stakeholders took ownership of this plan and committed themselves to working with CHIETA in the next five years to address skills-development priorities in the Chemical Sector and to achieve the goals and objectives set out in the SSP. As they become operational, this plan will be revised and updated annually and aligned to government policies and growth plans.

As part of its skills-development planning function, CHIETA, on an annual basis, collects data from employers on occupations that they consider to be scarce skills occupations. The information on scarce skills was obtained by analysing the results set out in the Scarce-Skills Table of the WSPs-ATRs submitted for the year 2015-2016, and in

discussion within the chambers. Of the WSPs submitted in March 2015, 28% of the employers reported that they experienced skills shortages in that they were unable to find suitable people to fill positions in their organisations. The total number of vacancies reported was 2 917 which equates to 1.8 % of the total number of positions in the sector. Although employers identified a total of 112 occupations in which they experienced scarcity, the overall impression being that the Chemical Sector is currently not experiencing major skills shortages.

Following the analysis of reported skills shortages, it is imperative that stakeholders are consulted in order to nuance the reported information and to better understand it. This is an important aspect of skills planning within CHIETA as numbers and lists have to have context. Based on the scarce skills and incorporating relevant factors and variables, CHIETA has developed a pivotal/priority skills list that, once endorsed by the Accounting Authority, is submitted to the DHET.

4. RESEARCH PROJECTS FOR 2015/16

To supplement the SSP Update development processes and to implement CHIETA's Research Agenda, the following research projects were commissioned in 2015/16.

No	Research Agenda Theme	Objective	Research Title
1	Enhance and Maintain a Credible Institutional Mechanism for Skills Planning	To undertake market assessment on the impediments to emerging players in accessing markets. To expose common hindrances that limit emerging chemicals manufacturers and traders in making headway in the industry.	Assessments of impediments to emerging chemical manufacturers in accessing markets in South Africa
2	TVET and WIL	The project aims to identify the institutional challenges faced by TVET colleges in the implementation of WIL, by:- <ul style="list-style-type: none"> identifying challenges related to building TVET college, industry , business and government partnerships establishing whether there is a clear articulation of roles of key major players in WIL identifying the unique challenges faced by rural TVET institutions in the implementation of WIL 	Strengthening the quality and structure of work integrated learning. Promoting cooperation among role players (DHET, SETAs, TVET Colleges and Employers) for successful labour market transitions
3	Sustainability and Socio Economic Development	Profiling skills needs of SMMEs by identifying skills gaps and challenges faced by the SMMEs in the context of skills development in CHIETA	The Education/Training – Skills Needs Gaps of Small, Micro and Medium Enterprises (SMMEs) in the Chemical Industries Education and Training Authority (CHIETA)
4	Sustainability and Socio Economic Development	An exploratory research on factors that hinder integration of People With Disability in the Chemical sector	Factors that hinder the integration of People With Disability in the Chemical sector

No	Research Agenda Theme	Objective	Research Title
5	Other relevant Technical and Innovation Research to advance the Chemical Sector	The objective of this study is to investigate if bentonite or attapulgitic can adsorb and neutralise heavy metals found in Acid Mine Drainage. An alternative method to treating acid mine drainage that reduces the toxins found in the sludge after treatment	Treatment of Acid Mine Drainage
6	Other relevant Technical and Innovation Research to advance Chemical Sector	The project has been designed as an intervention to kindle an interest in research, in the early years of tertiary education, to those who excel in Chemistry. Beneficiaries are given research skills through a practical research project.	Research Assistantship Program (RAP) in the school of chemistry
7	Renewable Energy Skills Development - Green Skills	The objective of this study is to respond to the global and national green agenda, the drive towards sustainability and the need to strengthen SA's green skills planning systems.	Green Skills in the South African Surface Coatings sector: A focus on Paint
8	Enhance and Maintain a Credible Institutional Mechanism	Pilot Skills Audit with the objective of testing a methodology that can be used in the chemical sector.	Pharmaceutical sector pilot skills audit project
9	Enhance and Maintain a Credible Institutional Mechanism for Skills Planning	The purpose of the study is to explore the envisaged roles/functions and related responsibilities of SETAs and then juxtapose international best practices and the Chemical Industry Education and Training Authority's (CHIETA) performance against these roles and responsibilities. The aim is to find areas of synergy (i.e. between what is proposed and what CHIETA is already doing) as well as areas in which CHIETA can improve its performance.	SETA Landscape Research
10	Enhance and Maintain a Credible Institutional Mechanism for Skills Planning	The aim of the survey is to establish member organisations' perception of the performance of the SETA	CHIETA Perception Survey

CHIETA's latest career guide is informed by CHIETA's Occupational Handbook and its qualifications matrix. The handbook and the qualification matrix are updated bi-annually and will be updated in 2016. CHIETA continues to support companies to improve the accuracy and quality of data for the next WSP-ATR and PIVOTAL report cycle.

In order to report impact holistically and across interventions, CHIETA has developed the skills supply database (SDD) to match the supply and demand in the chemical sector. This user friendly web-based platform has three objectives:-

- to assist our member companies in the Chemical Sector to match their needs with appropriately qualified graduates
- to create a platform for students and graduates in order to assist them in seeking work and gaining experience in the Chemical Industry in occupations that match their qualifications and interest
- Evaluate and measure impact through tracking and tracing the placement of students and graduates in the Chemical Industry.

The SDD has been well received in the sector and the database is growing as well as participation from both the supply and demand sides of the chemical sector.

5. BUILDING RELATIONSHIPS AND PARTNERSHIPS

In November 2015, CHIETA held the second Partnerships Conference since the start of the NSDS III. CHIETA's partnerships model was at the centre of the conference which has ensured CHIETA's success in the implementation of projects and the delivery of skills development services to the sector. Since 2011, CHIETA has fully embraced the partnership approach as per the NSDS 3 goal 4.3 and outcome 4.3.2 and has seen the value in the implementation of skills development projects and interventions.

The purpose of the Partnerships Conference was to bring existing and new partners around the table and to engage on key skills development matters, to reflect on successful projects and to discuss challenges with the view of, not only expanding partnerships, but also enriching them. The conference brought together stakeholders from both the demand and supply sides of the skills development system and engaged in discussions concerning continued success and improved relations and partnerships.

The invitees included the CHIETA Board and Chambers (employer associations, trade unions, critical interest groups and government departments), CHIETA companies and stakeholders, quality councils (Quality Council for Trades and Occupations, Umalusi, and the Higher Education Quality Council), research councils (such as Human Sciences Research Council (HSRC)), public Higher Education and Training Institutions (HETs), Technical Vocational Education and Training Colleges (TVETs), government departments (including the Department of Higher Education and Training (DHET)) and other Sector Education and Training Authorities (SETAs).

The feedback received was very positive and practical ideas were recorded on how partnerships are to be improved for continued success. CHIETA thanks all the participants and its partners in advancing the skills development revolution.

There is a great willingness from various institutions and industry to forge partnerships to support skills development. As a SETA, CHIETA is well-placed to facilitate and expand such partnerships and will continue to engage with various institutions on specific research and implementation areas.

In pursuance of the NSDS III Goal 1 (establishing a credible institutional mechanism for skills planning), the Department of Higher Education and Training (DHET) commissioned the Human Sciences Research Council (HSRC) to lead a national consortium to create a strategic labour market intelligence system. This consortium consists of the HSRC, the Development Policy Research Unit at the University of Cape Town and the Education Policy Unit at the University of the Witwatersrand. Other partners include public and private research institutes, universities and independent consultants. CHIETA has participated in the Labour Market Intelligence Programme (LMIP) forums, and will continue to do so.

PART D: LPDI



PART D: LPDI

1. BACKGROUND TO QUALITY ASSURANCE ON NQF RELATED TRAINING IN THE OCCUPATIONAL SETTING

The Skills Development Amendment Act of 2008 established the 3rd Quality Council, the QCTO (Quality Council for Trades and Occupations) as a juristic person. Thereafter, on 30 September 2012, SAQA Education and Training Quality Assurance (ETQA regulations No. 1127) came to an end. On 01 October 2012, the QCTO delegated its Quality Assurance functions, in accordance with section 26I of the Skills Development Act 1998 as amended, to SETAs and various professional bodies. These quality assurance bodies (ETQAs) are now called Quality Assurance Partners (QAPs) and are responsible inter alia for ensuring the quality of delivery of legacy qualifications.

NB: Legacy qualifications are those occupational qualifications registered on the NQF by SAQA prior to June 2012. The QCTO remains responsible for ensuring that occupational standards and assessment integrity are upheld.

SAQA's role has therefore changed with it now no longer providing quality assurance for occupational standards and assessments.

2. THE ROLE OF THE QUALITY ASSURANCE PARTNER (QAP)

The QCTO requested SAQA to re-register occupational related qualification of the various QAPs for a period of 3 years followed by a 2 year 'teach out' period. In this regard the QCTO also approved that the then SAQA accredited ETQAs would be authorised to continue to perform a number of the quality assurance functions contained in the ETQA regulation, as determined and guided by the QCTO. Former ETQAs are now referred to as QAPs (Quality Assurance Partners) of the QCTO.

These interventions by the QCTO have facilitated the maintenance of the current quality assurance system until such time that the legacy qualifications expire and the QCTO processes are ready to be implemented.

CHIETA's QAPs subsequently proceeded to oversee the implementation of learnerships within the chemical sector.

The following table provides enrolment and completions of learners who embarked on a learnership programme for the year 2015-2016.

Indicator	Target	Achieved	Variance	%Achievement
Artisan Entered	1 720	1 864	144	108%
Learnerships Entered	3 900	4 481	581	115%

CHIETA's QAPs unit continued to perform its functions in the year under review. We provided support and evaluated providers/workplaces for:

- Accreditation**

68 skills-development and training providers were audited for accreditation, surpassing the annual target of 60, presenting as 113% of the target achieved.

A total of 40 provider support visits were concluded during this time.

- Workplace approvals**

112 sites out of the **80 (target)** were **approved** as at end of March 2016, which equated to 140% of the target achieved.

51 workplaces were endorsed (endorsement refers to recognition of workplaces previously approved by another SETA).

51 sites instead of the **40 planned for were supported** as at the end of March 2016.

117 skills-development providers and approved workplaces were monitored to ensure on-going high quality delivery (planned target was 80).

The better than expected delivery is as a result of the vast amount of experience gained by CHIETA staff and its technical team of experts (called the Stakeholder Support Team) over the years and improved delivery processes and mechanisms.

- **Quality assurance of learners achievements (QALA)**

NB. CHIETA QAPs are bound by regulatory requirements to submit to extreme moderation of their learner assessments. CHIETA works with technical experts to implement this role.

CHIETA uses the umbrella term **Quality Assurance of learner Achievements (QAIA)** to describe this set of functions. In this respect, CHIETA conducted a total of 130 QALA audits at some of the accredited/approved skills development providers.

Checking the quality of learner achievements is thus a key function of the CHIETA to verify the quality of the processes / systems/ resources involved in education, training and assessment of the learner, and externally moderate assessment results

- **Certification**

Indicator	Target	Achieved	Variance	% Achievement
Learnerships Unemployed Certificated	1 100	1 416	316	129%
Learnerships Employed Certificated	825	1 097	272	133%
Artisans Certificated	444	792	348	178%
Skills Programmes Unemployed Certificated	625	1 918	1 293	307%
Skills Programmes Employed Certificated	1 650	2 299	649	139%

Positive variances have resulted from greater efficiencies at CHIETA.

Indicator	Total
Assessors Certificates	168
Moderators Certificates	86
Assessors and Moderators Statement of Results	37

3. QUALIFICATION DEVELOPMENT

CHIETA has been approved by the QCTO, aligned itself as a development Quality partner (dQp) in line with its responsibility of promoting the National Qualifications Framework (NQF), to develop, national qualifications collaboratively together with other SETAs, Public Institutions and companies. It has through this process registered a number of PIVOTAL programmes on the NQF, that address the priority of scarce and critical skills needs, as identified in the sector skills plan.

CHIETA has used the **QCTO methodology for curriculum development and qualification design**.

OCCUPATIONAL QUALIFICATIONS IN CONJUNCTION WITH THE QCTO

Qualifications registered or in process

Qualification Title	OFO Code	NLRD	Status
Welder	651202	94100	Registered
Boilermaker	651302	93626	Registered
Surface Coating Technologist	211301	96367	Submitted to SAQA for registration
Chemical Laboratory Analyst	311101		Submitted to the QCTO for evaluation.
Maintenance Planner	312202		Submitted to the QCTO for evaluation.
Chemical Plant Operator	313302		Submitted to the QCTO for evaluation.
Gas Practitioner	642603		Occupational qualification document, curriculum and external assessment document completed

CHIETA was recommended by stakeholders who participated in the qualification development processes to be the Assessment Quality partner (AQP) for the following new occupational qualifications:

- Chemical Laboratory Analyst
- Maintenance Planner
- Chemical Plant Operator

The following qualifications are planned for development in the 2016/17 financial year:

- Gas or Petroleum Controller
- Painter
- Pharmacy Assistant
- Pharmacy

The following historical/legacy qualifications will be re-aligned into Occupational Qualifications, based on QCtO model:

- Operation of Mobile Explosives Manufacturing Units
- Glass Forming
- Molten Glass Production
- Pharmaceutical Sales Representation
- Chemical Manufacturing
- Glass Production

New projects

CHIETA agrees on targets annually for the development of artisans for the chemical industry. These targets are contained in the CHIETA Business Plan and the performance score card 2015/16, and are thus critical to the delivery of CHIETA's mandate and performance against the score card. The key focus areas of these targets are as follows:

- Registration or Enrolled Apprentices: 1 720
- Certification or Qualified Artisans: 444

In working towards the set targets, CHIETA implements special projects; namely Artisan Recognition of Prior Learning (ARPL) and Gap Training. These projects are meant to support candidates, who claim to have the requisite knowledge and workplace experience, to be evaluated and approved for a trade test. However, during the evaluation it is often found that candidates have several gaps to be addressed before trade tests can be attempted, hence gap training is required. The Gap Training project that follows through from the ARPL Trade Tests are conducted via six stages with funding rates predetermined by CHIETA and made applicable to each stage, to qualifying CHIETA accredited Trade Test Centres (TTCs) and Training Providers who apply to participate.

