

# ANNUAL REPORT 2023|24



**Partnerships for Growth:  
A Collaborative Approach to  
Construction Sector Development**

**“Developing Skills. Serving Society”**





**Partnerships for Growth:  
A Collaborative Approach to  
Construction Sector Development**

# CONTENTS



**“Developing Skills. Serving Society”**

# 2023/24 ACHIEVEMENTS

**92%**

*achievement  
against APP targets*



*No material findings  
on performance  
information*



*503 more WSPs and ATRs  
collected in year under  
review*





**33**

*TVET lecturers  
exposed to the  
construction industry*



*45 small businesses funded for  
skills enhancement for growth and  
development*



**1 609**

*Learners RPL-ed*





# PART A:

## General Information

	PAGE
Public Entity's General Information .....	6
List of Abbreviations/Acronyms .....	7
Submission to Minister .....	9
Accounting Authority Overview .....	10
Chief Executive Officer's Overview .....	12
Statement of Responsibility and Confirmation of Accuracy of the Annual Report .....	19
Strategic Overview .....	20
Legislative and Other Mandates .....	21
Organisational Structure .....	22
Strategic Support Overview .....	23

# PUBLIC ENTITY'S GENERAL INFORMATION

GENERAL INFORMATION	
<b>Registered name of the public entity</b>	Construction Education and Training Authority
<b>ISBN number</b>	ISBN: 978-0-621-52006-4
<b>RP number</b>	RP106/2024
<b>Registration number:</b>	05/CETA1/04/20
<b>Registered office address</b>	52-54 on 14 <sup>th</sup> Road Noordwyk Midrand 1685
<b>Postal address</b>	P O Box 1955 Halfway House Midrand 1685
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EXTERNAL AUDITOR'S INFORMATION	
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BANKER'S INFORMATION	
<b>Bank</b>	Standard Bank 5 Simmonds Street Marshalltown Johannesburg 2001  +27 12 426 8000
<b>Bank</b>	Reserve Bank of South Africa 370 Helen Joseph Street Pretoria 0002

# LIST OF ABBREVIATIONS/ACRONYMS

<b>AA</b>	Accounting Authority
<b>AFS</b>	Annual Financial Statements
<b>AGSA</b>	Auditor-General of South Africa
<b>AR</b>	Annual Report
<b>APP</b>	Annual Performance Plan
<b>APR</b>	Annual Performance Report
<b>AQP</b>	Assessment Quality Partner
<b>ARC</b>	Audit and Risk Committee
<b>ATR</b>	Annual Training Report
<b>CB</b>	Core Business
<b>CBO</b>	Community-Based Organisation
<b>CEO</b>	Chief Executive Officer
<b>CESA</b>	Civil Engineering South Africa
<b>CET</b>	Community Education Training Colleges
<b>CETA</b>	Construction Education and Training Authority
<b>CFO</b>	Chief Financial Officer
<b>CIDB</b>	Construction Industry Development Board
<b>CSP</b>	Client Services and Projects
<b>CPD</b>	Corporation for Public Deposits
<b>DEAF-SA</b>	Deaf Federation of South Africa
<b>DHET</b>	Department of Higher Education and Training
<b>DHS</b>	Department of Human Settlements
<b>DoEL</b>	Department of Employment and Labour
<b>DPSA</b>	Disabled People South Africa
<b>DQP</b>	Development Quality Partner

<b>ETQA</b>	Education and Training Quality Assurance
<b>FETC</b>	Further Education and Training Certificate
<b>GCIS</b>	Government Communication Information and System
<b>HESI</b>	Higher Education, Science and Innovation
<b>HET</b>	Higher Education and Training
<b>ICT</b>	Information Communication Technology
<b>JPMT</b>	Joint Project Management Team
<b>KPI</b>	Key Performance Indicator
<b>LPQD</b>	Learning Pathways and Quality Development
<b>MG</b>	Mandatory Grant
<b>MIS</b>	Management Information System
<b>MoU</b>	Memorandum of Understanding
<b>MTSF</b>	Medium-Term Strategic Framework
<b>NAMB</b>	National Artisan Moderating Body
<b>NC</b>	National Certificate
<b>NCV</b>	National Certificate Vocational
<b>NGO</b>	Non-Governmental Organisation
<b>NPO</b>	Non-Profit Organisation
<b>NQF</b>	National Qualifications Framework
<b>NSDP</b>	National Skills Development Plan
<b>NSDS</b>	National Skills Development Strategy
<b>NSFAS</b>	National Student Financial Aid Scheme
<b>NVC</b>	New Venture Creation
<b>OFO</b>	Organising Framework for Occupations
<b>PAYE</b>	Pay as You Earn

<b>PFMA</b>	Public Finance Management Act
<b>PSET</b>	Post-School Education and Training
<b>QAP</b>	Quality Assurance Partner
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>QMR</b>	Quarterly Monitoring Report
<b>QPR</b>	Quarterly Performance Report
<b>RPL</b>	Recognition of Prior Learning
<b>SANMVA</b>	South African National Military Veterans' Association
<b>SANRAL</b>	South African National Roads Agency State-Owned Company (SOC) Limited
<b>SAQA</b>	South African Qualifications Authority
<b>SARS</b>	South African Revenue Services
<b>SAWIC</b>	South African Women in Construction
<b>SDA</b>	Skills Development Act
<b>SDC</b>	Skills Development Centers
<b>SDF</b>	Skills Development Facilitator
<b>SDLA</b>	Skills Development Levies Act
<b>SETA</b>	Sector Education and Training Authority
<b>SLA</b>	Service Level Agreement
<b>SMME</b>	Small, Medium and Micro Enterprises
<b>SSP</b>	Sector Skills Plan
<b>SP</b>	Strategic Plan
<b>TVET</b>	Technical and Vocational Educational and Training
<b>UIF</b>	Unemployment Insurance Fund
<b>WSP</b>	Workplace Skills Plan





**Dr Nobuhle Nkabane**  
Minister of Higher Education  
and Training

# SUBMISSION OF THE 2023/24 ANNUAL REPORT TO THE HONOURABLE MINISTER OF THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING

In accordance with the Public Finance Management Act, 1999 (Act No. 01 of 1999), as amended, I have an honour of submitting to the Honourable Minister of Higher Education and Training, the Annual Report of the Construction Education and Training Authority for the period 01 April 2023 to 31 March 2024. This Annual Report provides an account of the financial and non-financial performance of the CETA.

A handwritten signature in blue ink, appearing to read 'Thabo Masombuka', is positioned above a horizontal line.

**Mr Thabo Masombuka**  
*Accounting Authority Chairperson*  
CETA



# ACCOUNTING AUTHORITY'S OVERVIEW

**Mr Thabo Masombuka**  
Accounting Authority Chairperson

The 2023/24 financial year-end represents a remarkable progress and improvement for CETA in its pursuit of annual performance targets. This Account Authority commenced its term, having set out a clear objective of improving CETA's organisational performance and consolidating stability and functional outputs.

We are happy to report that although more work still requires to be done, the organisation has turned the corner.

## Upward Mobility

This year's annual results demonstrate a remarkable organization's performance on an upward trajectory over the past three financial periods, namely, 2020/21, 2021/22, and 2022/2023, which shows that if everyone plays their role and pulls their part, positive results are possible.

In the period 2021/22 financial year, CETA achieved a 62% annual performance rate, which continued to increase to a better performing 82% in 2022/23.

This year, despite difficulties in the stability of executive management, we are proud to demonstrate an impressive 92% performance, ever to be achieved and obtained since the post-administration era.

An achievement in organisational performance is important in demonstrating commitment towards the core business and mandate of the business.

Although this is still a work in progress, the journey towards the achievement of unqualified audit opinion and findings is not far-fetched.

## Impact

The work of CETA cannot be celebrated without tracing and assessing its impact on stakeholders and community of beneficiaries. Ours is not just about the achievement of targets, but the meaningful realisation of the skills development mandate by addressing the critical skills shortage in the construction economy.

It is against this significant background that we can report that in this year-end, CETA has successfully supported 19,018 learners (Against the set target of 20 000), through various learning pathways, including learnerships, short skills programs, artisan training, bursaries, internships, and placements for both university and TVET students.

# ACCOUNTING AUTHORITY'S OVERVIEW (continued)

These initiatives are aligned to our commitment to producing a skilled workforce that meets the demands of the construction industry.

## Partnerships and Collaboration

We could not have achieved this milestone without industry partners and stakeholders. Our stakeholder engagement and partnership portfolio is significantly evidenced by at least 10 active Memorandums of Understanding (MoU) that have been concluded with public universities, at least 25 TVET, and 9 with CET Colleges. More work in this front continues.

Notably, our partnership with the University of the Free State (UOFS) over the past two financial periods has supported the development of TVET and CET lecturers, in line with the National Skills Development Plan (NSDP) principles.

Going forward, we will continue to focus on ensuring that our learning programs lead to tangible employment and

business opportunities for our graduates, particularly those in the NEET (Not in Employment, Education, or Training) category.

From a financial perspective, CETA remains a robust and solvent entity, with no liquidity or solvency concerns identified in the year under review.

## Surplus Expenditure


We recorded a surplus of R48 million, bolstered by an 11% increase in skills development levies received, totaling R701 million. Our Discretionary Grants spend increased to R395 million, driven by the growth in learner enrolments across our programs.

Looking ahead, the South African construction industry is expected to grow by at least 4.8% in the last quarter of 2024. CETA is committed to ensuring that this growth is matched by a corresponding increase in the availability of skilled workers. By maintaining our strategic focus on collaboration, inclusivity, and the alignment of skills

supply with market demand, we will continue to play a pivotal role in addressing unemployment and poverty in South Africa.