Chemical Industry, TVET colleges and CHIETA partnerships

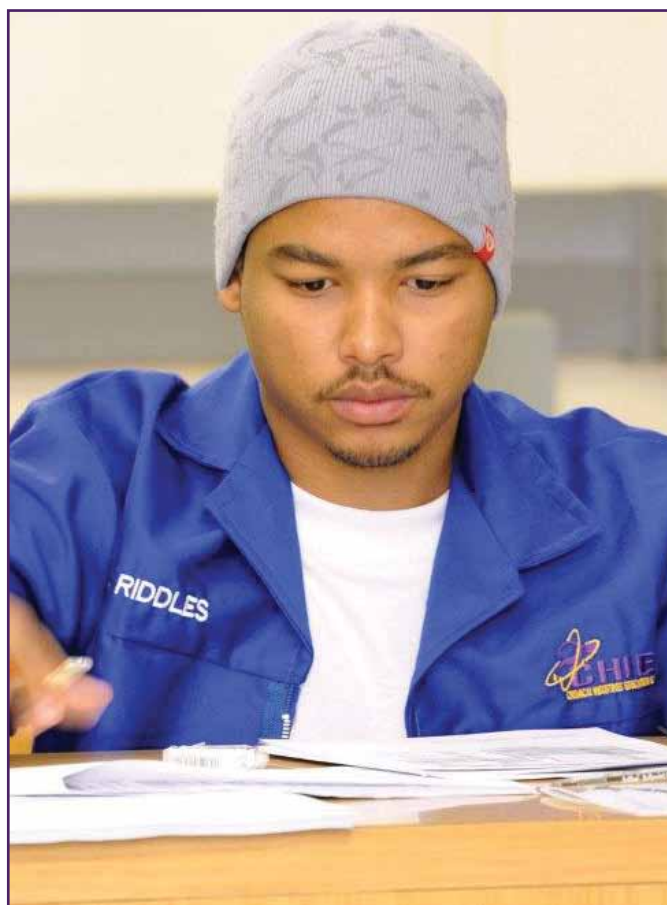
Chemical Industry companies entered into a partnership with Flavius Mareka TVET College(Free state),the Gert Sibande College (Mpumalanga) and Coastal (KwaZulu Natal) TVET Colleges with the support of CHIETA to combine the institutional (knowledge) component of CHIETA Learnerships with the current college programmes, and to facilitate authentic workplace experience.

The aim of the partnership project is to make the currently unemployed youth, employable, by providing them with an industry related occupational qualification combined with improving their educational qualification. This programme requires the TVET Colleges take full responsibility for the institutional training of occupational learning programmes, allowing industry to focus on providing the work experience component. These are the highlights of such partnership projects in the 2015/16 reporting period.

Strategic alignment

2015/16 has seen the strengthening of internal partnerships with CHIETA, across its various departments, thus ensuring mutual support and high level planning and delivery. The QMS Steering Committee has assisted the LPDI to focus on risks, controls and accurate reporting thus affording all the LPDI staff members to become competent risk owners and to mitigate risks by proposing appropriate controls.

PART E: GRANTS, STRATEGIC PROJECTS AND REGIONS



PART E: GRANTS, STRATEGIC PROJECTS AND REGIONS

1. INTRODUCTION

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

This division is made up of five units:

Unit	Manager	Areas of responsibility
Grants Management	Grant Manager – Ashvir Isseri	<ul style="list-style-type: none"> Quality assurance unit overseeing the processing of applications and payment for both discretionary and mandatory grants Quality assuring the SQMR evidence Ensuring alignment between SQMR and learners supported Management of CHIETA's DG and MG electronic platform Management of all audit requirements related to DGs, Learning Project commitments and MGs
Strategic Projects	Strategic Projects and Work Integrated Learning (WIL) Manager – Princess Moumakoe	<ul style="list-style-type: none"> Quality assurance unit overseeing the processing of payment for Strategic Projects Contract management for Strategic Projects Focus on opening up workspaces for WIL Management of CHIETA Strategic Projects electronic platform Management of all audit requirements related to Strategic Project commitments and Strategic Projects
KwaZulu-Natal Regional Office	Regional Manager – Rajen Naidoo	<ul style="list-style-type: none"> Contract management, monitoring and evaluation of discretionary grants Stakeholder support for both mandatory and discretionary grants for KwaZulu-Natal and Eastern Cape Processing of all DG and MG applications, i.e. conducting due diligence and recommendations Implementation of CHIETA's regional and provincial strategy
Western Cape Regional Office	Regional Manager – Roger Adriaanse	<ul style="list-style-type: none"> Contract management, monitoring and evaluation of discretionary grants Stakeholder support for both mandatory and discretionary grants for Western Cape and Northern Cape Processing of all DG and MG applications, i.e. conducting due diligence and recommendations Implementation of CHIETA's regional and provincial strategy
Gauteng and Central Regional Offices	Regional Manager – Tshidi Magonare	<ul style="list-style-type: none"> Contract management, monitoring and evaluation of discretionary grants Stakeholder support for both mandatory and discretionary grants for Gauteng, Free State, Mpumalanga, Limpopo and North West Processing of all DG and MG applications, i.e. conducting due diligence and recommendations Implementation of CHIETA regional and provincial strategy

2. MANAGEMENT OF GRANTS FOR 2015/16

From 01 April 2015 to 31 March 2016, a total of R272,160,267 was disbursed for discretionary grants and R54,580,163 for strategic projects. As at 31 March 2016 the total CHIETA commitment, based on contractual obligations, was R244,714,309 for discretionary grants and R21,936,602 for strategic projects.

For the year under review, the discretionary grants policy, framework, internal controls, processes, procedures, funding guidelines and models of the discretionary grant allocation were reviewed in line with relevant legislation. Significant improvements have been made in streamlining all processes and enhancing internal controls. CHIETA has designed a complete electronic system to manage all discretionary and strategic grants allocated. The new system was implemented on 01 April 2015 and has proven to be an asset to the unit, creating efficiencies in the allocation and disbursement of grants.

CHIETA discretionary grants funding policy was revised to address some of the critical areas within the strategic framework of business and national imperatives and to address some of the critical areas of the third National Skills Development Strategy (NSDS III). The discretionary funding windows, among other critical focus areas, addresses and emphasises strong partnerships between employers, public education institutions (TVET Colleges, universities, universities of technology) and private training providers, thus promoting work integrated learning (WIL).

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

3. DG LEARNING AND STRATEGIC PROJECT SUPPORT SUMMARY FOR THE 2015/16 FINANCIAL YEAR**DISCRETIONARY GRANTS 15/16 CYCLE**

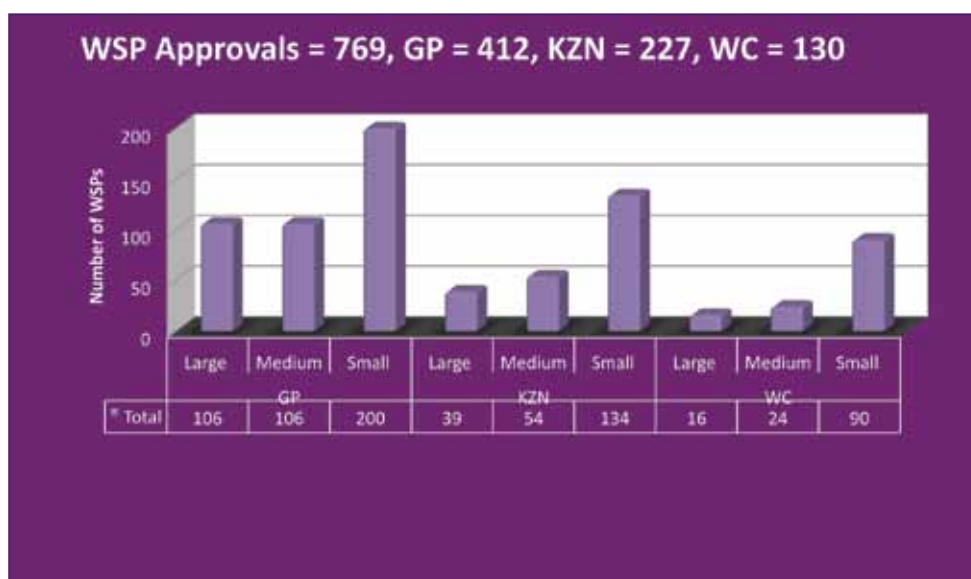
Programmes	Total Learners Supported	Total Amount Approved (R)
Adult Basic Education and Training (ABET/AET)	658	2 162 000
Apprentice / Artisan training and development	969	45 929 650
Bursaries	1 376	54 171 164
TVET	92	1 790 000
Learnerships	3 801	105 807 991
Other Occupationally Directed Programs	10	180 000
Recognition of Prior Learning (RPL)	1 414	18 840 150
Skills Programmes	5 063	22 258 965
Work Placement / Employment Creation	816	22 913 800
Workplace Experience / WIL	1 037	40 620 200
Grand Total	15 236	314 673 920

STRATEGIC PROJECTS SUPPORTED 15/16

	Project	Programme	Total Amount Approved (R)
Non-Pivotal	Chemical Industry Stakeholder support (PST and M/E)	10	9 033 338
Non-Pivotal	World Skills Competition	10	476 685
Non-Pivotal	Regional Stakeholder Support	10	1 482 826
Pivotal	Apprenticeship/ Artisan Development	10	5 250 000
Pivotal	Technical Artisan Competency (TAC) - Welding Trust	10	3 000 000
Pivotal	Small Business Support	7	3 075 000
Non-Pivotal	Small Business Support	7	770 000
Pivotal	Bursary Project (18.2 Learners)	10	4 815 000
Non-Pivotal	Career and Vocational Guidance Integrated Marketing and relationship management	9	2 276 070
Pivotal	SMME Strategy / Voucher Project	10	5 000 000
Pivotal	Maths & Science, Career Guidance Projects	10	7 293 545
Pivotal	Rural & Cooperatives Development	10	2 993 250
Pivotal	AET Learning Programmes and Learners with Disabilities	5	1 953 000
Pivotal	Skills Programmes and Research Projects	10	2 984 200
Pivotal	Institutional & Industry Partnership	10	7 371 129
Non-Pivotal	ISOE's including infrastructure	10	3 072 558
Pivotal	Strategic Infrastructure Projects (SIPs)	10	4 804 720
Pivotal	Renewable Energy Skills Development - Green Skills	10	450 000
Pivotal	Trade Union Learning Practitioner Program	10	1 300 000
Pivotal	Programme 2	2	2 335 100
Non-Pivotal	Programme 1	2	8 209 940
Pivotal	TVET & WIL	4	6 948 000
Grand Total			84 894 361

4. MANDATORY GRANTS FOR 2015/16

For the year under review CHIETA has received 769 WSPs which were approved. This is a significant increase from 660 in the previous year. The mandatory grant participant levels have increased substantially as a result of CHIETA's online platform and support provided by CHIETA regional staff.



4. CHIETA DELIVERS ON ITS GRANT MANDATE

CHIETA has delivered on its mandate to its stakeholders and has achieved its strategic objectives and grant-related targets for this financial year.

CHIETA's Grants Committee has provided good oversight of the discretionary and mandatory grants processes.

5. STRATEGIC PROJECTS OVERVIEW

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

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

Of further significance was the linkage of each strategic project to the various goals, outcomes and outputs as defined in the NSDS III to ensure resource and organisational focus and relevance to the skills' development challenges and opportunities in the strategic framework. Key industry partnerships were established through strategic projects where all stakeholders, especially the beneficiaries, have benefited and are benefiting immensely. In addition, strategic projects have been set up in rural areas, a flagship project being established with the Northern Cape TVET College in Okiep where 60 learners are undergoing CBMT training and will thereafter be placed with companies for work experience.

6. PROJECTS

Regional stakeholder support

In terms of project deliverables, three regional skills forums were held in 2015. These served to update stakeholders on the new artisan development, administration and grants disbursement policy. Stakeholders were also updated on the progress of CHIETA's chamber mandate process and the SSP.

Capacity-building programme (trade unions)

To support the national skills accord imperative and to ensure increased stakeholder participation in skills development, the Grants Committee of CHIETA approved a budget of R1,300,000 in the 2015/16 financial year towards the trade union capacity building programme. This programme was specifically designed by the University of Johannesburg for CHIETA and supported across 4 (Four) Unions, a total of 53 (Fifty Three) learners of which 47 (Forty Seven) were found competent at the end of this programme.

CHIETA voucher scheme

There was good participation from accredited providers from all sectors, institutions and companies for CHIETA's voucher scheme. Small and micro companies were encouraged to take the opportunity to participate in the scheme.

The programmes covered included, but were not limited to:

- SMME development related Skills Programmes
- Training of coaches and mentors
- Training of Skills Development Facilitators, assessors, moderators, facilitators and other Occupationally Directed Education, Training and Development Practices (OD ETD) related unit standards training programmes

A total of R4,887,818 was utilised of the R5,000,000 budget for the voucher project, supporting 1,141 (One Thousand One Hundred and Forty One) learners and reaching 53 (Fifty Three) companies.

Institutes of sectoral occupational excellence (ISOE) projects

For the year under review, CHIETA has supported three institutes of sectoral occupational excellence (ISOE) projects in the pharmaceutical and paint manufacturers sub-sector. Funding awarded for these projects amounted to R3 072 558.00.

CHIETA offices in public TVET colleges

CHIETA has set up offices at two TVET colleges:

- Port Elizabeth TVET College
- Ehlanzeni TVET College

CHIETA staff, in these offices have again assisted with skills development initiatives, not only for CHIETA stakeholders in the area, but also for college learners and staff, the community and local government.

TVET College Projects

In this financial year, CHIETA has supported TVET Colleges in the listed areas:

DG Learning Projects

Learning Programme	Number of TVETS supported	Number of Provinces	Total Funded
AET Provision Incentive	1	1	R100 000.00
Apprenticeship Grants	6	3	R7 653 300.00
Bursaries	4	3	R24 660 000.00
TVET College Lecturer Development	3	2	R1 070 000.00
Learnership Grants - Artisan related	5	3	R2 160 000.00
Learnership Grants - Non-Artisan related	2	2	R1 050 000.00
Skills Programmes	6	5	R2 040 000.00
Work Integrated Learning	13	6	R12 708 000.00
Total	40	25	R 51 441 300.00

Strategic Projects

3 TVET colleges were supported with strategic project funding to the value R6,428,000.

Strategic Infrastructure Projects (SIPs)

In 2015/15 a further budget of R4,804,720 was allocated to SIPs of which R2,918,050 was committed across 6 (Six) projects in 4 (Four) provinces of which R1,399,000 was utilized with a current commitment of R1,955,000.

PART F: GOVERNANCE



PART C: GOVERNANCE

1. INTRODUCTION

Corporate governance embodies the processes and systems by which CHIETA is directed and held accountable as a public institution. The corporate governance system of CHIETA is strongly informed by the organisation's legislative environment and best practice governance frameworks as articulated in the King Codes on corporate governance.

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

1. Develop a Sector Skills Plan (SSP) within the framework of the National Skills Development Strategy (NSDS III) and the SDA amendment Act of 2008;
2. Establish and promote learnerships and learning programmes through:
 - identifying the need for a learnership;
 - developing and registering learnerships;
 - identifying workplaces for practical work experience;
 - supporting the development of learning materials;
 - improving the facilitation of learning; and
 - assisting in the conclusion and registration of learnership agreements.
3. Collecting and disburse the skills development levies in its sector, approve workplace skills plans and allocate grants in the prescribed manner to employers, education and training providers and workers;
4. Fulfil the functions of an ETQA as delegated by the QCTO; and
5. Monitoring education and training in the sector.

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

1. National Skills Development Strategy (NSDS III);
2. Skills Development Act, 1998 (Act No. 97 of 1998);
3. Skills Development Amendment Act, 2003 (Act No. 31 of 2003);
4. Skills Development Amendment Act, 2008 (Act No. 3 of 2008);
5. Skills Development Act, 1998 (Act No. 97 of 1998);
6. Service Level Agreement Regulations under regulation No. R716 of 18 July 2005;
7. Skills Development Levies Act, 1999 (Act No. 9 of 1999);
8. Regulations regarding the establishment of Sector Education and Training Authorities under Notice R106 of 4 February 2005, (SETA Establishment Regulations);
9. Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended) (PFMA);
10. Treasury Regulations issued in terms of the PFMA (Treasury Regulations) of 2005;
11. Public Audit Act, 2004 (Act No. 25 of 2004);
12. Directive: Public Finance Management Act under GN647 of 27 May 2007;
13. Government Notice GN52 of 6 February 2010: Extension of existing period of establishment of Sector Education and Training Authorities;
14. Constitution for the Chemical Industries Education and Training Authority (CHIETA);
15. Promotion of Access to Information Act, 2000 (Act No. 2 of 2000);
16. Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000);
17. Employment Equity Act, Labour Relations Act, Basic Conditions of Employment Act and Occupational Health and Safety Act;
18. Tax laws;
19. Sector Education and Training Authorities (SETAs) grant regulations regarding monies received by a SETA and related matters (Government Notice R990) in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) dated 3 December 2012; and
20. Protection of Personal Information Act, 2013 (Act No. 4 of 2013).

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

The CHIETA Strategic Plan and its Annual Performance Targets 2015/16 and financial disbursement model is strongly aligned to achieving the intent and objectives of the December 2012 grant regulations namely to:

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

2. PORTFOLIO COMMITTEES

Parliament exercises its role through evaluating the performance of CHIETA by interrogating CHIETA's financial statements and organisational performance reports and other relevant documents which have to be tabled from time to time.

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

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

3. EXECUTIVE AUTHORITY

The Minister of Higher Education and Training is the Executive Authority of CHIETA and exercises oversight on the precepts of the PFMA and relevant skills development legislation.

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

4. ACCOUNTING AUTHORITY

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

The Board is representative of government and stakeholders in all nine sub-sectors of the chemical industry ensuring a sound and clear strategic direction for CHIETA.

The duties of the CHIETA Board as defined in the CHIETA Constitution is as follows:

Duties of Accounting Authority

The Accounting Authority must:

- a. Govern and manage CHIETA in accordance with the PFMA, skills development legislation and any other applicable legislation
- b. Ensure that CHIETA achieves the objectives contemplated in the approved CHIETA constitution
- c. Provide effective leadership and ensure that CHIETA implements the goals of the NSDS III and the performance agreement with the Minister as defined in the CHIETA strategic plan and predetermined performance targets

- d. Provide strategic direction for CHIETA
- e. Liaise with stakeholders
- f. Ensure that CHIETA complies with all relevant statutory and CHIETA constitutional requirements
- g. Manage institutional risk
- h. Monitor and support on the organisational performance of CHIETA
- i. Ensure that Board members and the members of the Committees, stakeholders and employees comply with CHIETA's code of conduct and ethical framework

Composition of the Accounting Authority

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

- Organised labour
- Organised employers
- Relevant government departments
- Relevant professional bodies including the National Bargaining Council for the Chemical Industry (NBCCI)

Role of the Chief Executive Officer

The Chief Executive Officer must:-

- implement the decision of the Accounting Authority;
- manage the day-to-day affairs of the SETA;
- attend the meeting of the Accounting Authority and the Executive Authority;
- promote strategic planning and policy development;
- ensure strict and responsible control of the finances of the SETA, in compliance with the financial management requirements in terms of the PFMA;
- supervise and direct other employees of the SETA; and
- from time to time, perform such other functions as determined by the Accounting Authority or the Executive Authority

Board Committees

In terms of the approved CHIETA constitution and relevant Accounting Authority mandate, five Board Committees with specific terms of references are functional in assisting the Accounting Authority with oversight. These are:

- Exco
- Grants Committee
- Governance and Strategy Committee
- Finance and Remuneration Committee
- Audit Committee

5. RISK MANAGEMENT

Refer to paragraph 12.2 in Accounting Authority report.

6. INTERNAL CONTROL

Refer to paragraph 12.2 in Accounting Authority report.

7. INTERNAL AUDIT/AUDIT COMMITTEE

Refer to the Audit Committee report on page 80 of the annual report.

8. COMPLIANCE WITH LAWS AND REGULATIONS

As part of responsible corporate governance CHIETA maintains a detailed legal compliance register to plan with a legal risk register, to implement and monitor compliance on a continual basis while implementing its mandate in a transparent and accountable manner.

9. FRAUD AND CORRUPTION

CHIETA has adopted a zero tolerance level towards any fraudulent activities. To this extent a fraud hotline is operational and fraud hotline reports are provided on a continual basis to the CHIETA Audit Committee by an external service provider. Substantial investment in fraud awareness via the CHIETA's fraud prevention policy was concluded with CHIETA staff and CHIETA stakeholders. CHIETA's has also implemented a Fraud Risk Register with mitigating controls that is monitored and reported on to CHIETA Governance Structures.

No fraudulent activities were reported during the period under review.

10. MINIMISING CONFLICT OF INTEREST

CHIETA maintains a code of conduct which defines the required organisational behaviour towards CHIETA values and ethical framework. Governance structures and CHIETA staff are required to provide an annual declaration of interest and compliance to relevant legislation and policies, supported by a declaration of private and personal interest at all Board, Board Committee and management meetings pertaining to items being discussed on the agenda of any specific meeting.

11. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

In terms of the required business processes within the chemical industry a strong focus pertaining to health and safety standards as part of an integrated training and development model is evident, and implemented as a priority training intervention.

Research is ongoing in terms of environmental issues in relation to chemical production processes to inform skills development interventions and to provide and assist with integrated solutions on skills growth and environmental matters. This knowledge is captured and combined into the CHIETA skills planning processes which ultimately culminate in the CHIETA sector skills plan and annual predetermined organisational performance targets.

12. COMPANY SECRETARY

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

13. SOCIAL RESPONSIBILITY

By virtue of the mandate and core functions of CHIETA, social responsibility forms an integral part of the skills development and organisational processes of CHIETA.

In terms of impact a substantial number of unemployed rural learners are supported and linked to appropriate workplaces in line with chemical industry defined scarce and critical skills requirements. Social responsibility interventions are linked to current and envisaged economic growth areas to ensure that the complete value chain of skills development contribution towards gainful and sustainable employment is achieved.

Of specific importance is also CHIETA's support to small enterprises, cooperatives, NGOs and CBOs in terms of new venture creation and business management skills in support of socio-economic challenges within rural and marginalised communities

14. AUDIT COMMITTEE REPORT

Refer to the Audit Committee report.

ceremony which was held in April by the Department of Energy at Protea hotel Capital in Pretoria.

It is interesting to note that the Petroleum industry contribute 45% of the CHIETA levy income and that it is currently employed 45 473 employees. The importance of the key and critical skills need for petroleum sector has been paramount in the compilation of the CHIETA Sector Skills Plan for the chemical industry

LAUNCH OF THE CHIETA CAREER GUIDE

Careers in the chemical industry are amongst the most highly paid of any industry, offering a wide scope for growth and development into many specialised areas. The chemical industry is at the forefront of innovation and change and is working to help the environment through new ways of storing energy and improving efficiency.

The chemical industry in South Africa is made up of a wide variety of organisations most of which are involved in the manufacture and production of chemical products. As such the chemical sector is the backbone of South Africa's manufacturing industry and is integral to the creation of skills and jobs.

[Click here to view the latest CHIETA Career Guide](#)

Regional Skills Forums



- KZN - 17 February 2016
- PE - 19 February 2016
- Western Cape - 23 February
- Gauteng - 24 February 2016



IN THE MEDIA

IMPROVING SKILLS FOR A BETTER LIFE
TRY NEEDS YOU!



CHIETA LIVE ON RADIO

Power hour interview with Victor Kgomoewana
Power FM
18h30 - 23 November 2015

Young engineers get a BOOST

Endless the University of the Witwatersrand (Wits) and the Chemical Industries Education & Training Authority (CHIETA) have entered into a unique partnership for young engineers. The aim is to develop leadership and technical skills in young engineers at tertiary level, while gaining first-hand experience in the chemical industry.

The students have been amalgamated into the factory operations team, giving them practical exposure to the

Skills development is everyone's responsibility

The Chemical Industries Education and Training Authority (CHIETA) Supply Side Database (SSD) is a great need for students and employers within the chemical industry. It has been launched to ensure skills development, job creation and ultimately economic development in South Africa.

A must for employers

The database is a critical tool for employers to find the right talent for their business. It provides a comprehensive list of qualified and experienced professionals in the chemical industry, including their contact details and areas of expertise.

Supporting a collaborative approach

The launch of the database is a key step in the collaborative approach between the chemical industry and CHIETA to address skills shortages and improve the quality of the workforce.

PART G: HUMAN RESOURCE MANAGEMENT



PART G: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

CHIETA is powered by its people and acknowledges the fact that effective HR strategies are critical in ensuring the quality and productivity of its personnel in order to achieve the maximum success of CHIETA.

The HR Unit within CHIETA plays a vital role in terms of developing the right strategies to support the organisation enabling the execution of its strategic goals.

The major focal areas for the HR team are to support business units within CHIETA through the implementation of effective HR practices and to assist in capacity building within the organisation. This equips staff and managers to fulfil CHIETA's strategic vision and to create a positive work environment.

The HR unit has transformed to a function that positively impacts on organisational results and has played an integral role in maintaining a workforce where employees enjoy high levels of job satisfaction. This helps with increased commitment and "going the extra mile" for CHIETA and its stakeholders.

HR led initiatives have improved workforce performance and satisfaction. A retention strategy was developed which focuses on creating and maintaining a workplace that attracts and retains skilled and effective people.

2. THE CURRENT CHIETA ORGANISATIONAL PROFILE

The organisational profile below represents CHIETA as at 31 March 2016.

Job Level	Number of Employees	Gender Females	Gender Males	Race Groups			
				A	C	W	I
Executives	5	3	2	1	0	1	3
Managers	10	4	6	5	1	1	3
Specialists	18	8	10	14	1	1	2
Practitioners	16	6	10	15	1	0	0
Administrators	15	9	6	14	1	0	0
Assistant Administrators	12	4	8	12	0	0	0
Interns	6	4	2	6	0	0	0
Office Attendants	2	2	0	0	0	0	0

3. RECRUITMENT

Attaining the optimal number and quality of employees is important in enabling CHIETA to achieve its objectives and goals. Not only is it vital for CHIETA to employ suitable candidates but also to ensure that there is a culture fit between CHIETA and its employees.

CHIETA makes use of a comprehensive and robust recruitment process. Electronic platforms are used to advertise positions and competency-based interviews and assessments are conducted. In addition, thorough background checks are undertaken for all potential employees.

Some interesting employment facts and figures are as follows:

Number of vacancies during the financial year	12
Number of applications received	3 280 online applications
Number of positions filled	10
Number of Interns recruited	5
Number of Interns who found permanent jobs	4

Positions filled for the period 1 April 2015 – 31 March 2016

Vacancy
Strategic Projects and WIL Specialist Temp
Grants SQMR Administrator
Grants Administration Intern
HR Administration Intern
Finance Administration Intern
Nelspruit TVET Regional Assistant Administrator
Gauteng Regional Administration Intern
Gauteng Regional Skills Advisors x 3

4. STAFF DEVELOPMENT

CHIETA does not only invest in the Chemical Industry Skills Development, but also understands that training and development has an important and positive impact on CHIETA staff. CHIETA aims to strengthen its learning culture within the organisation by exposing all employees to various capacity building initiatives and interventions. Personal Development Plans are actively managed for all staff within CHIETA.

For the year in review (2015/16) the following capacity building training initiatives were attended by CHIETA staff:

- Labour Legislation Amendments
- MIE Background Check Training
- Women in the Boardroom
- SDF Training
- Supply Chain Management Training
- Internship Development Training
- Supply and Demand Training
- CHIETA Values Training
- Accelerated Management and Leadership Programme – 1st module
- Corporate Ethics for Managers
- Corporate Ethics for Staff
- OHS Training
- Business Writing and Social Media Skills

In addition to providing capacity building opportunities, CHIETA assists its staff to further their tertiary qualifications by offering study assistance. Some of the CHIETA funded courses are listed below:

- Masters Degree in Public Development
- PHD Strategic Management
- Masters Degree in Business Administration
- Honours in Project Management
- Advanced Programme in SCM
- National Diploma in HRM
- Advanced Programme in Project Management
- B.Com in Business Administration
- B.Com in Public Administration

5. EMPLOYMENT EQUITY

The workforce profile listed below depicts the workforce profile that was submitted to the Department of Labour for the period 1 October 2014 to 30 September 2015. The figures includes all staff movement throughout this period.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	1	1	1	0	2	0	0	0	5
Senior management	2	1	3	0	3	0	0	1	0	0	10
Professionally qualified and experienced specialists and mid-management	9	1	1	0	5	2	1	1	0	0	20
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	7	1	0	0	9	0	0	0	0	0	17
Semi-skilled and discretionary decision making	8	1	0	0	14	0	0	0	0	0	23
Unskilled and defined decision making	4	0	0	0	18	0	0	0	0	0	22
TOTAL PERMANENT	30	4	5	1	50	2	3	2	0	0	97
Temporary employees	1	0	0	0	1	0	0	0	0	0	2
GRAND TOTAL	31	4	5	1	51	2	3	2	0	0	99

6. CHIETA WELLNESS INITIATIVES

CHIETA cares about the health and well-being of its employees. All CHIETA employees have continuous access to a comprehensive wellness program financed by CHIETA. The programme is based on a holistic approach and supports various aspects of life such as physical, social, emotional, and financial well-being. Throughout the year CHIETA encourages and supports healthy lifestyles by promoting various health and wellness activities. The following were arranged for CHIETA staff and managers in 2015/16:

- Wellness Day which included :
 - Cholesterol Tests
 - Blood Pressure Tests
 - Specialist advice by a dietician
 - HIV testing
 - Virgin Active Boot Camp

- Breast Cancer Awareness Day

Breast cancer has touched many of our lives or the lives of people we know. October was Breast Cancer Month and, as part of the Staff Wellness Initiatives, a speaker was invited to address CHIETA staff on this subject as well as on preventative measures and healthy lifestyles.

- Aids Awareness Day

A speaker living with HIV Aids shared a glimpse of his life as a person living with HIV Aids. The talk was inspirational and positive and brought much hope for the future.

7. STAFF COMMUNICATION

CHIETA believes in regular and effective staff engagement and understands the need to share information on a regular basis. This ensures improved stakeholder engagement and informs all staff of CHIETA's achievements and their involvement in its success. Regular communication has also improved staff morale and two way communication.

Regular staff communication and strategic planning sessions are held with staff. The following details some of the topics that were shared and communicated with CHIETA staff:

- CHIETA's mandate and role
- The future CHIETA Landscape
- Re-evaluation of CHIETA values
- Auditing processes, the why, what and how
- Strategic Planning for 2015/16 to obtain staff input
- Cost Saving Measures
- Risk Management
- Quality Management Systems
- Research Projects at CHIETA

8. RE-EVALUATION OF CHIETA VALUES

CHIETA followed a comprehensive intervention called Appreciative Inquiry. This approach included a facilitated workshop by Ethics SA that was attended by all CHIETA staff and management and was a collaborative and participatory process.