I extend my singular deepest and sincere gratitude to the dedicated team of AA members with whom the fiduciary responsibility was always compelling. The CETA staff members who sacrificed their time and value efforts in the focus of their work, management, and partners for their unwavering dedication and hard work. Together, we have set a new standard of excellence for CETA, and I am confident that we will continue to build on this momentum in the years to come.

I remain truly yours in skills development.



**Mr Thabo Masombuka**  
Accounting Authority Chairperson  
CETA



# CHIEF EXECUTIVE OFFICER'S OVERVIEW

**Mr Malusi Shezi**  
Chief Executive Officer

## Introduction

It is an honour for me to present the 2023/24 CETA Annual Report, my third as CEO of this incredible institution. The Sector Education and Training Authorities (SETAs) are key drivers of economic growth, social self-realisation enablement, and nation-building through their skills development initiatives. I am truly honoured to lead an organisation with such a tremendous mandate.

The CETA Management continued to improve operational and financial stability and stakeholder relations. This has resulted in a 12% upward improvement in performance results for the year under review.

## Reflecting on the 2023/24 Period

The CETA was capacitated during the period under review, and most critical posts were filled, including those at the Executive level.

The CETA has remained in the media coverage, ranging from positive to negative, aimed at portraying our organisation in a negative light. We remained steadfast in upholding good governance and clean administration and conducting ourselves with absolute integrity.

To communicate and solidify our commitment to good governance and administration, we have embarked on stakeholder roadshows—both internally and externally—and shared the CETA's vision and turnaround path with our stakeholders.

It is well fitting for me to assure and confirm to all our stakeholders that the CETA has robust processes and systems to prevent, detect and address any alleged and/or materialised irregularities, including its independently operated Fraud and Whistleblowing hotline, zero tolerance towards corruption and malfeasance, monthly and quarterly reporting on ethical compliance to the EXCO, AA and Committees, and annual and regular declarations of interests.

## Strategic Partnerships and Stakeholder Engagements During the 2023/24 Financial Year

Stakeholder engagement is a top priority driven by the CETA CEO, leading strategic discussions with our stakeholders. These engagements recognise the



## CHIEF EXECUTIVE OFFICER'S OVERVIEW (continued)

critical role of partnerships in meeting industry demands for a skilled workforce and improving prospects for job opportunities within the construction and built environment sector.

The CEO's stakeholder engagement programme facilitates strategic conversations with stakeholders from CETA employers, institutions, training providers, and government institutions focused on skills development and capacity building. These are intended to have meetings of minds on innovative solutions to skills challenges, share best practices and showcase the impact of various programmes being implemented by the CETA. One of these critical stakeholder engagements was the CETA National Stakeholder Roadshow undertaken with the Accounting Authority to all provinces at the beginning of

the year. During these roadshows, stakeholders shared their concerns and frustrations they had experienced with the CETA and their appreciation for the partnership and pockets of success and improvements they were starting to witness within the CETA. As CETA, we took the feedback given to heart and convened a CETA-wide staff session with the Board in July 2023 to craft an action plan to address stakeholder concerns and further improve where we were doing well. The CEO conducted various follow-up engagements across the country to advance the commitments made by the AA to stakeholders during these roadshows, including new partnerships established during the year under review.

We also held a media briefing with stakeholders on 13 March 2024 showcasing the work done by the CETA on

strategic interventions and the impact they are making on the beneficiaries and improving capacity for the sector. The CETA had allocated more than R600 million for skills development and learning programmes to change the lives of the South African youth and more the unemployed ones.

The CETA believes that collaboration with industry players leads to synergies in achieving the desired impacts and brings innovation in taking the sector to the next levels of performance. We already experienced positive returns for the work of the CETA from the collaborations entered into, as reflected below. The CETA entered into partnerships with key industry players through signing Memoranda of Active Partnerships (MOAP) with the following entities:

# CHIEF EXECUTIVE OFFICER'S OVERVIEW (continued)

- Black Business Council in the Built Environment (BBC-BE),
- Construction Alliance South Africa (CASA),
- Consulting Engineers South Africa (CESA),
- Council for the Built Environment (CBE) Collaboration Partnership for the Built Environment Recognition Awards (BERA),
- Cape Agulhas Local Municipality (CALM),
- Gordon Institute of Business Science (GIBS),
- EWSETA and Chinese Culture International Education Exchange Centre (CCIEEC) for TVET Solar Manufacturing training and entrepreneurial hubs,
- Independent Development Trust (IDT),
- Institute of Plumbing South Africa (IOPSA),
- National Youth Development Agency (NYDA),
- North-West Office of the Premier (NW-OTP),
- South African Cooperative for Graduates (SACGRA),
- South African Institute of Welding (SAIW),
- Tshwane South TVET College, and
- West Coast TVET College.

The CETA also supported the work and the initiatives of the following organisations in relation to our strategy focus areas through sponsorships, amongst others:

- 9<sup>th</sup> BRICS Youth Summit convened by the NYDA.
- SETA Skills Summit 2024.
- District Development Model (DDM) Conference convened by SACGRA and Stellenbosch University.

We have strengthened capacity at the Strategic Partnerships and Special Projects unit to leverage our partnerships to continue shaping and driving the innovations and impact to propel many people, widen access to critical and scarce skills, and contribute to the construction sector's economic sustainability and its

global competitiveness. A dedicated Manager: Strategic Partnerships was appointed after year-end in this regard. The CETA partnership framework has been refined and strengthened. This has shaped our forthcoming 2023/24 AGM theme, "Partnerships for Growth: Collaborative Approach to Construction Sector Development."

## General Financial Review and Spending Trends

The CETA is funded by skills levies from businesses. In return, it disburses these levies to train, skill, and provide experiential learning to suitable candidates. This is done to address the needs of the sector through both mandatory and discretionary grants processes.

The total expenditure for the year amounted to R741 million, marking a 4% increase from the previous financial year. Employee costs experienced a slight increase of 6.7%, going from R134 million to R143 million due to reclassification of salaries for officials from DG Admin to general Admin budget of the CETA. This increase in expenditure also resulted in a R14 million (3%) increase in discretionary grant expenditure, moving from R417 million in 2022/23 to R431 million this year. mandatory grant payments rose to R88 million from R75 million in 2023/24, marking a 17% improvement in CETA refunds to our esteemed levy payers. Administrative expenditure continued to move downward by 6% compared to the previous year.

In relation to the approved budgets for the year, the levies were R687 million, against R708 million budgeted for; while DG expenditure was at R431 million versus a R755 million budget; and administration support expenditure was at R72 million against an R62,8 million budget due to legacy matters that are still being addressed by the CETA.

The CETA reported a surplus of R48.8 million for the 2023/24 period, a remarked improvement from the prior year's deficit of R13.5 million.

Cash and cash equivalents at the year-end were R1.1 billion, a 10% increase from the previous year's balance of R1 billion. DG commitments stood at R1.7 billion, compared to the prior year's value of R1.5 billion. The CETA has sufficient reserves of R1.1 billion in cash balances and DG reserves of R974 million and is therefore a going concern. The CETA is licensed to operate until 31 March 2030, as per the approval from the Minister of Higher Education and Training as gazetted.

The CETA duly submitted its application to the National Treasury to retain accumulated surpluses of R998 million through DHET, as legislated. The Executive Authority of the CETA also confirmed support to retain the cash surpluses as per the prescripts of the PFMA.

No unsolicited bid proposals were received or awarded in the current year.

The CETA has implemented consequence management on all procurement matters and other transgressions that required such action as prescribed by the CETA policies and procedures in line with the laws of the Republic.

## Achievements for the Current Period

The CETA achieved an audited performance of 92% against the 2023/24 APP targets, with the minimum expected as set by the AA at 90%. This represents a 12% upward improvement from the previous year's overall performance (2022/23: 82%).

The financial year noted improved sector participation in all aspects. The levy payer base improved slightly

# CHIEF EXECUTIVE OFFICER'S OVERVIEW (continued)

from the prior year. CETA Management honoured the outstanding commitments that were standstill for extended periods; an example being the construction of the Ingwavuma Skills Development Centre (SDC) to be handed over to Umfolozi TVET College as per the DHET policy directive, plus the uKhahlamba SDC linked to Mnambithi TVET College, amongst many others.

The control environment has seen a marked improvement compared to the prior year. We remain committed to implementing the AG's accepted recommendations; hence, enhancing control measures will continue to be our top priority.

We have genuinely embodied the CETA values, enabling us to evolve into an agile, high-performing organisation that continually learns and is responsive to stakeholder needs. Over the next three years, the CETA aspires to be recognised as one of the top employers in the country.

We have rolled out our augmented and comprehensive CETA flagship internship programme. We had during the year about 43 interns who were funded from our administrative budget. The programme offers valuable experience and tackles youth unemployment in our country. All our administrative interns are fully qualified, each possessing at least an NQF 6 or higher qualification. We believe that even a brief stint with us will set them on a prosperous trajectory in their careers going forward.

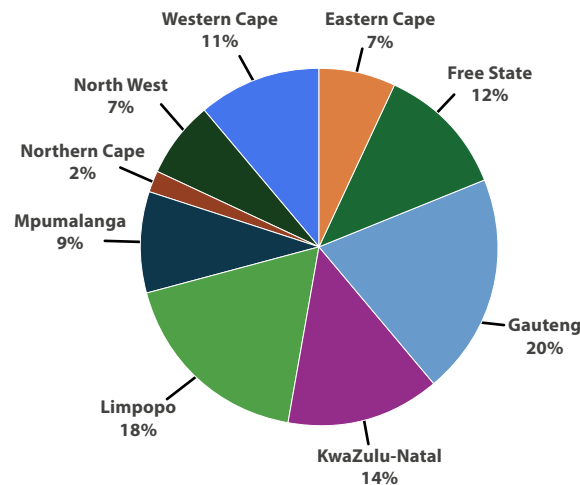
The CETA continued to witness positive outcomes for its strategic focus on women, youth, people with disabilities, people and entities in rural and township areas.