As a result of this session, CHIETA identified the following values:

Strategic:	Strategic leadership (to remain relevant for industry skills development)
Work:	Dedication to productivity (being efficient and effective) Innovation (cutting edge industry training solutions)
Ethics:	Integrity (doing the right thing fairly and consistently)

9. HR CHALLENGES WITHIN CHIETA

One of the major challenges HR faces is the uncertainty of the continuation of a SETA in the future landscape, its form, shape and structure. This has an impact on long-term HR processes such as succession planning and workforce planning. This uncertainty also affects recruitment processes due to shorter term contracts being offered.

Support Bandana Day

30 October 2015

In support of patients diagnosed with leukaemia and other life threatening bloods disorders.



CHIETA
CHEMICAL INDUSTRIES EDUCATION & TRAINING AUTHORITY

Let's make a difference!

COMING SOON

Celebrate your diverse cultural traditions and beliefs!




CHIETA
CHEMICAL INDUSTRIES EDUCATION & TRAINING AUTHORITY

HERITAGE DAY


21 September 2015



CHIETA
CHEMICAL INDUSTRIES EDUCATION & TRAINING AUTHORITY

**CHIETA-Coastal KZN College
Umbumbulu Campus Partnership
Industry Tour 14 to 18 September 2015**

CHIETA taking the initiative to bring industry experienced individuals to share their knowledge and experience with the students



world skills

**CHIETA EYES
BRAZIL**

**World Skills Competition
Brazil 10-17 August 2015**

CHIETA congratulates Nampak Glass and Jeandre Van Der Walt (WSSA Electrical Installation Winner) and wish him all the best in Brazil

ANTI-FRAUD LINE: 0800 204 480

CHIETA FUNDS IMPLEMENTATION OF THE LEARNERSHIP PROGRAMMES - DEPARTMENT OF ENERGY

CHIETA funded the Department of Energy to implement Learnership programmes in Project Management, Public Administration and Internal Audit. To date **61 learners** have been participating in a Learnership programme, out of these **28 are employed learners** and **33 are unemployed learners**.

Currently 46 learners completed their and were awarded their certificates during a ceremony which was held in April by the Department of Energy at Protea hotel Capital in Pretoria.

It is interesting to note that the Petroleum Refining Sector contributes 45% of the CHIETA levy, that it is currently employed 45 learners. The importance of the key and critical skills for petroleum sector has been recognised by the CHIETA Sector Council.

PART H: FINANCIAL INFORMATION



PART F: FINANCIAL INFORMATION

FINANCIAL OVERVIEW FOR THE YEAR ENDED 31 MARCH 2016

Clean audit outcome and Unqualified audit opinion

The CHIETA has obtained an unqualified audit opinion and clean audit outcome for the financial year ended 31 March 2016. This achievement once again confirms the high levels of integrity and commitment to sound financial management practices and accountability within the organisation.

Revenue

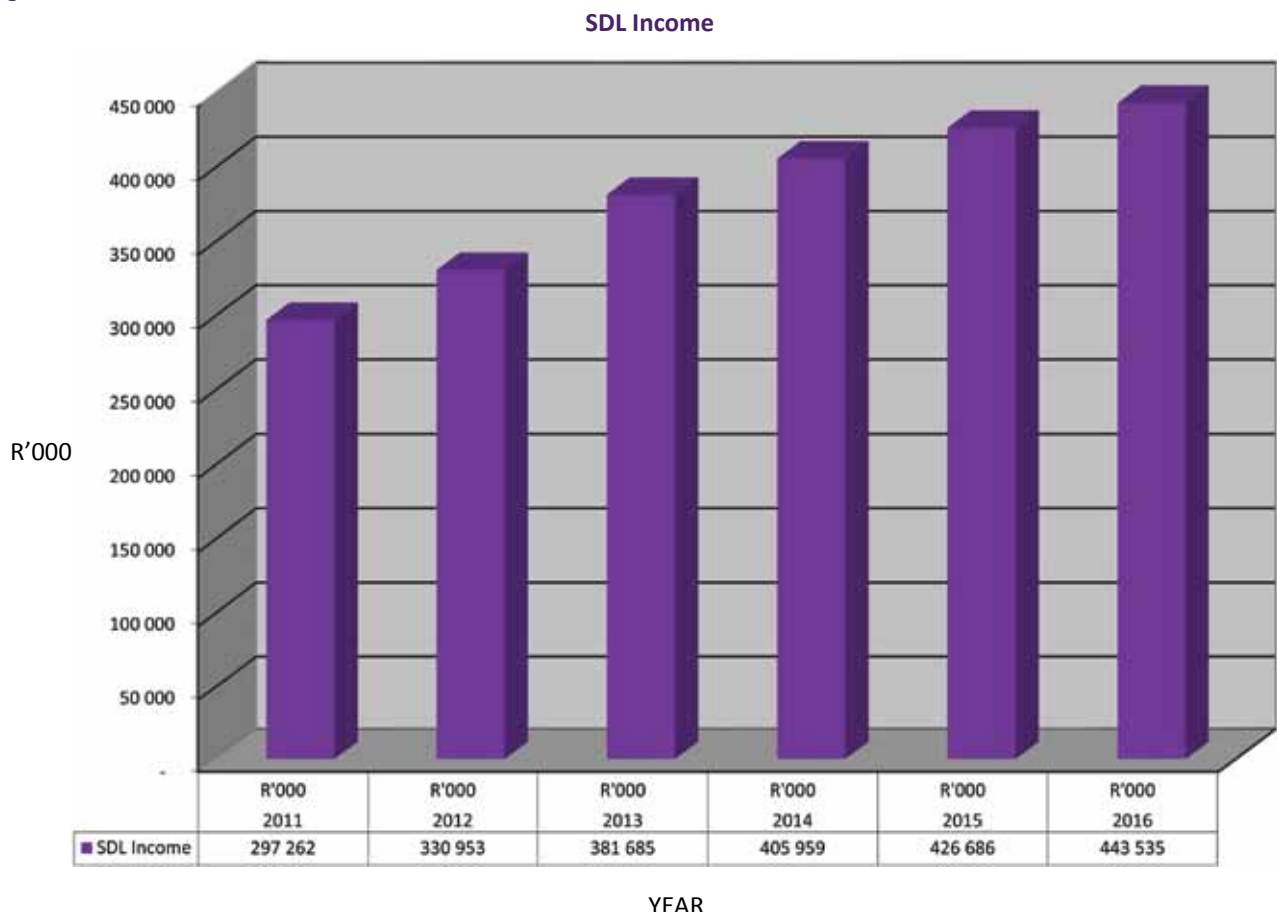
Skills development levy (SDL) income earned increased by 4%, from R426.6 million for the year ended 31 March 2015, to R443.5 million for the year ended 31 March 2016. Total revenue earned increased by 4%, from R465.6 million in the prior period, to R484.7 million in the current financial year.

The contribution of return on invested funds to total revenue was R21.9 million, representing approximately 4.5% of total revenue. Skills development levy: penalties and interest contributed R18.7 million to total revenue received for the year ended 31 March 2016.

- Trends in skills development levy income

Figure 1 illustrates the trend in SDL income over the NSDS 111 period. SDL income for the year ended 31 March 2016 has increased by over 49% in comparison with SDL income received as at 31 March 2011. The average annual equivalent increase in SDL income was marginally over 8.8% per annum over the six year period from 2011 to 2016. Total SDL income received for the year ended 31 March 2016 was 1005% above the SDL income received for the year ended March 2001. For the entire period since inception in 2000 to date, SDL income has escalated by an annual equivalent average of approximately 21%, materially exceeding both inflation and estimated annual salary increment in the chemical sector during this period.

Figure 1



Expenditure

Administration expenses remained within the 10.5% maximum legislated amount allowed by the skills development regulations. The CHIETA realised savings of over R750 thousand in administration expenses for the financial year ended 31 March 2016. This amount, together with the total investment return of R21.9 million and unclaimed mandatory grants to the value of R14.8 million were transferred to the discretionary reserve at year end, to be utilised for discretionary grants and approved strategic projects for sector skills development and training priorities.

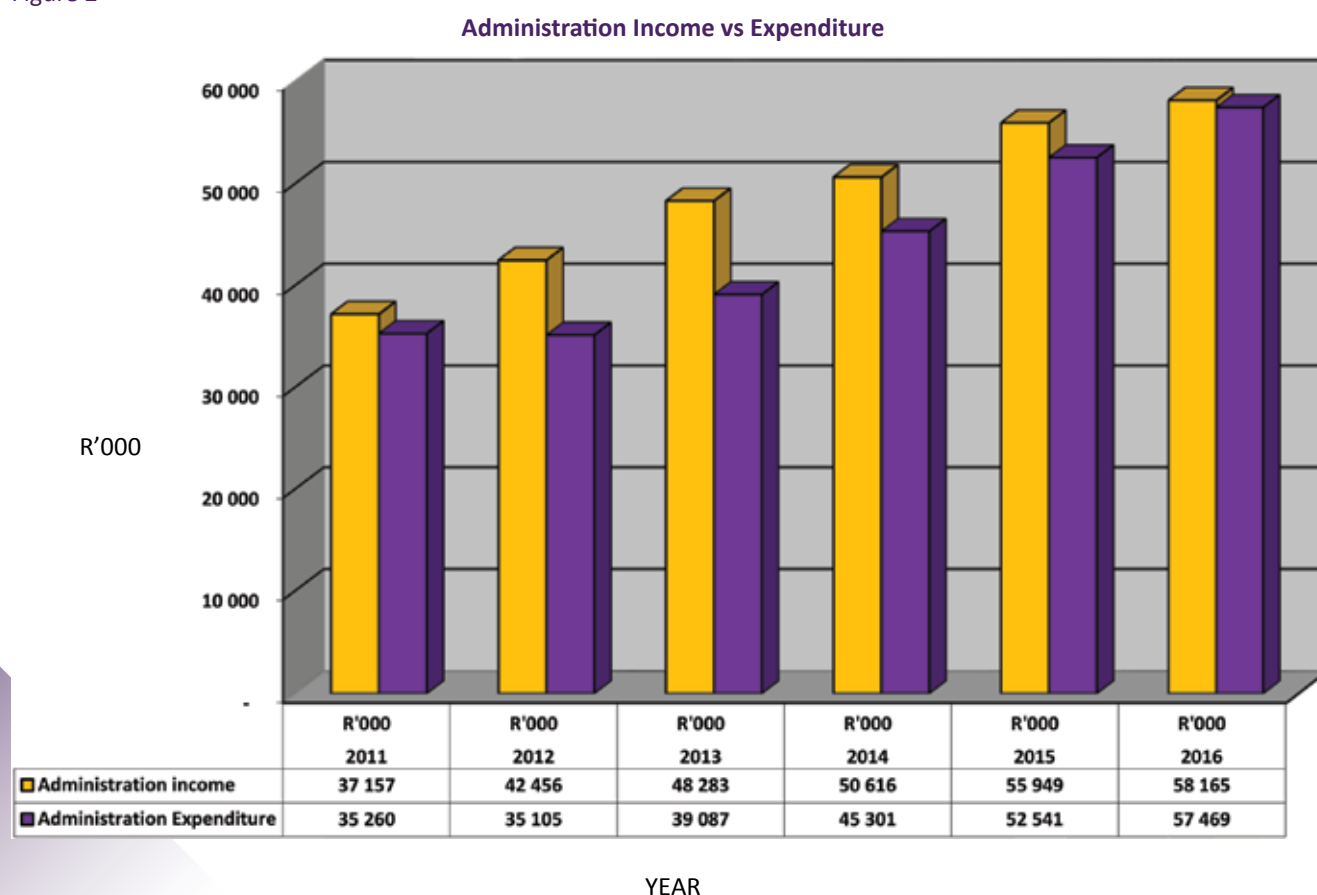
The CHIETA expended over R442.6 million in employer grants and project expenses representing 115% of grant levy income of R385.3 million for the financial year ended 31 March 2016.

Expenses on mandatory grants amounted to R98.7 million represented 87% of the skills development levy income received for the purposes of mandatory grants.

- Financial viability and going concern

Figure 2 shows administration income received against administration expenditure for the financial years ended 31 March 2011 to 31 March 2016. The CHIETA has sustained its level of operations within the 10.5% legislated administration provision in each year since inception without compromising the achievement of its service level agreement and performance targets during the NSDS 111 period. Savings in administration funds during the six year period from 2011 to 2016 of over R27.8 million was reallocated to discretionary reserves and utilised in discretionary grants and strategic projects for chemical sector skills priorities. These savings were attributed to continuous development of expenditure control and procurement practices, as well as numerous cost containment initiatives implemented within the CHIETA as well as a streamlined, effective and efficient human resource capacity.

Figure 2

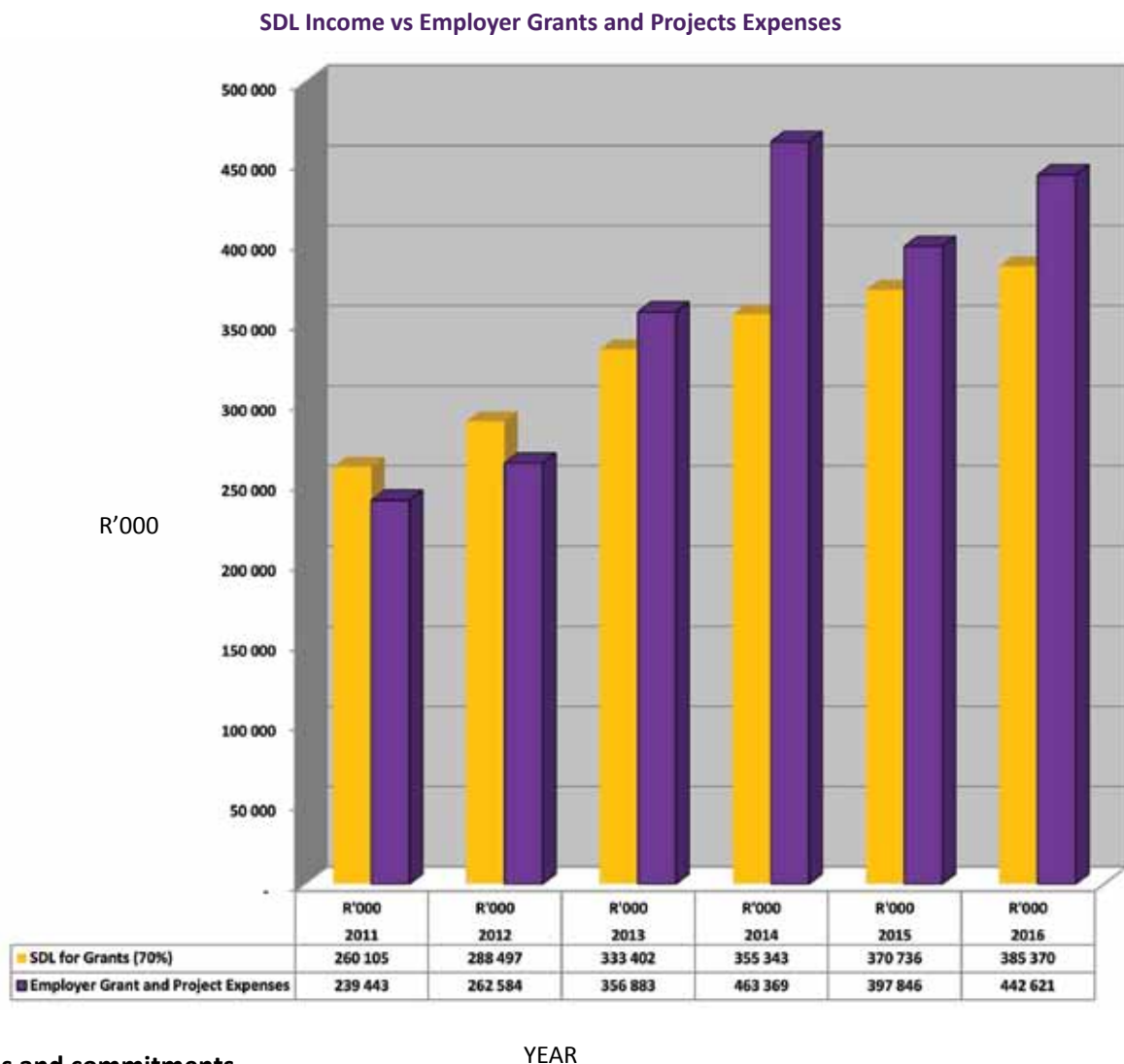


- Levy Grant Disbursement as per NSDS targets exceeded over entire period since inception

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 financial year from March 2011 to March 2016 compared to the total grant and project expenses during the same period. During the financial year ended 31 March 2016, the CHIETA has expensed over 115% of the SDL income received for the purpose of discretionary grants and project expenses. The CHIETA has achieved an annual average disbursement rate of over 107% of SDL income received for grants during the six year period from 2011 to 2016.

Figure 3



Reserves and commitments

The total amount available in the discretionary grant reserve at 31 March 2016 decreased by R15.3 million during the financial year from R286.5 million at 31 March 2015 to R271.1 million at 31 March 2016. This was largely attributable increased delivery on discretionary grant and strategic project deliverables. Cash and cash equivalents increased marginally by R1.5 million during the financial year. As at 31 March 2016 CHIETA reserves were 98.3% committed on contractual obligations in discretionary grants and strategic sector projects, as outlined in note 15 to the Annual Financial Statements.

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 No. 1 of 1999) (PFMA) as amended by Act 29 of 1999.

We are pleased to present our report for the financial year ended 31 March 2016.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

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

Summary of meetings attended per Audit Committee member:

Name	12 May 2015	24 July 2015	20 Aug 2015	23 Oct 2015	10 Feb 2016	15 Mar 2016
Chandu Kashiram	√	√	√	√	√	√
Mokgadi Olgar Morata	√	√	√	√	√	√
Safeea Rahiman	√	√	√	√	√	√
Brian Muir	√	√	√	√	√	√
Bertie van Baalen	√	X	√	√	X	√

√ Attended meeting
X Apology

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 protocol on corporate governance for public entities, and has discharged all its responsibilities as contained therein.

The system of control within 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.

Based on the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management letter of the Auditor-General, South Africa (AGSA), required to provide reasonable assurance that the organisation's goals and objectives are being achieved, we concluded that the existing control environment during the year under review was adequate and effective.

We are also pleased to report that CHIETA has received a clean audit report from the AGSA for the 2015/16 financial year.

REPORT OF THE AUDIT COMMITTEE

EVALUATION OF FINANCIAL STATEMENTS

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed and discussed the Audited Financial Statements to be included in the Annual Report with the AGSA and the Accounting Authority;
- Reviewed the AGSA's Management Report and management's response thereto.

The Audit Committee concurs and accepts the AGSA's conclusion on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted.



CHANDU KASHIRAM

Chairperson of the Audit Committee

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

Report on the financial statements

Introduction

1. I have audited the financial statements of the Chemical Industries Education and Training Authority (CHIETA) as set out on pages 84 to 127, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

The 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 Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of CHIETA as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA and the SDA.

Report on other legal and regulatory requirements

6. In accordance with the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

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

Predetermined objectives

7. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2016:
 - Programme 3: Occupational directed programme on pages 39 to 42;
 - Programme 4: TVET college programme on page 42; and
 - Programme 6: Workplace-based skills development on page 44.
8. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
9. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
10. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Programme 3: Occupational directed programme on pages 39 to 42;
 - Programme 4: TVET college programme on page 42; and
 - Programme 6: Workplace-based skills development on page 44.

Compliance with legislation

11. I performed procedures to obtain evidence that the public entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

12. I considered internal control relevant to my audit of the financial statements, key performance indicators and performance reporting included in the executive report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria
31 July 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

The Annual Financial Statements for the year ended 31 March 2016, set out on pages 84 to 127, 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 27 May 2016, 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 2016

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

The Chemical Industries Education and Training Authority (CHIETA) takes pleasure in presenting its report for the year ended 31 March 2016 to the executive authority, provincial legislature and parliament of the republic of South Africa. The 2015/16 financial year, has been successful in building on prior year achievements and has again exceeded all key requirements of the Sector Education and Training Authorities Grant Regulations relating to SETA finances, financial management and discretionary grants. This is complimented and by the achievement and exceeding of all expanded CHIETA Service Level Agreement (SLA) targets as agreed with the Department of Higher Education and Training (DHET) for the 2015/16 financial year.

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

- A SETA is required to allocate a minimum 80% of its available discretionary grants within a financial year to PIVOTAL programmes.
- A SETA may allocate a maximum of 20% to funding of programmes, other than PIVOTAL programmes, to develop the sector in accordance with the priorities outlined in the Sector Skills Plan (SSP).
- At the end of each financial year it is expected that a SETA must have spent or committed (through actual contractual obligations) at least 95% of discretionary funds available to it by the 31 March of each year and a maximum of 5% of uncommitted funds may be carried over to the next financial year.
- The remaining surplus of discretionary funds must be paid by the SETA by 1 October of each year into the National Skills Fund (NSF).
- SETA's are required to annually set-out the amount of discretionary funds available for the ensuing financial year in the Annual Performance Plan (APP) and indicate the programs (PIVOTAL and NON PIVOTAL) that will be funded through discretionary grants and sector projects as well as indicate the impact of these interventions and how this impact will be measured.
- A SETA must, on an annual basis, and in accordance with any guidelines issued by DHET, approve a Discretionary Grants Policy, specifying how the SETA discretionary funds will be allocated to meet sector needs as set out in the Sector Skills Plan (SSP).
- In order to obtain discretionary grant funding for PIVOTAL programmes from a SETA, a legal person employing more than 50 employees must complete and submit a PIVOTAL training plan and report.

In relation to mandatory grants, the following key provisions, inter alia;

- An application for a mandatory grant must be submitted by 30 April of each year.
- The mandatory grant payable by a SETA to qualifying employers was reduced to 20%.

1.1 Revenue

During the period under review the Chemical Industries Education and Training Authority (CHIETA) received R443.5 million in Skills Development Levy (SDL) income and realised a 4% increase in comparison to the levy income earned for the year ended 31st March 2015. SDL income: penalties and interest increased by 13% from R16.5 million in 2015/16 to R18.7 million for the current period. Return on invested funds of approximately R22 million represented 4.7% of total revenue. Total revenue increased by 4% from R465.6 million in the prior financial year to R484.7 million for the year ended 31 March 2016.

REPORT OF THE ACCOUNTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2016

1.2 Expenses

1.2.1 Administration Expenses:

CHIETA administration expenditure remained within the 10.5% margin prescribed by skills development legislation, and administration savings of over R750 000 representing 1.3% of the total administration income earned was transferred to the discretionary reserve at financial year end for utilisation in prioritised skills development initiatives.

1.2.2 Employer Grants and Project Expenses:

CHIETA expended over R442.6 million in employer grants and project expenses representing 115% of grant levy income of R385.3 million for the financial year ended 31st March 2016. Employer grant and project expenses exceeded the prior year achievement by R44.7 million, representing an 11% increase in disbursement rates in comparison with the prior financial year.

1.2.3 Discretionary Grants and commitments:

CHIETA expended over R343.8 million in discretionary grants and project expenses for the 2015/16 financial year representing 126% of the SDL income received for discretionary grants and project purposes. During the financial year under review, CHIETA continued its drive to optimise service delivery by expanding and further integrating platforms, systems and processes, thus allowing for a greater focus on monitoring and evaluation, strategic review and analyses of performance targets and related grant disbursement targets. A strong focus was also placed on expanding existing partnerships and promoting new partnerships with stakeholders to achieve the highest return on our investments and to deliver the substantially expanded SLA targets with the Department of Higher Education and Training (DHET). This approach has once again reduced the overall cost of training in the various projects and programs without compromising the achievement and exceeding of all our SLA targets for the 2015/16 financial year which are outlined in the report on predetermined objectives on pages x to x of the annual report for the year ended 31 March 2016.

The objective was also to ensure optimal service delivery and disbursement of discretionary grants during the financial year. Discretionary grant allocations and funding priorities were interrogated, ranked and aligned against the priorities of the NSDS III and the SSP. CHIETA expended R306.5 million (89%) of its discretionary grant and project expenditure in PIVOTAL programs and R37.3 million (11%) in Non PIVOTAL programs as outlined in note 14 of the annual financial statements for the year ended 31 March 2016. CHIETA expended and committed over 98.3% of the total funds available on the discretionary grant reserve as at 31 March 2016.

During the year under review, applications for discretionary grants and projects were once again over subscribed. After evaluation according to the established criteria, awards of over R314.6 million were approved for discretionary grant learning programs and further amount of R84.8 million was approved and allocated for strategic sector projects during the financial year. The nature of initiatives supported included:

- Programs supporting learners on registered learnerships and workplace experience.
- Supporting of scarce and critical skills as identified in the SSP
- Honouring apprenticeship and artisan training commitments and prioritising new apprenticeship programmes
- Supporting partnerships and training initiatives in Further Education and Training, Higher Education and Training in partnership with the chemical industry
- Providing incentives for workplace experience and employment creation.
- Assisting graduates in entering the workplace and enhancing employability through further graduate development programs and Work Integrated Learning (WIL)
- Promoting Recognition of Prior Learning (RPL) and facilitation of strategic research programs.

REPORT OF THE ACCOUNTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2016

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 well as providing support and funding towards national priorities and the achievement of national skills development imperatives.

1.2.4 Mandatory Grants

Mandatory Grant participation on the electronic on-line submission platform continued to increase and exceeded anticipated projections during the financial period. The mandatory grant expense increased by 2% from R97.2 million in 2015 to R98.7 million for the financial year ended 31 March 2016. The mandatory grant expense represented 87% of mandatory grant levy income received for the financial year ended 31 March 2016. The mandatory grant surplus of R14.8 million was transferred to the discretionary reserve and allocated to prioritised discretionary grants and projects as per the requirements of the SETA grant regulations.

2. Services rendered by the Public Entity and Tariff policy

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

3. Capacity constraints

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

4. Utilisation of donor funds

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

5. Business address

2 Clamart Road
Richmond
Johannesburg
2193

6. Controlled entities and Public entities

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 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.

REPORT OF THE ACCOUNTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2016

9. Discontinued Activities / Activities to be discontinued

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

10. New / proposed Activities

No new activities have been proposed.

11. Re-licensing

CHIETA was re-established by the Minister of Higher Education and Training for a two year period until 31 March 2018.

12. Corporate Governance

12.1 Corporate Governance and Compliance with PFMA

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

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

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. CHIETA has developed detailed financial policies and procedures, and a quality management system to guide internal processes. 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.

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 Accounting Authority and managerial level on strategic and operational risk management, respectively.

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 pursuit of CHIETA's objectives and are categorised into strategic and operational risks per the respective functional areas and business processes of the organisation.

REPORT OF THE ACCOUNTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2016

Management and monitoring of 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

CHIETA has developed a robust framework for expenditure control, governed by 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 policy framework act and supply chain management regulations. These policies and procedures are reviewed regularly by CHIETA management, staff, internal and external auditors and adjusted to ensure that current updates in procurement practices are adhered to by the entity.

12.4 CHIETA Infrastructure and Security over assets and income

CHIETA's net asset base was approximately R277.9 million at 31 March 2016. Total net assets decreased by R14.8 million as at the financial year ended 31 March 2016.

12.5 Accounting Authority and Constitutional Committee Meetings

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

12.6 Promotion of Accountability and Transparency

12.6.1 Audit Committee

The Audit Committee functions in terms of section 51(a)(ii) of the PFMA read in conjunction with treasury regulations 76 and 77 and performs a critical governance function. As with the board, 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, CHIETA Chief Executive Officer and the management team are responsible for ensuring that decisions, strategies and views of the board are implemented and that operations are managed effectively, efficiently and economically.

12.6.3 Employees

The Human Resources Strategy is founded on human capital development. It also addresses issues that create the conditions and opportunities for previously disadvantaged individuals to be employed at all levels within the organisation.

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 2016

13. Remuneration to members of the Accounting Authority, Audit Committee and Executive Management:

13.1 Remuneration to Members of the Accounting Authority

1 April 2015 to 31 March 2016

	Name	Constituency	Appointment Date	Resignation Date	Governing Board Meeting Fee	Committee Meeting Fee	Total
1.	Ms. N Fakude	Chairperson and Ministerial appointment	08/04/2011		-	-	-
2.	Mr. M Samela	Ministerial Appointee	08/04/2011		45 408	48 576	93 984
3.	Mr. B Van Baalen	Business representative for Base Chemicals	08/04/2011		41 624	76 112	117 736
4.	Mr. J Smit	Business representative for Speciality Chemicals, Surface Coatings, Pharmaceuticals and Fast Moving Consumer Goods	08/04/2011		37 840	106 024	143 864
5.	Ms. J Klaasen	Business representative for Explosives and Fertilizer	08/04/2011		-	-	-
6.	Mr. B Muir	Labour representative United Association of South Africa (UASA)	08/04/2011		45 408	79 888	125 296
7.	Mr. G Ceronie	Labour representative Solidarity	08/04/2011		45 408	122 153	167 561
8.	Mr. M Mampho	Labour representative - South African Chemical workers Union (SACWU)	08/04/2011		45 408	128 264	173 672

REPORT OF THE ACCOUNTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2016

	Name	Constituency	Appointment Date	Resignation Date	Governing Board Meeting Fee	Committee Meeting Fee	Total
9.	Mr. D Nkotsoe	Labour representative General Industries Workers Union of South Africa (GIWUSA)	08/04/2011		45 408	48 464	93 872
10.	Mr. S Mofokeng	Labour representative Chemical, Energy, Paper, Printing, Wood and Allied Workers Union (CEPPWAWU)	08/04/2011	29/05/2015	-	-	-
11.	Mr. T Demana	Government representative – Department of Trade and Industry	08/04/2011		-	-	-
12.	Ms. I Dimo	Ministerial appointment	08/04/2011		45 408	10 976	56 384
13.	Mr. S Phetla	Business representative for Glass	08/04/2011		41 624	7 568	49 192
14.	Mr. R Muruven	Business representative for Petroleum	08/04/2011		37 840	41 648	79 488
15.	Mr. G. Mnguni	Government representative – Department of Energy	08/04/2011	03/09/2015	-	-	-
16.	Mr. D. Ndou	Government representative – Department of Energy	30/03/2016		-	-	-
17.	Mr. M. Nkabinde	Labour representative Chemical, Energy, Paper, Printing, Wood and Allied Workers Union (CEPPWAWU)	30/03/2016		-	-	-
	TOTAL				431 376	669 673	1 101 049

REPORT OF THE ACCOUNTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2016

13.2 REMUNERATION TO INDEPENDENT MEMBERS OF THE AUDIT COMMITTEE 1 April 2015 to 31 March 2016

	Name	Constituency	Audit Committee and Board Meeting Fee
1.	Mr. C Kashiram	Chairperson and Independent member	379 569
2.	Ms. M Morata	Independent member	144 250
3.	Ms. S. Rahman	Independent member	128 256
	TOTAL		652 075

- Explanatory Notes to Accounting Authority Remuneration (13.1) and Independent Audit Committee Remuneration (13.2):
 1. Some members of the Accounting Authority have elected not to receive any remuneration for their services based on the policy directives of their respective constituency.
 2. The remuneration level of Accounting Authority members is subject to the legislative and policy frameworks of government, affordability and a dedicated budget. This is based on the annual remuneration framework of Accounting Authority members as approved by the Minister of Finance and the Minister of Higher Education and Training.
 3. The Accounting Authority meeting fee and Committee meeting fee are paid in accordance with the approved rate as per the treasury conversion key.
 4. Audit Committee members are remunerated based on the approved SAICA rates as per approved CHIETA remuneration policy for Accounting Authority and Committee fees.
 5. Fees for accounting authority members who sit on the Audit Committee are included in the remuneration schedule for members of the accounting authority in 13.1 above.