The CETA plays an important role in the facilitation of skills development across various regions. The geographical distribution of CETA's training programmes addresses the unique needs of different areas, taking into account

the specific economic activities and skills shortages within each region. This targeted approach helps to bridge the skills gap, fostering economic growth and enhancing the employability of individuals within the communities. Furthermore, this inclusive approach assists us to reach rural areas and previously underserved communities, thus promoting equitable skills development. Accredited Skills Development Providers (SDPs) are crucial in this endeavour as implementers of the training, ensuring that it meets the quality standards set by the CETA and the Quality Council for Trades and Occupations (QCTO).

The CETA skills development and learning programmes projects are spread across South Africa, as reflected below:

**CETA LEARNING PROGRAMMES RSA'S COVERAGE**



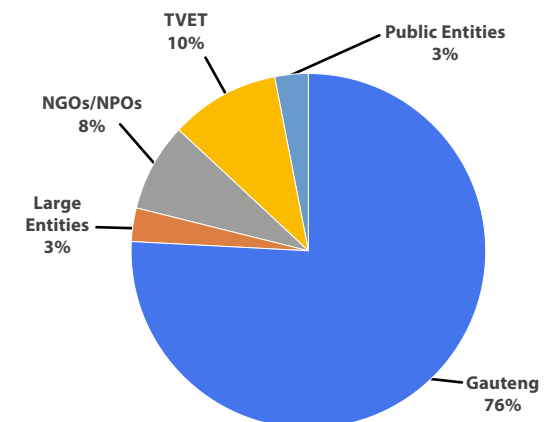
Furthermore, 90% of our programmes' beneficiaries are aged 19 to 35, while 10% are between age 36 and 64. This state demonstrates CETA's commitment to bring hope and empower the youth of this country through life-changing skills and training opportunities.

Our 2023/24 DG Window awards covered the following geographic spread:

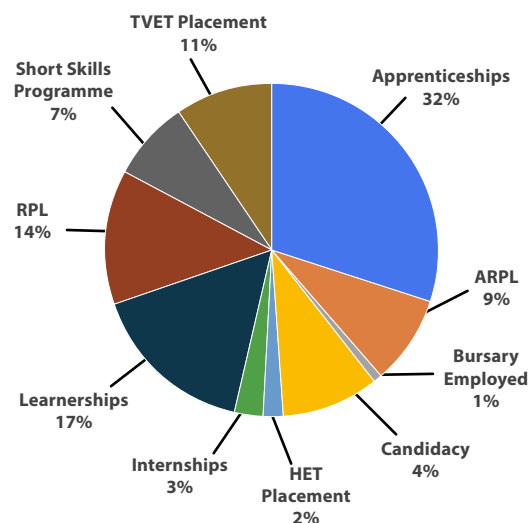
PROVINCE	# LEARNERS	% TOTAL	ENTITIES	AVE/ ENTITY
Eastern Cape	212	4%	6	35
Free State	90	2%	4	23
Gauteng	1 608	29%	38	42
KwaZulu-Natal	844	15%	25	34
Limpopo	1 136	21%	19	60
Mpumalanga	825	15%	14	59
Northern Cape	386	7%	3	129
North-West	269	5%	7	38
Western Cape	156	3%	8	20
<b>TOTAL</b>	<b>5 526</b>		<b>124</b>	<b>49</b>

In line with our strategic focus, from this DG Window awards, SMEs were 76% of the overall, followed by TVETs at 10%, as shown below

**# ENTITIES**



The spread of the pathways was led by apprenticeships at 32%, learnerships at 17% and RPL at 14%, as shown below:



#### With regard to Bursary Support for Unemployed Youth

The CETA provided financial support to the needy and missing class students at various tertiary institutions through its Thapelo Madibeng Bursary Scheme (TMBS), to the value of R27,5 million. Of this amount, five were for PhDs at R1.1 million to four (4) females and one (1) male, 13 Masters bursars to the value of R2.6 million (which were 100% female), and funded nine missing-middle beneficiaries for Honours studies to the value of R1 million (consisting of eight males and one female).

We funded 30 missing middle beneficiaries for first-year studies to the value of R3.6 million, equating to R7.2 million for the full study period, and this with 53% female representation (16 females, 14 males). We awarded 45 beneficiaries for first-year studies at R5.2 million,

equating to R10.5 million for the full study period with 53% female representation (24 females and 20 males).

The CETA is proud that the total female first-time bursars awarded were at 56% for the 2024/25 academic year; this is against our strategic target for all our programmes to be at least 52% women beneficiaries.

#### With regard to Candidacy Programme

The Candidacy Programme supports unemployed and employed graduates placed in structured work-based programmes at host companies, whereby the graduate undergoes structured learning that will prepare them for Professional Registration with various councils, what is referred to as PR-ed. The CETA Candidacy scope includes all professions with the nine councils within the Council for the Built Environment (CBE), i.e., ECSA, SACPLAN, SACAP, SACQSP, SACPCMP, SACPVP, SAGC, etc.

The Candidacy programme had more than 250 candidates enrolled, in line with the trend that there is always more uptake for entering Candidacy. The challenge is on the throughput/output where most candidates due to various challenges including mentorship and lack of proper support and exposure, are either stuck or lost in the system. It is in this area that we implore all our industry stakeholders to improve and up this game so we can be able to have more candidates being Professionally Registered (PR-ed) within the standard prescribed timelines. In response, the CETA and CBE entered into a collaboration to celebrate and recognise those entities that do well in supporting and producing more PR-ed candidates while recognising individual achievers as well through the BERA held for the first time on 07 December 2023.

#### With regard to World Skills Competition and BRICS Future Skills Competition Participation

The CETA participated in the World Skills Conference and Competition held at the Durban International Conference Centre from 1st to 3rd of February 2024. The CETA has approximately six (6) skills within its scope competing at the WSZA and WSI.

In partnership with the CIDB, the CETA supports the South African competitors on the Building Information Modelling (BIM) at the BRICS Future Skills Competition. These initiatives serve to showcase the South African talent and skills while benchmarking our competitiveness against other winning nations around the globe.

#### With regard to TVET Support

During the year under review, the CETA actively supported 17 TVET Colleges with skills and learnership programmes benefiting 1467 unemployed learners at total costs of R159.3 million, with R73.4 million ringfenced for learner stipends. Of note, was that 480 of the 1467 were for TVET placement by TVETs themselves and 436 for apprenticeship beneficiaries. The percentage of Apprenticeships implemented by these TVETs is an indicator that the Centres of Specialisation as introduced by DHET are starting to bear positive results.

#### With regard to the International Executive Development Programme for Women and Up-coming Executives (IEDP for WUCes)

On the 25th of March 2024, we launched the inaugural cohort for our IEDP for WUCes implemented in partnership with GIBS. This Cohort had 60 beneficiaries admitted, with 30 on the GEDP for senior leaders and business people at NQF 8 equivalent and 30 on the IEDP PDBA enrolled over 12 months.

This programme was overwhelmingly oversubscribed for the 60 spaces. The beneficiary groups are representative of all RSA racial demographics (Africans, Coloured, Indians, and Whites). The IEDP for WUCE achieved 62% women representation on the programme vs. the target of 60% set at its concept stage. This programme is a game changer for the construction and built environment industry.

### Key Projects – Current and in the Future

CETA continued to invest available resources to improve its service-delivery offerings and is implementing the following key projects:

- The re-alignment of historical qualifications to occupational qualifications in line with the QCTO SLA requirements,
- Enhanced skills development initiatives aligned to the Economic Reconstruction and Recovery Plan and addressing the objectives of the District Development Model (DDM),
- Investing in the development of integrated records and knowledge management systems as part of our digitalisation project, and
- Digitising and automating the DG Commitments and Projects Management processes

Going into the future, the CETA is committed to the following, amongst many:

- The construction of the Skills Development Centres in the Taletso TVET Lehurutse campus, in Giyani in Limpopo and in Port Nolloth in the Northern Cape, which is linked to the new Boegoe Baai port/harbour and the green hydrogen mega projects.
- Levy revenue growth through better servicing of our stakeholders and our strategic partnerships.

- Rolling out transformational special projects that are impact focused.
- Expanding the International Executive Development Programme to cater for 120 beneficiaries, following the oversubscription for the inaugural cohort.
- Careers for Tomorrow: Impacting a Generation programme.
- Implementation of the SETA Integrated High Impact Programmes (SIHIP) as introduced during the SETA Skills Summit, especially relating to skills infrastructure.

### Audit Matters

The CETA received a qualified audit opinion from the Auditor-General of South Africa (AGSA) for the 2023/24 financial year. The annual financial statements of the CETA fairly present the financial state of affairs as audited, with the exception regarding the DG commitment disclosure note and accruals, which was qualified.

The CETA has improved its year-end reporting processes and had 100% submission of all information requested by the Auditor-General for the 2023/24 financial year. The CETA improved project management of all its DG learning projects by ensuring that all the active projects have signed service level agreements (SLAs) and project charters in place. However, there were some weaknesses identified by the Auditor-General with regard to monitoring of active DG projects. The CETA has strengthened the capacity at the Client Services and Projects department to eliminate all the weaknesses identified. We have strengthened ETQA capacity through the appointment of suitable, qualified and capable senior management. A PMO will be established in the next financial year to address all project management matters at CETA. Whilst all these will yield positive results, it is critically important that our DG

implementers and stakeholders also improve on their end in ensuring all projects commence and conclude within the prescribed timelines. The DG implementers also need to improve their billing and invoice the CETA at least monthly and assist in returning DG project confirmations at year end.