REPORT OF THE ACCOUNTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2016

13.3 Remuneration to Members of Executive Management 1 April 2015 to 31 March 2016

Name	Designation	Basic	Backdated salary	Allowances	Provident fund	Performance bonus	Once-off retention bonus	Total
Ayesha Itzkin	Acting Chief executive officer	1 375 131	379 259	189 000	195 419	331 335	762 743	3 232 887
Farhad Motala	Chief financial officer	1 209 500	-	189 000	242 901	230 781	683 917	2 556 100
Trevor Channing	Governance & risk executive	1 048 369	-	381 945	-	207 825	595 964	2 234 103
Kedibone Moroane	Research and skills planning executive	1 166 169	-	9 000	-	153 125	495 899	1 824 193
Raakshani Sing	Grants and strategic projects executive	1 094 169	-	81 000	-	170 752	495 899	1 841 820
TOTAL		5 893 339	379 259	849 945	438 320	1 093 818	3 034 422	11 689 102



Chairperson of CHIETA Accounting Authority

Date: 27 May 2016

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2016

	Note	2015/16 R'000	2014/15 R'000
NON EXCHANGE REVENUE			
Skills Development Levy: income	2	443 535	426 686
Skills Development Levy: penalties and interest		18 789	16 596
Other income		396	371
Profit on disposal of assets		55	-
EXCHANGE REVENUE			
Investment income	3	21 960	22 003
Total revenue	1a	484 735	465 656
EXPENSES			
Employer grant and project expenses	4	(442 621)	(397 846)
Administration expenses	5	(57 469)	(52 541)
Total expenses		(500 090)	(450 387)
NET (DEFICIT) / SURPLUS FOR THE YEAR	1a	(15 355)	15 269

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2016

	Note	2015/16 R'000	2014/15 R'000
ASSETS			
Current assets			
Cash and cash equivalents	10	358 283	356 723
Prepayments and advances (Exchange)	8	-	13
Accounts receivable (Non-exchange)	9	496	941
Inventories	19	63	78
		358 842	357 755
Non-current assets			
Property, plant and equipment	6	989	918
Other intangible assets	7	65	101
		1 054	1 019
TOTAL ASSETS		359 896	358 774
Less: Current liabilities			
Accounts payable	11	81 781	65 325
-Non-exchange		68 700	57 757
-Exchange		13 081	7 568
Provisions	12	846	825
		82 627	66 150
TOTAL NET ASSETS		277 269	292 624
FUNDS CONTRIBUTED BY:			
Funds and reserves			
Administration reserve		6 094	6 094
Discretionary reserve		271 175	286 530
TOTAL NET FUNDS		277 269	292 624

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2016

	Administration reserve	Employer grant reserve	Discretionary reserve	Net accumulated surplus	Total
	R'000	R'000	R'000	R'000	R'000
Balance at 31 March 2014	6 094	-	271 261	-	277 355
Net surplus per statement of financial performance	-	-	-	15 269	15 269
Allocation of net accumulated surplus	3 408	8 231	3 630	(15 269)	-
Excess reserves transferred to discretionary reserve	(3 408)	(8 231)	11 639	-	-
Balance at 31 March 2015	6 094	-	286 530	-	292 624
Net Deficit per statement of financial performance	-	-	-	(15 355)	(15 355)
Allocation of net accumulated deficit	750	14 842	(30 948)	15 355	-
Excess reserves transferred to discretionary reserve	(750)	(14 842)	15 592	-	-
Balance at 31 March 2016	6 094	-	271 175	-	277 269

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	Note	2015/16 R'000	2014/15 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		463 165	443 065
Levies, interest and penalties received		463 165	443 065
Cash paid to stakeholders, suppliers and employees		(483 150)	(450 354)
Grants and project payments		(431 678)	(399 398)
Compensation of employees		(30 735)	(28 775)
Payments to suppliers and other		(20 737)	(22 181)
Cash utilised in operations	13	(19 985)	(7 289)
Investment income	3	21 960	22 003
Net cash inflow from operating activities		1 975	14 714
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(481)	(325)
Proceeds from disposal of property, plant and equipment		67	1
Net cash outflow from investing activities		(414)	(324)
Net increase in cash and cash equivalents		1 561	14 391
Cash and cash equivalents at beginning of year	10	356 723	342 332
Cash and cash equivalents at end of year	10	358 283	356 723

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2016

	Note	Approved Budget	Actual	Favourable (Unfavourable) Variance	Approved Budget	Actual	Favourable (Unfavourable) Variance
		2015/16 R'000	2015/16 R'000	2015/16 R'000	2014/15 R'000	2014/15 R'000	2014/15 R'000
NON EXCHANGE REVENUE							
Skills Development Levy: income	20.1	466 587	443 535	(23 052)	444 565	426 686	(17 879)
Skills Development Levy: penalties and interest	20.2	1 284	18 789	17 505	1 104	16 596	15 492
Other income	20.3	-	396	396	-	371	371
Profit on disposal of assets	20.7	-	55	55	-	-	-
EXCHANGE REVENUE							
Investment income	20.4	12 291	21 960	9 669	12 501	22 003	9 502
Total revenue		480 162	484 735	4 573	458 170	465 656	7 486
EXPENSES							
Employer grant and project expenses	20.5	417 449	442 621	(25 172)	400 570	397 846	2 724
Administration expenses	20.6	62 713	57 469	5 244	57 599	52 541	5 058
Total expenses		480 162	500 090	(19 928)	458 170	450 387	7 783
NET (DEFICIT) / SURPLUS FOR THE YEAR		-	(15 355)	(15 355)	-	15 269	15 269

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2016

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;

is 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.

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 New Accounting Pronouncements

1.6.1 Standards effective and adopted in the current year

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

Segment Reporting	GRAP 18	Effective date, years beginning on or after 1 April 2015
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This standard describes the disclosure requirements to present more specific and detailed information about major activities undertaken by an entity during a particular period along with the resources allocated to those activities. The adoption of this standard has not had a material impact but has resulted in more disclosures than presented in the prior period annual financial statements. The additional disclosure is set out in note 21 to the annual financial statements.

1.6.2 Standards issued and relevant but not yet effective

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

		<u>Effective Date</u>
Related parties	GRAP 20	Not yet determined
Statutory Receivables	GRAP 108	Not yet determined
Accounting by Principals and Agents	GRAP 109	Not yet determined

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

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2016

GRAP 20 : Related Party

This standard prescribes the disclosure of information relevant to draw attention to the possibility that the SETA financial position and surplus/deficit may have been affected by the existence of related parties. It is not expected that this standard will significantly impact future disclosures.

GRAP 108: Statutory Receivables

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

GRAP 109: Accounting by Principals and Agents

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

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

1.6.3 Standards issued and effective but not relevant

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

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

1.7 Going Concern

The financial statements have been prepared on the going concern basis, as CHIETA does not see any reason to significantly curtail its operations in the foreseeable future and the entity will continue to operate as a going concern for the next 24 months. The current licence period of CHIETA expires on 31 March 2018 based on the recently gazetted extension of the NSDS III license period of the SETA's. The future existence and landscape of the SETA's after the above date will be based on a proclamation by the Minister of Higher Education and Training based on the future National Skills Development Strategy and landscape.

1.8 Judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates in the annual financial statements. Judgements include:

Trade and other receivables

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

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2016

Provisions

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

Property, plant and equipment

The entity estimates that the useful life of the property, plant and equipment annually. The estimated useful life of assets is limited to the remaining period of the licence issued to CHIETA by the Minister of Higher Education and Training. For the current year the remaining period is 2 years (2015: 1 year). The useful life of assets is re-assessed at the end of each financial year.

Intangible assets

The estimated useful life of intangible assets is limited to the remaining period of the license issued to CHIETA by the Minister of Higher Education and Training. For the current year the remaining period is 2 years (2015: 1 year). The useful life of assets is re-assessed at the end of each financial year.

Leave pay

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

2.1 Currency

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

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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2016

3.3 Interest and penalties

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

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.

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

Mandatory grants

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

Discretionary grants and project expenditure

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

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

Project expenditure comprise:

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

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2016

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

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

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

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.

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% p/a
- Office furniture and fittings	10% p/a
- Office equipment	10% p/a

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 CHIETA by the Minister of Higher Education and Training. For the current year the remaining period is 2 years (2015: 1 year). 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2016

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% p/a
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The useful lives of intangible assets are reassessed at the end of each financial year.

7.1 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 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2016

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.

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 are categorised as follows:

Cash and cash equivalents - held for trading

Cash and cash equivalents are measured at fair value.

Investments and loans

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

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

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

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

Accounts and other receivables

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

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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2016

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

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

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

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

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

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:

	2015/16	2014/15
	%	%
Administration costs of the SETA	10.5	10.5
Employer Grant Fund Levy	20	20
Mandatory Workplace Skills Planning Grant	20	20
Discretionary grants and projects	49.5	49.5
	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.

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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2016

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

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

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 15.

11.5 Segment Reporting

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1a. ALLOCATION OF NET DEFICIT FOR THE YEAR TO RESERVES FOR THE YEAR ENDED 31 MARCH 2016

	Mandatory reserve			Discretionary reserve		
Total per Income Statement	Administration reserve	Mandatory skills planning and implementation grant	Total	Discretionary grants	CHIETA Projects	Total discretionary
Total revenue	57 469	98 785	98 785	273 902	54 580	328 482
Skills development levy income:						
Admin levy income (10%)	58 165	-	-	-	-	-
Grant levy income (70%)	385 370	113 627	113 627	217 164	54 580	271 744
Skills development levy: penalties and interest	18 789	-	-	18 789	-	18 789
Investment income	21 960	-	-	21 960	-	21 960
Other income	396	-	-	396	-	396
Profit on disposal of assets	55	-	-	-	-	-
Transfer to discretionary reserve	-	(14 842)	(14 842)	15 592	-	15 592
Total expenses	57 469	98 785	98 785	289 256	54 580	343 836
Administration expenses	57 469	-	-	-	-	-
Employer grants and project expenses	442 621	98 785	98 785	289 256	54 580	343 836
Net deficit per statement of financial performance allocated	(15 355)	-	-	(15 355)	-	(15 355)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1a. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES FOR THE YEAR ENDED 31 MARCH 2015

	Mandatory reserve			Discretionary reserve		
	Administration reserve	Mandatory skills planning and implementation grant	Total	Discretionary grants	CHIETA Projects	Total discretionary
Total per Income Statement						
Total revenue	465 656	52 541	97 250	275 652	40 212	315 864
Skills development levy income:						
Admin levy income (10%)	55 949		-	-	-	-
Grant levy income (70%)	370 736		105 481	225 043	40 212	265 255
Skills development levy: penalties and interest	16 596	-	-	16 596	-	16 596
Investment income	22 003	-	-	22 003	-	22 003
Other income	371	-	-	371	-	371
Transfer to discretionary reserve	-	(3 408)	(8 231)	11 639	-	11 639
Total expenses	450 387	52 541	97 250	260 384	40 212	300 596
Administration expenses	52 541	52 541	-	-	-	-
Employer grants and project expenses	397 846	-	97 250	260 384	40 212	300 596
Net surplus per statement of financial performance allocated	15 269	-	-	15 269	-	15 269

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. SKILLS DEVELOPMENT LEVY INCOME

The total levy income per the Income Statement is as follows:

Levy income: Administration

Skills development levies transferred from department of higher education and training

Intersecta transfers in

Levy income: Employer grants

Skills development levies transferred from department of higher education and training

Intersecta transfers in

Levy income: Discretionary grants

Skills development levies transferred from department of higher education and training

Intersecta transfers in

Note	2015/16 R'000	2014/15 R'000
	58 165	55 949
	58 092	55 934
	72	15
	113 627	105 481
	113 489	105 452
	138	29
	271 743	265 255
	271 402	265 182
	341	73
	443 535	426 686
	21 960	22 003
	21 960	22 003
	98 785	97 250
	100 383	96 873
	(1 598)	377
	289 256	260 384
	273 373	239 596
	15 883	20 788
	54 580	40 212
	38 572	40 108
	16 009	103
	442 621	397 846
	272 160	247 053
	17 096	13 331
	289 256	260 384
	54 580	40 212
	54 580	40 212

3. INVESTMENT INCOME

Interest income - bank deposits

4. EMPLOYER GRANT AND PROJECT EXPENSES

Mandatory grants

Disbursed

Movement in provisions and accruals

Discretionary grants

Disbursed

Movement in provisions and accruals

Project expenditure

Disbursed

Movement in provisions and accruals

4.1 Discretionary grants expenditure consists of:

Direct discretionary grant project costs

Direct project administration expenses

4.2 Project expenditure consist of:

Direct project costs

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

5. ADMINISTRATION EXPENSES

	Note	2015/16 R'000	2014/15 R'000
Depreciation		397	734
Amortisation of intangibles		37	72
Operating lease rentals (minimum lease payments) - buildings		3 103	2,712
Maintenance, repairs and running costs - property and buildings		335	372
Utilities		736	592
Advertising, marketing and promotions, communication		227	357
Consultancy and service provider fees		2 255	3 189
Legal fees		33	197
Cost of employment	5.1	34 441	29 222
Travel and subsistence		2 650	2 668
Training and development		434	846
Remuneration to members of the accounting authority		1 101	538
Remuneration to members of the audit committee		652	568
Internal auditors remuneration		1 273	1 097
External auditor's remuneration - Audit fees		2 672	3 331
IT maintenance and internet service (ISP)		1 129	820
Telephone and fax		867	757
Printing and stationary		996	1 105
Insurance costs		239	184
Workshop and meetings		709	730
Quality council for trades and occupations (QCTO)		1 629	1 220
Other		1 552	1 230
		57 469	52 541