The CETA Performance Information received no material findings from the AGSA, a notable improvement from the previous years where this area had been qualified for a number of years. There were no new irregular expenditures due to non-compliance, as all that had to be accounted for during this financial year had its majority related to legacy contracts procured in the prior years. The SCM processes were reviewed, and efforts were made to ensure that all supply chain management prescripts are fully adhered to.

Irregular and fruitless expenditures from prior years were duly investigated and concluded as per the National Treasury framework prescripts at the date of this annual report.

The CETA registered significant improvements in the following audit areas in the 2023/24 financial year, with no material findings (none affecting audit opinion as all raised were housekeeping (admin) matters) reported on performance information and compliance with laws and regulations, i.e., procurement and contract management.

95% of action items to address the AGSA's audit findings were completed or fully implemented as at the reporting date.

The previously reported material irregularity that occurred at the beginning of the 2020-2022 administration period was fully resolved to the satisfaction of the AGSA by 31 March 2024.

## Achievement of Strategic Period's Targets to Date

the CETA has achieved most of its key strategic term targets as shown in the table below.

OUTCOME	ADJUSTED 5-YEAR STRATEGIC TARGET	ACHIEVED TO DATE	% ACHIEVED (PTD)
Support skills development of new entrants or unemployed people into the Construction Sector	36 307	25 757	71%
Enhance the skills of the existing workforce of the Construction Sector	2 040	710	35%
Respond to changing sectoral needs, priorities, and transformation through small business development	200	159	79%
Strengthen and expand strategic partnerships	327	244	75%

The CETA is on track to achieve more than 100% of the above strategic plan targets by 31 March 2025.

### Plans to Address Financial Challenges and Economic Viability

The CETA continues to embark on our levy revenue improvement project, streamline our costs' structure, and seek avenues to optimally invest our funds to earn better returns where possible.

### Events after the Reporting Date

The Republic of South Africa went into national and provincial elections on 29 May 2024, which culminated in the seventh Administration being formed as a Government of National Unit (GNU). The ushering of the Seventh Administration resulted in certain governments's functions and departments being split, including ours having higher education and training separated from the science and technology portfolio.

We welcome our Honourable Minister of Higher Education and Training, Dr. Nkabane, and her two Deputy Ministers, Honourable Dr. Gondwe and Honourable Mr Manamela.

We look forward to the strategic direction and oversight that will lead us to the 2030, another critical timeline in the South African calendar from an NDP 2030, NSDP 2030 and also for the SETA operating licence perspective.

### Acknowledgements and Appreciation

I extend my sincere gratitude to the CETA Management and its employees for the commitment during this testing year and for raising the bar once more in achieving audited performance of 92% against our APP targets. I am extremely grateful to our stakeholders, including training providers, learners, strategic partners, universities and TVETs, for the unwavering support and commitment towards the sector and to the CETA as their skills authority.

I would like to express my appreciation to the Honourable Minister of Higher Education and Training (HET), Dr. N. Nkabane, for entrusting us with capacitating and skilling the construction and built environment sector and her leadership in skills development for the Republic.

I am looking forward to the final year of our 2020-2025 strategic term achievements, believing we will see the outcomes achievement of needed impact beyond what was initially imagined when these goals and targets were set. I am confident that the CETA will continue to achieve its skills development mandate, positioning skills agenda and provisioning as a foundation for all in the sector.

Yours in skills development,



**Mr Malusi Shezi**  
Chief Executive Officer  
CETA

# STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa.

The 2023/24 Annual Report is complete, accurate, and free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the South African

Standards of Generally Recognised Accounting Practice (SA GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (PFMA) and Skills Development Act, 1998 (SDA).

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the Annual Financial Statements.

The external auditors were engaged to express an independent opinion on the Annual Financial Statements of the CETA.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resource information and financial affairs of the CETA for the financial year ended 31 March 2024.



**Mr Thabo Masombuka**  
*Accounting Authority Chairperson*  
CETA

11 November 2024

# STRATEGIC OVERVIEW

The CETA was in the 4th year of its 2020-2025 Strategic Plan term. Our strategic focus are still youth, women, people with disabilities and the rural and township entities and individuals which guides our decision making for the CETA to make desired impact.

The CETA aligns its strategies and programmes with the NDP 2030 and the NSDP 2030 to address skills gaps in the construction sector. It is our value proposition to implement the objectives of the NSDP 2030 in order to increase the number of people that obtain critical or scarce skills needed, and to build the capacity of the construction sector to be economically sustainable and globally competitive. The CETA works is anchored on its vision mission glued by its values.

## The strategic goals of the CETA included the following for this strategic term:

**Goal 1** - Sustainable high performing CETA anchored on Clean Governance and Administration.

**Goal 2** - Credible skills planning and reporting based on research, technology and innovation for the construction sector.

**Goal 3** - Implement skills development programmes that prioritises critical and scarce skills linked to the current and future of work for the construction sector.

**Goal 4** - Implement capacitated quality assurance processes that enhances the construction sector competitiveness and delivery of quality skills and training.

**Goal 5** - Enhanced stakeholder relations and CETA brand positioning.

The CETA sought to achieve the strategic goals through DG windows and Special DG Windows for special projects. The following were notable achievements from the abovementioned initiatives:

- Implemented and empowered 3905 beneficiaries through the ERRP against the 4200 target. The numbers drop due to normal learner attrition.
- Supported about 17 TVET Colleges with value for money skills programme, touching lives of 1467 learners who benefited from the stipends amounting to R73,4 million.
- We have our Thapelo Madibeng Bursary Scheme (TMBS) of the CETA funding 100% female beneficiaries at Masters level and 96% women for PhDs.
- 54% of our beneficiaries across the DG projects were women out of 6311 beneficiaries earmarked. This is against the target representation of at least 52% of CETA learning programmes beneficiaries to be Women.

## Value proposition statement

To provide skills development services by implementing the objectives of the National Skills Development Plan (NSDP 2030); to increase the number of people that obtain critical or scarce skills needed, and to build the capacity of the construction sector to be economically sustainable and globally competitive.



## Our Vision

To be a pillar for skills development and nation building.



## Our Mission

To position skills as a foundation for economic development and empowerment.



## Our Values

Agile, Results-oriented, Integrity, Respect, Professionalism.



### Agile

Easy availability of relevant personnel and decision-makers to all stakeholders and prompt response to their issues.



### Results-oriented

Always striving towards attaining the highest performance targets and greatest impact.



### Integrity

Acting and discharging our duties with absolute honesty, and in compliance with laws and applicable norms.



### Respect

Treating all we interact with and discharging our responsibilities with courtesy and dignity.



### Professionalism

Executing our responsibilities and tasks with the requisite skill, competency and attitude; and the ability to give and/or receive constructive criticism or advice without any prejudice or repercussions.

# LEGISLATIVE AND OTHER MANDATES

## Legislative Mandate

The CETA's is a Schedule 3A public entity in terms of the Public Finance Management Act, 1999 (Act 1 of 1999)(PFMA) that is established in terms of the Skills Development Act, 1998 (Act 97 of 1998) as amended.

The CETA is governed by the following legislative frameworks:

- Skills Development Act, 1998 (Act 97 of 1998)(SDA);
- Public Finance Management Act, 1999 (Act 1 of 1999)(PFMA);
- Skills Development Levies Act, 1999 (Act 9 of 1999) (SDLA);
- The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996);
- Preferential Procurement Policy Framework Act and Regulations, 2017 (PPPFA);
- The National Qualifications Framework (NQF) Act (Act 67 of 2008);
- Income Tax Act, 1962 – Tax Allowance (Act 58 of 1962);
- Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997): Sectoral Determination No 5: Learnerships;
- Public Audit Act, 2004 (Act 25 of 2004) as amended
- Employment Equity Act, 1998 (Act 55 of 1998);
- Broad-Based Black Economic Empowerment Act, 2013 (Act 46 of 2013);

- Promotion of Equality, and Elimination of Unfair Discrimination Act 2000, (Act 4 of 2000); and
- SETA Grants Regulations (2012).

The CETA has complied with all the key and relevant laws and regulations as they pertain to its works for the skilling the construction / built environment sector. Compliance with these frameworks is tracked and reported upon monthly and quarterly as part of our compliance universe report to EXCO, GSICT, the ARC and the Accounting Authority.

## Policy Mandates

The CETA's strategy and operations are guided by the following national strategies and policies.

- The National Development Plan 2030 (NDP);
- National Human Resources Development Strategy of South Africa;
- National Plan for the PSET (NPPSET);
- National Skills Development Plan 2030 (NSDP);
- Strategic Infrastructure Projects (2012);
- Transformation in the Construction Sector: Construction Charter Codes (2017); and
- Economic Reconstruction and Recovery Plan, 2020.

These Policy mandates serve as the roadmap for CETA to deliver our skills development interventions.

# ORGANISATIONAL STRUCTURE



**Mr Lebogang Phasha**  
Executive Manager: ETQA and Projects



**Mr Malusi Shezi**  
Chief Executive Officer



**Mr Sanele Radebe**  
Acting Chief Financial Officer



**Ms Molebogeng Taje**  
Executive Manager: Strategic Support

# STRATEGIC SUPPORT OVERVIEW

## CETA Strategic Support

In the 2023/24 financial year, CETA continued its quest to be a pillar for skills development and nation-building by positioning skills as a foundation for economic growth and development. The work of CETA is to increase the number of people that obtain scarce and critical skills needed and to build the capacity of the construction sector to be economically sustainable and globally competitive. We strive for this in response to the imperatives of the National Skills Development Plan 2030. We plan to accomplish this in an environment that is responsive to the needs of the country at large by being agile, results-oriented, respectful, professional and always acting with integrity. We adopted these values and continue to drive the message internally that CETA must be a value-based, high-performing organisation geared to meet the sector's challenges for years to come.

## CETA Strategic Objectives

In implementing its programmes, CETA identified the following strategic objectives:

- To support skills development of new entrants or unemployed people in the construction sector. This is done by increasing the number of learners placed in employment, entered learnerships and skills programmes, artisan development programmes

including RPL and ARPL, increased bursaries, internships and candidacy programmes.

- Enhancing the skills of the existing workforce in the construction sector. This is done through engaging and increasing the number of employed learners enrolled in learnerships, skills programmes, artisan programmes, and bursaries.
- Responding to changing sectoral needs and priorities including contributing to transformation through small businesses. This we do through support provided to small businesses with funding or with training interventions. This includes cooperatives, NGO's, NPO's and CPO's.
- Strengthening and expanding strategic partnerships to maximise sustainability and impact. This is done through partnership agreements with public and private sector institutions. These include universities, TVET and CET Colleges

## Achievements and Progress

The CETA's achievement of 92% of the targets set in the Annual Performance Plan (APP) are testament to the work being done to increase the skills in the sector. Out of the 78 targets set for the year, CETA achieved 72. The CETA achieved 82% of its annual targets in the previous financial year.



**Ms Molebogeng Taje**  
Executive Manager: Strategic Support

## Challenges and Responses

With regard to targets not achieved, it is clear that CETA needs to improve on workplace-based learning and absorption into the workplace, completion of learning programmes on time, and better support to students to enable continuation. To improve performance in these areas, CETA planning processes need to be improved to ensure alignment with set targets, as well as building close collaborations with partners to enable absorption.

## STRATEGIC SUPPORT OVERVIEW (continued)

CETA has adopted seven key focus areas that all employees focus on to realise increased efficiencies internally. These key areas identified are to be implemented through a business scorecard as follows:

- **Sustainability and clean administration**

This will lead to improved audit outcomes. This goal includes improving financial management performance, ensuring proper and functional governance structures, improving project management across the board, ensuring all policies and SOPs are in place by reviewing current or developing new policies and procedures, and reducing irregular expenditure.

- **Effective stakeholder relationship management**

To better understand the needs and expectations of CETA stakeholders across the board, measures are afoot to conduct a stakeholder survey. This audit will achieve two things, i.e. what is the perception of the CETA in the market, and how can CETA adapt internally to meet the needs of the many different stakeholders which are critical to the work of CETA.

- **A culture based on values**

An internal culture that is based on organisational values, to enhance internal and external stakeholder relations.

- **People competencies, skills and engagement**

In the year 2022/23, CETA adopted a new organisational structure that moved the organisation forward post-administration. Changes made have contributed to the improvement of performance in the CETA; however, since implementation and with change being a constant feature in industry and the

regulatory environment, we believe that it is time to review the structure that was implemented for any weaknesses that may be contributing to some of the strategic outcomes that the CETA has not yet achieved. This process is ongoing, and we believe that tweaking what is not working and adopting some changes may lead to improved performance outcomes for the CETA.

- **Digitisation, information and knowledge management**

CETA has begun to modernise and digitise itself for improved efficiencies. This includes a digitised HR environment, introduction of cloud-based ICT infrastructure, and planned improved learner information management system, records and document management system that will also archive historical documents, business management reporting platform for governance, risk and compliance function. We also aim to digitise the finance function, which will improve payment processing and other finance related processes.

- **Research and innovation**

The CETA research agenda is progressing well, with a comprehensive Track and Trace study in the works, and the appointment of a research chair into innovation in the local manufacturing for construction works. This has the potential to assist the CETA to better support the materials manufacturing sub-sector through the development of new qualifications in this area, and potential new opportunities for SMMEs. CETA can play a significant role in realising the goal of responding to changing sectoral needs through capacitating small businesses thereby contributing to transformation in the sector.





## STRATEGIC SUPPORT OVERVIEW (continued)

- **CETA brand management**

The CETA Brand has faced many challenges in the past few months. These challenges have impacted the reputation of the organisation in a negative manner and requires rehabilitation. This will be accomplished through a brand audit, which assist CETA to design stakeholder engagement programmes that will strengthen stakeholder engagement, showcase impact and success stories as well as to improve service delivery through improved customer experience.

### Market and Industry Context

We look forward to increased investment in the sector through increased infrastructure development. This has a particular impact on the work of CETA by creating workplaces that can also be learning spaces for our learners. Investment in green construction methods, including new construction materials, has the potential to create new employment opportunities in realising the goal of a globally competitive construction sector. Through research and innovation, the CETA will investigate ways to enhance learning programmes by incorporating new construction methods and materials to ensure relevance for the sector.

### Stakeholder Engagement

CETA entered into more strategic partnerships in the year under review. These partnerships seek to enhance and further the work of CETA through strategic collaborations that pull resources together and reach more beneficiaries. We shall continue to work closely with partners in industry in the furtherance of our mandate.

CETA participated in a number of industry events, and will continue to do so in order to strengthen relationships within the industry.

### Information and Communication Technology

CETA has begun to significantly increase investment in its information and communication technologies. Our initiatives are geared at modernising CETA through a large-scale digitalisation and digitisation programme. Some of the work done in the year under review includes significant security upgrades, stabilisation of the CETA network through improved availability, acquisition of new and modern infrastructure including new tools of trades, improved connectivity with provincial offices and the appointment of a qualified and experienced senior manager. More work still needs to be done to reach the desired goal, including reviewing ICT Policies and procedures to bring them in line with improvements being made. In the new financial year, we will acquire or develop improved communication platforms that will connect us with our stakeholders more efficiently and seamlessly and simplify our payment systems. These of course, will also improve reporting capability. In addition, more resources will be added to support the goal of digitalisation and digitisation programme. All these efforts will be guided by a revised ICT Strategy.

**Ms M Taje**

*Executive Manager: Strategic Support  
CETA*



# PART B:

## Performance Information



	PAGE
Auditors Report.....	28
Institutional Impact Outcome .....	28
ETQA and Projects Overview .....	56
Performance information by Programme/ Activity/Objective .....	35
CETA Revenue Collection .....	54
Capital Investment .....	55

# AUDITOR'S REPORT

Refer to pages 100-107 of the Annual Report of the Auditors' Report, published as Part F: Financial Information.

## INSTITUTIONAL IMPACT AND OUTCOMES

### Service Delivery Environment

The CETA Annual Report is the repository of qualitative information developed and informed by the National Skills Development Plan (NSDP) 2030 and its objectives. Programmes, objectives, targets, and budgets have been put in place to ensure that the NSDP (2030) goals, outcomes, and outputs, which have been adopted as strategic objectives for the CETA are achieved. These objectives are reviewed annually as part of the annual strategic planning process to ensure relevance and to take into consideration the dynamics within the CETAs operating landscape.

The CETA has identified the following as its primary strategic objectives:

- **Primary Strategic Objectives**

- Support skills development of new entrants or unemployed to the Construction Sector;

- Enhance the skills of the existing workforce of the Construction Sector;
- Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector;
- Strengthen and expand strategic partnerships to maximise sustainability and impact of skills development interventions; and
- Support national imperatives in relation to skills development, with emphasis on the Construction Sector.

- **Organisational Environment**

CETA leadership is committed to ensure that CETA is never placed under administration again. This goal is underpinned by the implementation of a major organisational change process, with the aim of improving its operations, governance, processes,

and procedures which will subsequently transform CETA into a beacon of excellence within the skills development landscape. In pursuit of the CETA mandate the leadership is clear that to turn the CETA around, the focus areas identified as priority for improvement of CETA's performance are:

- Sustainability and clean administration;
- Effective stakeholder relations;
- Improved people skills, competencies, and employee engagement;
- Effective and positive corporate culture anchored by CETA values;
- Digital and institutional knowledge management;
- Technology and innovation in driving the research agenda; and
- CETA brand repositioning and alignment.

The CETA internal environment has been stable since having exited the administration.

### Summary of Performance

The CETA achieved an audited performance of 92% against the 2023/24 APP targets with minimum expected as set by the AA at 90%. This represents a 12% upward improvement from the previous year's overall performance (2022/23: 82%).

The financial year noted an improved sector participation in all aspects. The levy payer base improved slightly from the prior year. CETA Management honoured the outstanding commitments that were standstill for extended periods; an example being the construction of INgwavuma Skills Development Centre (SDC) to be handed over to Umfolozi TVET College as per DHET policy directive, plus uKhahlamba SDC linked to Mnambithi TVET College amongst many others.

We have rolled out our augmented and comprehensive CETA flagship internship programme. We had during the year, about 43 interns who were funded from our administrative budget. The programme offers valuable experience and tackle youth unemployment in our country. All our administrative interns are fully qualified, each possessing at least an NQF 6 or higher qualification. We believe that even a brief stint with us will set them on a prosperous trajectory in their careers going forward.

The CETA continued to witness positive outcomes for its strategic focus on women, youth, people with disabilities, people and entities in rural and township areas.

### Going Forward

CETA continued to invest available resources to improve its service-delivery offerings and is implementing the following key projects:

- The re-alignment of historical qualifications to occupational qualifications in line with the QCTO SLA requirements;
- Enhanced skills development initiatives aligned to the Economic Reconstruction and Recovery Plan and addressing the objectives of the District Development Model (DDM);
- Investing in the development of integrated records and knowledge management system as part of our digitalisation project; and
- Digitising and automating the DG Commitments and Projects Management processes.