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

	Note	2015/16 R'000	2014/15 R'000
Salaries and wages		30 647	25 571
Basic salaries		21,523	21 166
Performance awards		3 081	2 763
Retention stay bonus		4 955	-
Temporary staff		277	201
Leave provision		811	1 440
Social contributions		3 794	3 651
Medical aid contributions		1 620	1 390
Provident fund contributions: defined contribution plans		1 906	1 958
UIF		268	303
		34 441	29 222
Allocation of cost of employment	5		
Administration expenses		34 441	29 222

Average number of employees

56

54

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated depreciation/ impairment	Closing carrying amount
	R'000	R'000	R'000
Year ended 31 March 2016			
Computer equipment	1 871	(1 336)	536
Office furniture and fittings	2 138	(1 835)	303
Office equipment	1 285	(1 134)	151
Balance at end of period	5 294	(4 305)	989
Made up as follows:			
- Owned assets	5 294	(4 305)	989

Year ended 31 March 2015

Computer equipment	1 680	(1 270)	411
Office furniture and fittings	2 148	(1 859)	289
Office equipment	1 252	(1 034)	218
Balance at end of period	5 080	(4 163)	918
Made up as follows:			
- Owned assets	5 080	(4 163)	918

Movement summary for the Year ended 31 March 2016

	Carrying amount 2015	Additions	Disposals	Depreciation/ Amortisation charge	Carrying amount 2016
	R'000	R'000	R'000	R'000	R'000
Computer equipment	411	410	(4)	(280)	535
Office furniture and fittings	289	26	(4)	(8)	303
Office equipment	218	46	(4)	(108)	151
Balance at end of period	918	481	(13)	(397)	989

Movement summary for the Year ended 31 March 2015

Computer equipment	607	130	-	(327)	411
Office furniture and fittings	411	95	-	(217)	289
Office equipment	366	43	-	(191)	218
Balance at end of period	1 384	268	-	(734)	918

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

7. INTANGIBLE ASSETS - COMPUTER SOFTWARE

	2015/16 R'000	2014/15 R'000
Opening carry value	101	117
Cost / valuation	495	438
Accumulated amortisation	(393)	(321)
Movements during the year	(37)	(16)
Additions	-	57
Disposals / Adjustments	-	(1)
Amortisation	(37)	(72)
Closing carry value	65	101
Cost / valuation	495	495
Accumulated amortisation	(430)	(393)

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

The main assumption for the reassessment is:

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 2 years. This is attributable to additional / new information that became available during the year regarding the continuance of the various SETA's. CHIETA will have a license for the next 2 years, therefore the assets are depreciated in accordance with the period of the license 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 increased / (decreased) as follows for the 2016 financial year:

	Before change in estimate R'000	After change in estimate R'000	Net Increase / (Decrease) R'000
Amortisation: Computer software	87	37	(50)
Depreciation: Computer equipment	364	280	(83)
Depreciation: Furniture & fittings	107	8	(99)
Depreciation: Office equipments	108	108	1
	665	433	(231)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

8. PREPAYMENTS AND ADVANCES		2015/16 R'000	2014/15 R'000
Prepayments and Advances			
Staff Advances		-	13
Closing balance		-	13
9. ACCOUNTS RECEIVABLE			
Deposits	Non-exchange	143	175
Trade receivables	Non-exchange	322	312
Employer receivable	Non-exchange	21	447
Employee receivable	Non-exchange	10	7
		496	941
10. CASH AND CASH EQUIVALENTS			
Cash at bank and on hand		358 283	356 723
Cash at bank		358 275	356 722
Cash on hand		8	1
Cash and cash equivalents at end of year		358 283	356 723

As required in Treasury Regulation 31.2, National Treasury approved the banks where CHIETA bank accounts are held. The weighted average interest rate on short term bank deposits was 6% (2015: 5.8%).

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

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

11. ACCOUNTS PAYABLE		Note	2015/16 R'000	2014/15 R'000
			68 700	57 757
Skills development grants payable - mandatory	Non-exchange		5 785	7 383
Skills development grants payable - discretionary	Non-exchange		45 410	29 527
Project creditors	Non-exchange		17 505	1 496
Interseta payables	Non-exchange	18	-	164
Non Conditional Grant - FET Infrastructure	Non-exchange		-	19 187
Sundry payables			13 081	7 568
Other accruals	Exchange		3 235	2 213
Employee leave and bonus pay accrual	Exchange	11.1	8 847	5 140
Service provider fees outstanding	Exchange		177	16
Trade payables	Exchange		823	199
			81 781	65 325

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

11.1 Leave and Bonus pay accrual

	Employee leave accrual	Employee performance bonus accrual	Employee Retention / Stay bonus accrual	2015/16 R'000	2014/15 R'000
Open carrying amount	1 440	3 700	-	5 140	4 693
Amounts utilised	(1 440)	(3 700)	-	(5 140)	(4 693)
Change in estimate	810	3 081	4 955	8 847	5 140
Closing carrying amount	810	3 081	4 955	8 847	5 140
Current	810	3 081	4 955	8 847	
Total	810	3 081	4 955	8 847	

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

Employee bonus relates to performance bonus and a once off retention / stay bonus payable to employees who meet the qualifying criteria. The performance bonus is paid annually to employees who exceed their job performance requirements.

The retention bonus is a once off amount approved by the accounting authority payable to employees in key and critical positions as an incentive to remain within the employ of CHIETA in periods of uncertain lifespan and during uncertain license periods of the SETA.

12. PROVISIONS

Reconciliation of Provisions for the year ended 31 March 2016

	Open carrying amount	Additions	Reversals	Closing carrying amount
	R'000	R'000	R'000	R'000
Exempt employers provision	825	148	(127)	846

Reconciliation of Provisions for the year ended 31 March 2015

Exempt employers provision	657	168	-	825
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An amount of R846 000 (2015 - R825 000) relates to skills development levies incorrectly contributed by employers to SARS and paid over to DHET after being exempted from contributing skill development levies due to legislative changes which came into effect on 1 August 2005. Since SARS collects the skills development levies from employers on behalf of DHET, the responsibility to refund employers remains with SARS.

In terms of Skills Development Circular No. 09/2013 issued by the DHET on 25 August 2013, SETA's are able to utilise exempted amounts contributed after the expiry date of 5 years as stipulated in terms of section 190(4) of the Tax Administration Act. These funds have been transferred to the discretionary reserve as per the requirements of the above circular.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

13. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET (DEFICIT) / SURPLUS

	2015/16 R'000	2014/15 R'000
Net (deficit) / surplus as per statement of financial performance	(15 355)	15 269
Adjusted for non-cash items:		
Depreciation	397	734
Amortisation	37	72
Relating to grants	21	-
Adjusted for items separately disclosed		
Investment income	(21 960)	(22 003)
Net profit on disposal of assets	(55)	-
Adjusted for working capital changes:		
Increase / (decrease) in receivables	461	(633)
Increase / (decrease) in payables	16 456	(924)
Decrease in prepayments and advances	13	197
<i>Cash utilised in operations</i>	(19 985)	(7 289)

14. CONTINGENCIES

In terms of the PFMA, all surplus / (deficit) funds as at year-end require the approval of National Treasury. CHIETA annually requests formal rollover of any unspent funds or realisation of a deficit and has communicated this in writing as per National Treasury requirements. Formal approval has not yet been obtained from National Treasury to retain surplus / realise (deficit) funds at the time of submission of these Annual Financial Statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

15. COMMITMENTS

15.1 Discretionary reserve

Of the balance of R271 175 (R'000) available in the discretionary reserve for the year ended 31 March 2016, R244 714 (R'000) has been approved and allocated for discretionary grants commitments as outlined below and substantial portions of contractual obligations have been met. A further amount of R21 937 (R'000) is committed for strategic sector projects. During the financial year an amount of R272 160 (R'000) was utilised on contractual deliverables in discretionary grant programs and an amount of R54 580 (R'000) was utilised on strategic sector projects.

Discretionary Grant	Opening balance 1 April 2014 R'000	Approved by Accounting Authority R'000	Discretionary Grant Project Management R'000	Not Yet Contracted / Adjustments R'000	Utilised Discretionary Grants R'000	Opening balance 1 April 2015 R'000	Approved by Accounting Authority R'000	Discretionary Grant Project Management R'000	Not Yet Contracted / Adjustments R'000	Utilised Discretionary Grants R'000	Utilised Discretionary Grants Management R'000	Closing balance 31 March 2016 R'000
Programmes												
Adult Basic Education and Training (ABET)	4 589	2 474	143	(989)	2 655	3 419	2 162	129	(1 895)	2 053	129	1 633
Apprentice / Artisan training and development	49 021	60 278	2 057	(16 967)	38 121	54 210	45 930	2 793	(18 840)	44 468	2 793	36 831
Recognition of Prior Learning (RPL)	12 770	14 136	383	(4 838)	7 090	14 978	18 840	544	(8 255)	8 659	544	16 905
Broad Based Black Economic Empowerment	8 363	126	109	(6 465)	2 024	-	-	-	-	-	-	-
Career Guidance	1 926	-	31	(1 352)	574	-	-	-	-	-	-	-
Further Education and Training (FET)	32 566	3 604	653	(19 171)	12 105	4 894	1 790	204	(1 540)	3 254	204	1 890
Foundational Learning	1 354	-	-	(1 354)	-	-	-	-	-	-	-	-
Graduate Development	148	43	132	2 659	2 454	396	-	25	-	396	25	-
Bursaries	4 798	45 163	1 143	(3 959)	21 190	24 812	54 171	2 501	(4 498)	39 809	2 501	34 676

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

15. COMMITMENTS (continued)

15.1 Discretionary reserve

Discretionary Grant	Opening balance 1 April 2014	Approved by Accounting Authority	Discretionary Grant Project Management	Not Yet Contracted / Adjustments	Utilised Discretionary Grants	Opening balance 1 April 2015	Approved by Accounting Authority	Discretionary Grants Project Management	Not Yet Contracted / Adjustments	Utilised Discretionary Grants	Utilised Discretionary Grants Project Management	Closing balance 31 March 2016
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Institutes of sectoral Excellence / Infrastructure Development	150	-	-	(150)	-	-	-	-	-	-	-	-
INTERNSHIPS	13 076	55	376	(5 425)	6 971	735	-	76	597	1 213	76	119
SMME's, COOPS, NGOs, NLPs, and NPOs/ NVC Support	4 718	-	21	(4 334)	384	-	-	-	-	-	-	-
NATIONAL PRIORITIES	13 229	720	638	2 526	11 818	4 658	-	41	(4 002)	657	41	-
Research	2 254	-	100	(409)	1 845	100	-	-	-	-	-	-
Skills Programmes	24 676	23 837	1 154	553	21 379	27 687	22 259	1 535	(10 630)	24 437	1 535	14 879
Workplace Experience / WIL	42 250	18 665	1 371	(10 171)	25 409	25 336	40 620	2 062	(5 669)	32 823	2 062	27 464
Work Placement / Employment Creation	11 682	45 826	922	(1 344)	17 083	39 080	22 914	1 799	(8 266)	28 632	1 799	25 097
LEARNERSHIPS	55 837	109 474	4 084	(5 164)	75 682	84 464	105 808	5 375	(19 701)	85 568	5 375	85 002
Other Occupationally directed programs	-	550	15	-	270	280	180	12	(50)	191	12	219
	283 406	324 951	13 331	(76 354)	247 053	284 950	314 674	17 096	(82 749)	272 160	17 096	244 714

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

15.2 Strategic Sector Projects

Projects	Opening balance 1 April 2014 R'000	Approved by Accounting Authority R'000	Not Contracted Adjustments R'000	Utilised Discretionary Grants R'000	Opening balance 1 April 2015 R'000	Approved by Accounting Authority R'000	Not Yet Contracted R'000	Utilised Strategic Projects R'000	Adjustments R'000	Closing balance 31 March 2016 R'000
Quality Assurance and provider support Chemical stakeholder support (PST and M/E)	-	9 899	1 464	8 435	-	9 033	-	9 039	11	5 91
World skills competition	-	500	260	240	-	477	-	358	(118)	-
Regional Stakeholder Support	-	2 502	2 005	497	-	1 483	-	1 569	86	0.00
Apprenticeship / Artisan development	-	5 000	695	4 305	-	5 250	-	4 098	(1 152)	-
CHIETA / Department of Energy Artisans	1 157	-	399	757	-	-	-	-	-	-
CHIETA / merSETA / SSACI DSAP Pilot	-	1 045	1 045	-	-	-	-	-	-	-
Technical Artisan Competency (TAC) - Welding Trust	-	9 000	3 000	3 000	3 000	3 000	3 000	2 850	(150)	-
Small Business Support	-	1 170	-	-	1 170	3 075	1 520	1 547	(35)	1 143
Small Business Support	-	-	-	-	-	770	280	231	-	259
Bursary Project (18.2 Learners)	-	-	-	-	-	4 815	719	3 285	-	811
National Bargaining council (NBCCI)	2 498	-	1 558	940	-	-	-	-	-	-
Integrated Marketing and relationship management	-	3 279	2 780	499	-	2 276	-	2 265	-	-
SMME Strategy / Voucher Project	-	5 000	1 590	3 072	338	5 000	450	4 888	-	-
Maths & Science	2 923	3 213	265	3 083	2 788	7 294	2 788	3 186	(1 275)	2 833
Rural & Cooperatives Development	2 898	5 049	388	5 526	2 033	2 993	1 403	2 285	(203)	1 135
Learners with Disabilities	1 040	2 560	100	2 360	1 140	1 953	-	1 736	(258)	1 099
Skills Programmes	411	2 914	-	1 241	2 084	2 984	2 084	2 525	(20)	439
Institutional & Industry Partnership	11 377	3 742	3 985	3 994	7 140	7 371	5 958	4 580	(516)	3 457
ISOE's	3 028	480	1 906	1 601	-	3 073	-	1 844	-	1 229

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

15.2 Strategic Sector Projects (continued)

Projects	Opening balance 1 April 2014 R'000	Approved by Accounting Authority R'000	Not Contracted Adjustments R'000	Utilised Discretionary Grants R'000	Opening balance 1 April 2015 R'000	Approved by Accounting Authority R'000	Not Yet Contracted R'000	Utilised Strategic Projects R'000	Adjustments R'000	Closing balance 31 March 2016 R'000
Strategic Infrastructure Skills Development Projects (SIPs)	-	593	-	-	593	4 805	1 887	1 399	(157)	1 955
Renewable Energy Skills Development - Green Skills	-	-	-	-	-	450	-	-	-	450
SAPITI	1 000	-	863	137	-	-	-	-	-	-
PFG Glass	500	-	500	-	-	-	-	-	-	-
NSFAS	4 710	-	4 710	-	-	-	-	-	-	-
South African Qualifications Authority - Career guidance	498	-	123	375	-	-	-	-	-	-
Rural Development (Career Guidance & Rural Science Schools Support)	200	-	50	150	-	-	-	-	-	-
Trade Union Learning practitioner program	2 103	-	1 194	-	909	1 300	909	1 288	(12)	-
Programme 1 - Research and skills planning	-	-	-	-	-	2 335	-	824	(68)	1 444
Programme 1 - Research and skills planning	-	-	-	-	-	8 210	554	4 729	(256)	2 671
TVET & WIL	-	-	-	-	-	6 948	3 888	54	-	3 006
	34 342	55 945	28 881	40 212	21 195	84 894	25 440	54 580	(4 121)	21 937

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

15.3 Operating Leases

	2015/16 R'000	2014/15 R'000
Minimum lease payments under operating leases recognised as an expense in the year	3 103	2 712
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:		
Not later than one year	3 079	2 430
Later than one year and not later than five years	3 312	23
	6 391	2 453

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of 2 years and the lease period coincides with the licence period of CHIETA. Rentals escalate on average by 8.33% 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.

16. 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 2016 (2015 - R Nil)

17. FINANCIAL INSTRUMENTS

In the course of CHIETA operations it is exposed to interest rate, credit, liquidity and market risk. 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Interest rate risk

The SETA'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-interest bearing	
	Amount R'000	Effective interest rate	Amount R'000	Weighted average effective interest rate %	Amount R'000	TOTAL R'000
Year ended 31 March 2016						
Assets						
Cash	336 323	6%	21 960	6%	-	358 283
Accounts receivable	-	-	-	-	496	496
	336 323	6.0%	21 960	6.0%	496	358 779
Liabilities						
Accounts payable	-	-	-	-	81 781	81 781
	-	-	-	-	81 781	81 781
Year ended 31 March 2015						
<i>Total financial assets</i>	334 720	-	22 003	-	941	357 664
<i>Total financial liabilities</i>	-	-	-	-	65 325	65 325
	334 720	-	22 003	-	66 266	422 989

Credit risk

Financial assets, which potentially subject 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.

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. CHIETA does not have any material exposure to any individual or counter-party. CHIETA's concentration of credit risk is limited to the industry in which 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

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

Market risk

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 CHIETA are aware of.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Fair values

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

Cash and cash equivalents

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

Accounts receivable

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

Accounts payable

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

18. RELATED PARTY TRANSACTIONS

Transactions with other SETAs

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

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

	2015/16 R'000		2014/15 R'000	
	Transfers in/ (out) during the year	Amount receivable/ (payable)	Transfers in/ (out) during the year	Amount receivable/ (payable)
Receivables	552	-	-	-
SERVICES SETA	165	-	-	-
HEALTH AND WELFARE SETA	117	-	-	-
AGRISETA	270	-	-	-
Payables	-	-	-	(164)
W&R SETA	-	-	-	(3)
MQA	-	-	-	(69)
MERSETA	-	-	-	(92)
	552	-	-	(164)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Transactions with Board member representative companies

Constituency of Board Member	2015/16 R'000				2014/15 R'000	
	Transacting Company	Transaction type	Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
Payables						
Explosives and fertilizers	Omnia	Discretionary Grant	10 691	(5 821)	7 181	(7 181)
Base chemicals and petroleum	Sasol Limited	Discretionary Grant	12 521	(5 964)	40 669	(40 669)
Government Department / Ministerial Appointee	Department of Energy	Discretionary Grant	1 790	(1 315)	5 342	(5 342)
Speciality chemicals and surface coatings	Novas	Strategic Project	540	(540)		
Total			25 542	(13 640)	53 192	(53 192)

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

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 Executive Managers.

19. INVENTORIES

Inventories consist of :

Consumable Stores

Stationery

Marketing / promotional material

2015/16 R'000	2014/15 R'000
20	5
43	73
63	78

20. COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2016

20.1 Skills Development Levy: income

The unfavourable variance in skills development levy income is due to a lower than anticipated return of levies from member companies. CHIETA budgeted for an 9% increase in levy income for the financial year, and realised a 4% increment. The current slowdown of growth in the economy is also a contributing factor to the lower than anticipated SDL income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

20.2 Skills Development Levy: penalties and interest

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

20.3 Other income

Other income for the 2015/16 financial year constitutes levy funding received from the Department of Energy as part of an integral NSDS III public sector partnership between CHIETA and the Department of Energy in the current financial year.

20.4 Investment income

Investment income was 79% above budget due to higher competitive interest rates obtained on CHIETA's investments in 2015/16 and a higher than anticipated cash holding during the first two quarters of the financial year.

20.5 Employer grant and project expenses

The approved final budget only includes the estimated mandatory grant spending of the current financial year. There was an increase in mandatory grant expenditure due to the increase in levies received and the increase in Work Place Skills Plans submitted by the employers.

The approved final budget only includes the estimated project spending of the current financial year. The increased discretionary grant and project expenditure was funded from discretionary reserves. This over expenditure is acceptable practice within the SETA environment given the multi year nature of many projects.

20.6 Administration expenses

Administration expenditure is limited to 10.5% of levies received. The legislation limit has not been exceeded and savings are transferred to the discretionary reserve and will be utilised to fund sector skills priorities, through various discretionary grants and projects.

20.7 Profit on Disposal of assets

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

21. SEGMENT INFORMATION

Information about the surplus / (deficit), assets and liabilities for the year ended 31 March 2016

	2015/16				
	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
Revenue					
NON EXCHANGE REVENUE					
Skills Development Levy: income	58 165	113 627	271 743	-	443 535
Skills Development Levy: penalties and interest	-	-	18 789	-	18 789
Other income	-	-	396	-	396
Profit on disposal of assets	55	-	-	-	55
EXCHANGE REVENUE					
Investment income	-	-	21 960	-	21 960
Total Segment Revenue	58 220	113 627	312 888	-	484 735
Expenditure					
EXPENSES					
Discretionary Grants & Project Expenditure	-	-	(343 836)	-	(343 836)
Mandatory & Implementation Grant	-	(98 785)	-	-	(98 785)
Employee compensation costs	(34 441)	-	-	-	(34 441)
Other administration expenses	(23 028)	-	-	-	(23 028)
Total Segment Expenditure	(57 469)	(98 785)	(343 836)	-	(500 090)
Total (Deficit)	750	14 842	(30 948)	-	(15 355)
Assets					
Cash and cash equivalents	-	-	-	358 283	358 283
Accounts receivable - non exchange	475	-	21	-	496
Inventories	63	-	-	-	63
Property, plant and equipment	989	-	-	-	989
Other intangible assets	65	-	-	-	65
Total Assets	1 592	-	21	358 283	359 896
Liabilities					
Accounts payable					
Non-exchange	-	5 785	62 914	-	68 700
Exchange	13 081	-	-	-	13 081
Provisions	111	212	523	-	846
	13 192	5 997	63 438	-	82 627

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Information about the surplus / (deficit), assets and liabilities for the year ended 31 March 2015

	2014/15				
	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
Revenue					
NON EXCHANGE REVENUE					
Skills Development Levy: income	55 949	105 481	265 255	-	426 686
Skills Development Levy: penalties and interest	-	-	16 596	-	16 596
Other income	-	-	371	-	371
EXCHANGE REVENUE					
Investment income	-	-	22 003	-	22 003
Total Segment Revenue	55 949	105 481	304 225	-	465 656
Expenditure					
EXPENSES					
Discretionary Grants & Project Expenditure	-	-	(300 596)	-	(300 596)
Mandatory & Implementation Grant	-	(97 250)	-	-	(97 250)
Employee compensation costs	(29 222)	-	-	-	(29 222)
Other Administration expenses	(23 319)	-	-	-	(23 319)
Total Segment Expenditure	(52 541)	(97 250)	(300 596)	-	(450 387)
Total Surplus	3 408	8 231	3 629	-	15 268
Assets					
Cash and cash equivalents	-	-	-	356 723	356 723
Prepayments and advances - exchange	13	-	-	-	13
Accounts receivable - non exchange	494	-	447	-	941
Inventories	78	-	-	-	78
Property, plant and equipment	918	-	-	-	918
Other intangible assets	101	-	-	-	101
Total Assets	1 604	-	447	356 723	358 774
Liabilities					
Accounts payable					
Non-exchange		7 383	50 374		57 757
Exchange	7 568				7 568
Provisions	108	206	510		825
	7 676	7 590	50 884	-	66 150

MATERIALITY & SIGNIFICANCE FRAMEWORK POLICY STATEMENT
FOR 2015/16 FINANCIAL YEAR

Signed on behalf of the Accounting Authority by:



Nolitha Fakude
Chairperson of the Accounting Authority



Ayesha Itzkin
Acting CEO

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MATERIALITY & SIGNIFICANCE FRAMEWORK POLICY STATEMENT FOR 2015/16 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—
 - o Is authorized by this Act; and
 - o In the case of public entities, is also authorized by other legislation not in conflict with this Act; and
 - o In the case of loans by a province or a provincial government business enterprise under the ownership control of a provincial executive, is within the limits as set in terms of the Borrowing Powers of Provincial Governments Act, 1996 (Act No. 48 of 1996).”

Significance is:-

- Section 54(2) – “Before a public entity concludes any of the following transactions, the Accounting Authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its Executive Authority for approval of the transaction –
 - o Establishment or participation in the establishment of a company;
 - o Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
 - o Acquisition or disposal of a significant asset;
 - o Commencement or cessation of a significant business activity; and
 - o A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.”

MATERIALITY & SIGNIFICANCE FRAMEWORK POLICY STATEMENT FOR 2015/16 FINANCIAL YEAR

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. –

- o The creation and registration of national standards and qualifications in the sector and sub-sectors;
- o To curricula, assess, certify and manage performance in the sector to ensure targeted and generic service skills;
- o To ensure that a quality learning provision is maintained throughout the sector;
- o To create and maintain a database to target generic and specific skills development;
- o To engage in learnerships and skills programme activities;
- o 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.

- *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:

- o Annual risk assessment;
- o Three year internal audit plan;
- o Fraud prevention plan;
- o Appropriate procurement policy and modalities;
- o The implementation and adoption of a quality management system;
- o Technical competence, skills and experience of staff engaged in the decision making process;
- o 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.

MATERIALITY & SIGNIFICANCE FRAMEWORK POLICY STATEMENT FOR 2015/16 FINANCIAL YEAR

- *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:

- o 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;
- o Sizable increase in the stakeholder base i.e. more member companies contributing SDL to the organization;
- o Fraudulent or dishonest behaviour of ALL officers or staff of the organization. Any rand value will warrant disclosure;
- o Operations in regions that are economically unstable or the expansion into new locations;
- o Operations exposed to volatile markets;
- o Going concern and liquidity including loss of significant stakeholders;
- o Constraints on the availability of capital and credit;
- o Changes in the industry in which the entity operates;
- o Developing or offering new products or services;
- o Entities or business segments likely to be traded or lost;
- o Complex alliances and joint ventures;
- o Changes in key personnel including departure of key executives;
- o Changes in the IT environment;
- o Pending litigation and contingent liabilities;
- o Public accountability to stakeholders, parliament, auditors and the community at large;
- o The sensitivity of the organization's financial information in making decisions;
- o Inadequate policies and procedures to mislead users;
- o Material infringement of legislation;
- o The imposition of regularity restrictions that can impair operating capabilities;
- o Any transaction entered into that could result in reputation risk;
- o 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.

MATERIALITY & SIGNIFICANCE FRAMEWORK POLICY STATEMENT FOR 2015/16 FINANCIAL YEAR

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.

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:

- o Establishment or participation in the establishment of a company;
- o Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- o Acquisition or disposal of a significant asset;
- o Commencement or cessation of a significant business activity; and
- o 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:

- o Corporate / strategic plan;
- o Annual report

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

MATERIALITY & SIGNIFICANCE FRAMEWORK POLICY STATEMENT FOR 2015/16 FINANCIAL YEAR

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 & Significance Framework Policy
Section 55 (2)	(2) The annual report and financial statements must – (b) include particulars of – (i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year	Quantitative - 1% of total revenue Qualitative – events as contained in the Materiality & Significance Framework Policy
Section 66 (1)	(1) An institution to which this Act applies may not borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction – (a) is authorized by this Act; and (b) in the case of public entities, is also authorized by other legislation not in conflict with this Act; and (c) in the case of loans by a province or a provincial government business enterprise under the ownership control of a provincial executive, is within the limits as set in terms of the Borrowing Powers of Provincial Governments Act, 1996 (Act No 48 of 1996).	All events / transactions will require disclosure - 100% compliance

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

CHIETA IN THE MEDIA



| **ONLINE** |
| **PRINT** | **BROADCASTS** |



Ayesha Itzkin
Acting CEO

**CLICK HERE
to listen**

ON AIR



Africa Business News
10 February 2016 @ 13H00

**CHIETA launches online
platform**
The CHIETA Supply Side
Database (SSD)



Eldos FM Interview
5 February 2016
12H45 - 13H00

**CLICK HERE
to listen**



Ayesha Itzkin, Acting CEO

CHIETA launches online platform
The CHIETA Supply Side Database (SSD)

DAILY SUN

Friday 29 January 2016



CHEMISTRY NEEDS YOU!

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New Age | 4 February 2016
PARTNERING WITH STUDENTS

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Madibeng FM Interview
3 February 2016
10h00 - 10H20

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Ayesha Itzkin, Acting CEO

CHIETA launches online platform
The CHIETA Supply Side Database (SSD)

**For more info
CLICK HERE**

CHIETA
On the move



Unilever-Wits-CHIETA Engineering Program



**For more info
CLICK HERE**

Ayesha Itzkin, CHIETA Acting CEO

Thank you

for the contribution made towards the New Jerusalem Children's home!

The following donated to the home in their own capacity, additional to the great contribution from the CHIETA:

Ayesha, Kedibone, Rankshani, Farhad, GJT, Osborne, Jermiah and the P.O. Office.



Hello ~ ola

Hi ~ oi

Good evening ~ boa noite

Good morning ~ bom dia

Goodbye ~ tchau

Good afternoon ~ boa tarde

CHIETA Funded Apprentice Winner goes to Brazil

Jeandre van derWalt (22), is a young electrical apprentice. Vereeniging who works at the CHIETA funded project in preparation for the competition to be held in Brazil from 11 to 16 August 2015. Jeandre's skills with assistance from Mr Nick du Plessis a CHIETA Skills Team member who is an electrical installation expert. Jeandre's installations' category at the World Skills SA (WSSA) competition in January, beating eight other contestants in this category. CHIETA congratulates NAMPAP Glass & Jeandre and wishes him good luck.

Thank you ~




CHIETA MAKING STRIDES

CHIETA Acting CEO SAFM Interview
5 November 2015



Mail & Guardian October 2 to 8 2015

CHIETA TRAINS FUTURE WORKFORCE

Youth acquire relevant skills and practical training in chemical industries

Zimbabwe's (ZIM) has a long history of excellence in the chemical industry. It is a sector that has been a source of pride and a source of employment for many years. The Chemical Industries Education and Training Authority (CHIETA) is a statutory body established in 2005 to promote and develop the chemical industry through education and training. CHIETA is a member of the Skills Development Council (SDC) and is a member of the Chemical Industries Education and Training Authority (CHIETA).



General Tsvetkov College students on an industry visit. Photo supplied

CHIETA is a statutory body established in 2005 to promote and develop the chemical industry through education and training. CHIETA is a member of the Skills Development Council (SDC) and is a member of the Chemical Industries Education and Training Authority (CHIETA). CHIETA is a member of the Skills Development Council (SDC) and is a member of the Chemical Industries Education and Training Authority (CHIETA).

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AUGUST 2015

HAPPY WOMEN'S MONTH

The patience to listen and the strength to support ...
all credit given to women!!!
Women are a nation's backbone.
WE SALUTE THE POWER AND RESILIENCE OF WOMEN.





ANNUAL REPORT

2015/16

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