Going into the future, the CETA is committed to the following amongst many:

The construction of the Skills Development Centres in Taletso TVET Lehurutse campus, in Giyani in Limpopo and Port Nolloth in the Northern Cape which is linked to the new Boegoe Baai port / harbour and the green hydrogen mega projects.

Levy revenue growth through better servicing of our stakeholders and our strategic partnerships.

Rolling out transformational special projects that are impact focused like the CETA Women and Up-coming Executives' International Executive Development Programme and the "#Careers For Tomorrow's Impact" career guidance initiatives.

### Research Agenda

A research agenda highlights research priorities that will lead to more successful research, laying out a clear framework for making future research decisions.

The Research Agenda has been developed specifically to:

- inform Department planning and implementation processes;
- inform stakeholders of the organisation's research priorities;
- signal to funders and development partners which research areas require investment; and
- assist the Department in guiding resource allocation for research.

### Importance of Research

The role of research in realising the vision expressed in the White Paper on Post-School Education and Training (PSET) (2013) is critical. It can provide insights into the PSET system and the constituencies it serves, including the success or failure of policies and their execution, as well as information and analysis about other nations' experiences with similar difficulties. It also allows practitioners to test and compare various theories and approaches to PSET delivery as well as the development of cutting-edge information, services, and applications for the system.

Most importantly, research can provide evidence from which the CETA can make choices, evaluate policy, and improve the system in both policy and practice.

Research forms an integral part of the CETA's strategic development process. The NSDP 2030 outlines eight outcomes that the SETAs must implement. Research is a key function that enables SETAs to build an empirical basis for implementing, monitoring, and evaluating programmes to address the NSDP 2030 outcomes.

Research is a key function that enables SETAs to build an empirical basis for implementing, monitoring and evaluating programmes to address the NSDP 2030 outcomes. The objectives of the research agenda are to guide the in determining its short- and long-term goals over the period of the Sector Skills Plan. The CETA's planning is strongly linked to the outcomes and recommendations made in the research implemented, as these are incorporated in determining partnerships, underpins the Discretionary Grant submission criteria and provides insight into current issues or trends.

The research themes focus on the broad areas of qualifications, industry research, green technology, and demand. The CETA hosts sessions with its stakeholders to share research findings and assist in guiding the industry.

In the year under review, CETA commissioned a research study into the effectiveness of its training programmes. Training providers and employers were interviewed as part of the study. Beneficiaries were polled to find out how they are faring in their careers since completing their training.

Another research study commissioned was a tracer study, seeking to ascertain the whereabouts of CETA beneficiaries. The outcomes of these research studies assist the CETA in planning for the current and future needs of the industry. Going forward, the following research studies are in progress, or are to be commissioned.

### **CETA Research Projects**

Research forms an integral part of the CETA's strategic development process. The NSDP 2030 outlines 8 outcomes that the SETAs must implement. Research is

a key function that enables SETAs to build an empirical basis for implementing, monitoring and evaluating programmes to address the NSDP 2030 outcomes.

The findings and recommendations help the organisation accurately structure its strategic priorities. The research conducted not only assists the CETA in understanding the fundamental issues affecting the industry, but it can also guide innovation and provide focus for the industry's required skills.

The research agenda of the CETA guides the types of research that will be conducted in the relevant period and the methodologies to be employed to reach the research findings. Research is a key function that enables SETAs to build an empirical basis for implementing, monitoring and evaluating programs to address the NSDP 2030 outcomes. The objectives of the research agenda are to guide in determining its short- and long-term goals over the period of the Sector Skills Plan. The CETA's planning is strongly linked to the outcomes and recommendations made in the research implemented, as these are incorporated in determining partnerships, underpin the Discretionary Grant submission criteria and provide insight into current issues or trends.

The research themes focus on the broad areas of qualifications, industry research, green technology, and demand. The CETA hosts sessions with its stakeholders to share research findings and assist in guiding the industry.

### **Local Manufacturing Methodologies within the Industry**

**Research theme:** Exploring Green Technology Methodologies in Local Manufacturing: A Broad Perspective

### **Description:**

A comprehensive research project is in motion to better understand green construction methods and to integrate these techniques into skills training and the labour market. In the immediate term, skills transfer and integration into local curricula and eventually, the local manufacturing pipelines. As the outcomes of this research are linked to manufacturing, the CETA will seek a partner in the manufacturing sector to ensure that there is cohesion between the industries and increased benefit to their joint stakeholders, industry as well as the economy. The CETA further seeks to establish research chairs for the green economy, and to this end, kick-off meetings have been had with various institutions that the CETA is looking to partner with in so far as this project is concerned.

### **Innovation within the Construction Industry**

**Research theme:** Fourth Industrial Revolution, innovation, and its impact on skills within the Construction Industry

### **Description:**

The pandemic is imposing a "new normal," and the CETA is embracing the challenge for innovation and technological changes – internally and externally. Internally, the systems are being adapted in accordance with the demands of the new normal. Externally, a project has been adopted to distil all new and emerging construction methods and components. The results will be shared with employers, training providers, and learning institutions so that these are factored into the training and further explored for improvements, indigenisation, and possible local manufacturing. As this

project entails issues of innovation and technology, the CETA has partnered with the Media, Information and Communication Technologies SETA (MICT) to ensure that the CETA draws on the necessary knowledge of the technology and innovation sector.

#### **Integration of Topic 1 and 2**

#### **Main Topic (Amalgamation of topic 1 and 2)**

#### **Research Chair into Innovation in the Local Manufacturing for Construction Works**

**Project Status:** In progress, to start in the current financial year

**Duration:** To be determined

#### **The Impact of CETA Learning Programmes to the Industry**

**Research Theme:** Evaluation of CETA Learning Programmes and its effects on the construction sector: A Comprehensive Analysis.

#### **Description:**

An evaluative study is required to understand what impact the CETA has to learners through its learning programmes and to the construction sector as a whole. The study is required for various reasons, including to ensure the CETA is making the relevant impact and that the planning process is applicable to the industry.

**Project Status:** Completed

**Duration:** Three months

#### **The Role that the CETA can Play in Transforming the Construction Sector**

**Research Theme:** Transformation within the Construction Sector: The vital role that the CETA can play

#### **Description:**

Plans are afoot to address the ongoing exclusion of blacks, women and rural folks from the mainstream construction economy. Concrete measures include a project to reauthorise the role and place of women in the sector, with concrete measures in respect of recruitment, support, retention and placement. In addition, a Transformation Colloquium is planned in order to take stock and to devise new and creative ways of advancing transformation in the sector.

**Project Status:** In progress.

**Duration:** To be determined

#### **The Role that the CETA can Play in TVET Growth in Occupationally Directed Programmes**

**Research Theme:** Occupationally directed programmes within the TVET Sector and the role that the Construction Sector can play supporting the programmes (TVET).

#### **Description:**

The CETA works closely with TVET Colleges in several learning programme and strategic engagements. The specific focus of this engagement would be to encourage research with and for TVET Colleges on growing their occupationally directed programmes. These qualifications are important as they become the building blocks to full qualifications, with work-based learning being the central pillar. With occupationally directed programmes learners are measured on knowledge, practical skills and work experience, and the aim for the construction industry is that it produces quality learners from this system. This would encourage the industry to take up learners more readily into their companies.

**Project Status:** Completed

**Duration:** Six months

#### **The Role that the CETA can Play in Supporting the Skills Needs of the Informal Sector**

**Research Theme:** The growth and skills support requirements within the informal sector of the Construction Industry

#### **Description:**

The construction sector has a large and growing informal sector, offering several services to the industry. The CETA is in a position to understand how to harness this sector for it to become a contributor to the economy. In addition, in partnership with relevant organisations and professional bodies, the CETA can also understand how to help these entities in terms of skills development.

This sector is also characterised by SME's, although it is also primarily individuals conducting business and, as such, has very specific skill requirements to ensure the sustainability and longevity of their businesses. This research will inform the CETA's strategy for SME's operating within the informal sector and further define the parameters of the informal sector.

**Project Status:** In progress

**Duration:** Two months

### **Track and Trace Project for CETA Funded Projects Beneficiaries**

**Research Theme:** Tracer study of all current and previous beneficiaries of CETA funded learning programmes

**Description:**

Beyond the concerns of work placement during training, the decline in the construction industry has had an impact

on the absorption of learners into employment post-their training. It is in this light that the CETA will embark on a tracer study of previous and current beneficiaries of its funded learning programmes, with the aim of determining the ability for trained learners to receive employment, the percentage employed within the industry and those employed elsewhere, the trades that they have qualified for, and the percentage of unemployed after receiving their certificates.

Tracer studies are widely used in the educational space to track and keep record of students once they have graduated from a particular learning programme. Tracer studies are important in training programmes to establish the relevance and applicability of a particular programme and can be utilised as a planning and monitoring tool.

**Project Status:** Service provider to be appointed in 2024

**Duration:** 36 months





## Partnerships for Growth: A Collaborative Approach to Construction Sector Development

# ETQA AND PROJECTS OVERVIEW

## Introduction

CETA's core business is made up of ETQA and Projects, which are divided into two Programmes in the Annual Performance Plan (APP). Programme 3 is Learning Programmes and Projects, and Programme 4 is Quality Assurance.

The purpose of Learning Programmes is to address skills priorities within the construction sector. These programmes contribute to the following outcomes:

- Support skills development of new entrants or unemployed people into the construction sector enhance the skills of the existing workforce of the construction sector;
- Support national imperatives in relation to skills development with emphasis on the construction sector;
- Strengthen and expand strategic partnerships to maximise sustainability and impact of skills development interventions; and
- Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector.

CETA is a client-centric organisation with a focus on the allocation and successful implementation of projects. CETA uses project management principles to positively contribute towards the learning and development of

personnel within the construction sector in South Africa. All funds allocated towards learning initiatives are tracked using project management methodologies.

## Service Delivery Environment

The skills development landscape is driven by a service delivery centric approach, with the CETA Sector Skills Plan (SSP) representing a high-level view of the construction sector skills demand and supply and providing mechanisms for addressing the gaps that exist and the modes of service delivery. The SSP is informed by the National Skills Development Plan (NSDP) 2030 and its objectives. The 2025/2026 SSP will further be utilised to update the CETA Strategic Plan and Annual Performance Plan.

The CETA's objectives of contributing to government's strategic growth plans require a thorough understanding of the sector to inform how the CETA targets its support for training initiatives, to meet both the current and future skills demands of the construction sector's labour market. Despite facing recent economic headwinds, the construction sector remains one of the largest employers in the Republic through its five broad categories or subsectors namely, Materials Manufacturing, Construction, Building, Built Environment Professions and Electrical Chambers.



**Mr Lebogang Phasha**  
**Executive Manager: ETQA and Projects**

## ETQA AND PROJECTS (continued)

Our focus includes tracking the latest trends in the construction sector to position the CETA as a catalyst for future skills demands. We continue to track and respond to market trends that have evolved into key strategic focus areas including sustainable construction practices, the integration of digital technologies, enhancement of management and financial skills, promotion of green economy initiatives, and the advancement of localisation and transformation efforts. These strategic focus areas aim to modernise the industry and develop a skilled, resilient workforce and will become increasingly important in CETA's service delivery focus into the future.

### Organisational Environment

CETA's leadership has remained committed to ensuring that CETA is resourced to be a high-performing entity post-administration. This strategic, governance and operational objective has been underpinned by the implementation of a major organisational change process, with the aim of improving its operations, governance, processes, and procedures which will subsequently transform CETA into a beacon of excellence within the skills development landscape. In pursuit of the CETA mandate the leadership is clear that to turn the CETA around, the focus areas identified as priority for improvement of CETA's performance are:

- Effective and positive corporate culture anchored by CETA values;
- Sustainability and clean administration;
- Effective stakeholder relations;
- Improved people skills, competencies, and employee engagement;

- Digital and institutional knowledge management;
- Technology and innovation in driving the research agenda; and
- CETA brand repositioning and alignment.

The CETA internal environment has continued to improve with the filling of key vacancies and assimilation of the culture shift to a values-aligned mindset in line with the motto "One CETA. One Team". CETA's leadership continues working to build trust and confidence in the CETA brand with key external stakeholders with positive reception from key construction sector stakeholders who understand and support the role the CETA needs to play in the construction and built environment sector.

### Key Policy Developments and Legislative Change

CETA participates in the consultative processes in our legislative environment, with continuous implementation and integration into our organisational core business processes and practices.

#### Primary Legislation Changes:

PRIMARY KEY LEGISLATION	SKILLS DEVELOPMENT ACT (97 OF 1998)
<b>Title of Regulation introduced or changed</b>	Regulations for the Establishment of the National Apprenticeship and Artisan Development Advisory Body as a Legal Body for Apprenticeship and Artisan Development Consultation
<b>Commencement date</b>	05 May 2023

Revision of SETA Grants Regulation yet to be gazetted.

### Cross-cutting Focus Area Changes

FOCUS AREA	POST-SCHOOL EDUCATION AND TRAINING (PSET) PLANNING
<b>Title</b>	National Plan for Post-School Education and Training 2021-2030
<b>Commencement date</b>	September 2023

FOCUS AREA	GENERAL HIGHER EDUCATION
<b>Title</b>	National Student Financial Aid Scheme (NSFAS) 2024. Policy Standards for NSFAS Eligibility Criteria and Conditions for Financial Aid.
<b>Commencement date</b>	January 2024

## ETQA AND PROJECTS (continued)

### Learning Programmes and Project Purpose

The purpose is to implement a range of interventions by entering into agreements between SETAs, qualifying employers, and skills development service providers to deliver appropriate interventions to support the provision of substantial-quality programmes for employed workers, unemployed youth, TVET and university students, co-ops, SMEs, and NGOs, resulting in the ability of the beneficiaries to adapt to changes in the labour market and measure and report on the impact of the interventions. All CEA programmes are diverse; that is, they include women, men, youth, and people with disabilities.

This programme contributes to the following outcomes:

- Support the skills development of new entrants or unemployed people into the construction sector; enhance the skills of the existing workforce in the construction sector;
- Support national imperatives in relation to skills development, with an emphasis on the construction sector;
- Strengthen and expand strategic partnerships to maximise the sustainability and impact of skills development interventions; and
- Respond to changing sectoral needs and priorities, including contributing to transformation through skills development in the construction sector.

The CETA is a client-centric organisation, and, as such, the focus is largely given to the allocation and successful implementation of projects. The CETA uses project management principles to positively contribute towards the learning and development of personnel within the construction sector in South Africa. All funds allocated towards learning initiatives are tracked using project management methodologies

### Learning Programmes: Administration and Implementation

The focus of this Unit is on the following:

- Development of the DG funding policies and procedures;
- Administer the DG awards process;
- Contracting for the DG awards and commencement of projects;
- Development of policies and procedures for implementation of
- skills development initiatives, including the determination of budget for skills development initiatives;
- Management of the Learner management system and support to
- Skills Development Providers; and
- Provide capacity building to stakeholders on DG processes and
- Learner Management System.

### Provincial Operations

The provincial offices are currently headed by senior managers. The CETA maintains an office in all provinces; however, for ease of coordination, the Northern Cape/Free State, Mpumalanga/Limpopo, and Gauteng/North-West are classified as regions. KwaZulu-Natal, the Western Cape, and the Eastern Cape remain provinces.

The Provincial Offices play an important role in the:

- Representation of the CETA in provinces the first point of contact;
- Project implementation;
- Stakeholder management and support;
- Information dissemination with relevant stakeholders;
- Capacity building on CETA's processes for stakeholders;
- Conducting site verifications;
- Site visits;
- Workplace Approvals;
- Inductions;
- Project Monitoring; and
- External Moderations.

Through the provinces and regions, the CETA ensures the successful implementation of projects together with the relevant stakeholders. This seeks to achieve the CETA's strategic priorities and those of special projects of national interest.

## ETQA AND PROJECTS (continued)

### Qualifications Development

The Qualifications Development Unit is responsible for:

- The re-alignment of Historically Registered Qualifications (HRQs)
- The development of new occupational qualifications.
- The development of occupational skills programmes.
- The development of Regulatory occupational skills programmes.
- Facilitation of the re-alignment and development process of skills programmes, part, and full occupational qualifications.
- Facilitation of Construction Occupational Learnerships against registered occupational qualifications for registration by the DHET.

### Occupational Qualifications Developed

Over the years, the CETA developed **40** Occupational Qualifications inclusive of Part-Qualifications as listed below:

NO.	Q/ID	QUALIFICATION TITLE	NQF LEVEL	CREDITS	FULL/PART QUAL
1	99575	Occupational Certificate: Draughtsperson (Piping Draught Person)	LEVEL 5	234	Full Qual
2	112827	Occupational Certificate: Asphalt Tester	LEVEL 4	136	Full Qual
3	112284	Occupational Certificate: Assistant Painter	LEVEL 3	154	Full Qual
4	117230	Occupational Certificate: Bamboo Floor Finisher	LEVEL 3	141	Full Qual
5	117015	Occupational Certificate: Bitumen Spray Equipment Operator	LEVEL 02	45	Part Qual
6	112826	Occupational Certificate: Bituminous Binders Tester	LEVEL 4	163	Full Qual
7	117231	Occupational Certificate: Carpet Floor Finisher	LEVEL 3	151	Full Qual
8	112805	Occupational Certificate: Carpet Floor Finisher	LEVEL 4	342	Full Qual
9	112808	Occupational Certificate: Civil Engineering Aggregates Tester	LEVEL 4	148	Full Qual
10	112833	Occupational Certificate: Concrete Tester	LEVEL 4	141	Full Qual
11	117005	Occupational Certificate: Construction Plant Operator	LEVEL 2	138	Full Qual

### Construction Occupational Qualifications

#### Phasing out of Historically Registered Qualifications

The landscape of skills development is changing from historically registered qualifications to occupationally directed qualifications. The CETA is progressively developing and aligning with the current transition from historically registered qualifications to occupational qualifications.

In line with the QCTO guidelines, the following transitional arrangements were implemented to ensure that there are no disruptions in skills development interventions while there is a move to implement Occupational qualifications:

Historical qualifications will continue to operate during a teach-out period, with last date of Learner enrollments being 30 June 2024, and last date of Learners achievements being 30 June 2027. All Skills development interventions implemented must be completed by 30 June 2027.

## ETQA AND PROJECTS (continued)

NO.	Q/ID	QUALIFICATION TITLE	NQF LEVEL	CREDITS	FULL/PART QUAL
12	117007	Occupational Certificate: Continuous Bucket Trencher Operator	LEVEL 02	43	Part Qual
13	117006	Occupational Certificate: Diesel Bowser Operator	LEVEL 02	46	Part Qual
14	117025	Occupational Certificate: Dozer Operator	LEVEL 02	43	Part Qual
15	117008	Occupational Certificate: Face Shovel Operator	LEVEL 02	43	Part Qual
16	110670	Occupational Certificate: Geotechnical Practitioner	LEVEL 7	344	Full Qual
17	117028	Occupational Certificate: Hot Mix Asphalt Paving Machine Operator	LEVEL 02	46	Part Qual
18	117328	Occupational Certificate: Laminate Floor Finisher	LEVEL 3	141	Full Qual
19	117332	Occupational Certificate: Linoleum Floor Finisher	LEVEL 3	141	Full Qual
20	117335	Occupational Certificate: Refractory Mason	LEVEL 4	540	Full Qual
21	117016	Occupational Certificate: Paving Screed Operator	LEVEL 02	43	Part Qual
22	117285	Occupational Certificate: Raised Access Floor Finisher	LEVEL 3	147	Full Qual
23	117305	Occupational Certificate: Real Wood Floor Finisher	LEVEL 3	153	Full Qual
24	117306	Occupational Certificate: Resin Floor Finisher	LEVEL 3	153	Full Qual
25	101864	Occupational Certificate: Routine Road Maintenance Manager	LEVEL 5	120	Full Qual
26	117331	Occupational Certificate: Rubber Floor Finisher	LEVEL 3	146	Full Qual
27	117265	Occupational Certificate: Seamless Floor Finisher	LEVEL 3	151	Full Qual
28	117027	Occupational Certificate: Service Truck Operator	LEVEL 02	43	Part Qual
29	117009	Occupational Certificate: Sideboom Operator	LEVEL 02	43	Part Qual
30	112828	Occupational Certificate: Soils, Gravels and Crushed Stone Base Materials Tester	LEVEL 4	139	Full Qual
31	117011	Occupational Certificate: Surface Grader Operator	LEVEL 02	51	Part Qual
32	117019	Occupational Certificate: Surface Roller Operator	LEVEL 02	43	Part Qual
33	117026	Occupational Certificate: Surface Tracked Dozer	LEVEL 02	43	Part Qual
34	117014	Occupational Certificate: Tractor Operator	LEVEL 02	43	Part Qual
35	117236	Occupational Certificate: Vinyl Floor Finisher	LEVEL 3	165	Full Qual
36	117010	Occupational Certificate: Water Cart Operator	LEVEL 02	46	Part Qual
37	117229	Occupational Certificate: Wet Pour Rubber Floor Finisher	LEVEL 3	147	Full Qual

## ETQA AND PROJECTS (continued)

NO.	Q/ID	QUALIFICATION TITLE	NQF LEVEL	CREDITS	FULL/PART QUAL
38	120663	Elementary Occupational Certificate: Builder's Worker	LEVEL 2	120	Full Qual
39	121692	Higher Occupational Certificate: Architectural Draughtsperson	LEVEL 5	120	Full Qual
40	121847	National Occupational Certificate: Plasterer	LEVEL 4	560	Trade Qual
<b>Full Occupational Qualifications</b>					<b>= 25</b>
<b>Part Occupational Qualifications</b>					<b>= 14</b>
<b>Trade Qualification</b>					<b>= 01</b>

## Occupational Qualifications Reviewed and Skills Programme Developed

NO.	Q/ID	QUALIFICATION/SKILLS PROGRAMME TITLE	NEW OCCUPATION	NQF LEVEL	CREDITS
1	64620	Occupational Certificate: Hot Water System Installer (Heat Pump Installer)	Heat Pump Installation Designer	Level 5	10
2	94619	Occupational Certificate: Hot Water System Installer (Solar Water Installer)	Thermal Solar Water Heater Installation Designer	Level 5	10
3	900243	New Skills Programme	Pothole Repair Person	Level 3	31
4	94619	Occupational Certificate: Plumber	National Occupational Certificate	Level 4	395
5	132301	Specialised Occupational Diploma	Construction Project Manager	Level 8	180
6	831301	Elementary Occupational Certificate	Support Worker: Steel Component Fabrication and Erection.	Level 2	120
7	101864	Occupational Certificate: Routine Road Maintenance Manager	Higher Occupational Certificate: Routine Road Maintenance Manager	Level 5	120
8	64140	Intermediate Occupational Certificate	Concreter	Level 3	151
9	214904	Higher Occupational Certificate	Quantity Surveyor Assistant	Level 5	188
<b>Full Occupational Qualifications</b>					<b>= 05</b>
<b>Occupational Skills Programmes</b>					<b>= 03</b>
<b>Trade Qualification</b>					<b>= 01</b>



**Mr Lebogang Phasha**

Executive Manager: ETQA and Projects  
CETA

# INSTITUTIONAL PERFORMANCE BY PROGRAMME/ACTIVITY/ OBJECTIVE

## The CETA 2023/24 PERFORMANCE SUMMARY

### Administration

Number of targets per programme	2
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Number of targets achieved	1
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Actual % achievement (2023/24) **50%**

### Skills planning and reporting

Number of targets per programme	8
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Number of targets achieved	8
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Actual % achievement (2023/24) **100%**

### CETA performance in numbers and statistics

Total number of targets per programme	78
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Total number of targets achieved	72
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Actual % achievement (2023/24) **92%**

### Learning programmes and projects

Number of targets per programme	64
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Number of targets achieved	59
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Actual % achievement (2023/24) **92%**

### Quality Assurance

Number of targets per programme	4
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Number of targets achieved	4
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Actual % achievement (2023/24) **100%**

## Performance Information by Programme/Activity/Objective

PROGRAMME 1:		ADMINISTRATION
<b>Purpose:</b>	To provide strategic leadership, effective governance, effective and efficient operational management and support services to the CETA	
<b>Sub-programme 1.1:</b>	Effective administration and governance	
<b>Purpose:</b>	Effective corporate governance and management	
<b>Sub-programme 1.2:</b>	Enhanced reputation of the CETA through public relations and marketing activities	
<b>Purpose:</b>	Effective stakeholder relations	

OUTCOME	OUTCOME	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET. 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR VARIANCES	REASONS FOR REVISION TO OUTPUTS/OUTPUT INDICATORS/ ANNUAL TARGETS
<b>Support national imperatives in relation to skills development, with emphasis on the Construction Sector</b>	Effective and clean administration and Governance	1.1. Improved controls and audit outcomes	Qualified Audit Opinion	Unqualified Audit Opinion	Unknown	-	Awaiting the audit outcome to be finalised by AGSA on or before 31 July 2024.	N/A
<b>Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector</b>	Enhanced reputation of the CETA through public relations and marketing activities	1.2. Effective and enhanced stakeholder relations with improved CETA brand and reputation	0% stakeholder issues unresolved for more than 3 months	0% stakeholder issues unresolved for more than 1 month	0% stakeholder issues unresolved for more than 1 month	-	Target achieved.	N/A

PROGRAMME 2: RESEARCH, PLANNING AND REPORTING	
<b>Purpose:</b>	To ensure a credible mechanism for skills planning and reporting in the construction sector.
<b>Sub-programme 2.1:</b>	Skills Planning
<b>Purpose:</b>	To ensure effective planning to address the skills priorities in the sector
<b>Sub-programme 2.2:</b>	Skills performing reporting
<b>Purpose:</b>	To ensure effective reporting on skills priorities in the sector
<b>Sub-programme 2.3:</b>	Research
<b>Purpose:</b>	To ensure relevant and applicable research on skills priorities in the sector

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR VARIANCES	REASONS FOR REVISION TO OUTPUTS/OUTPUT INDICATORS/ ANNUAL TARGETS
<b>Enhance the skills of the existing workforce of the Construction Sector</b>	Identified interventions required to improve enrolment and completion of priority occupations	2.1 Number of WSPs and ATRs approved for small firms	1715	1460	1868	408	<b>Target exceeded.</b> This was due to improved support through WSP/ATR workshops; resulting in a higher number of compliant WSP/ATRs.	N/A
		2.2 Number of WSPs and ATRs approved for medium firms	482	450	483	33	<b>Target exceeded.</b> This was due to improved support through WSP/ATR workshops; resulting in a higher number of compliant WSP/ATRs.	N/A
		2.3 Number of WSPs and ATRs approved for large firms	284	230	292	62	<b>Target exceeded.</b> This was due to improved support through WSP/ATR workshops; resulting in a higher number of compliant WSP/ATRs.	N/A
		2.4 SDF workshop per annum on WSP and ATR compilation and submission	9	9	9	-	Target achieved.	N/A

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR VARIANCES	REASONS FOR REVISION TO OUTPUTS/OUTPUT INDICATORS/ ANNUAL TARGETS
<b>Enhance the skills of the existing workforce of the Construction Sector</b> <i>(continued)</i>	Identified interventions required to improve enrolment and completion of priority occupations <i>(continued)</i>	2.5 Conduct research to produce an updated and approved Sector Skills Plan aligned to the DHET SSP Framework	1	1	1	-	Target achieved.	N/A
<b>Support national imperatives in relation to skills development, with emphasis on the Construction Sector</b>	Accurate and compliant reporting on CETA Performance Information	2.6 Quarterly Monitoring Reports (QMR) are submitted to DHET, and validation reports are kept	4	4	4	-	Target achieved.	N/A
	Identified interventions required to improve enrolment and completion of priority occupations	2.7 Perform at least one research activity to enhance skill development in the sector	1	1	1	-	Target achieved.	N/A
		2.8 Number of sector research agreements signed to enhance the growth of occupationally directed programmes in the TVET sector	1	1	1	-	Target achieved.	N/A

PROGRAMME 3:		LEARNING PROGRAMMES AND PROJECTS
<b>Purpose:</b>		To address skills priorities within the construction sector
<b>Sub-programme 1.1:</b>		Implementation of learning programmes
<b>Purpose:</b>		To ensure the skills needs in the sector are addressed with adequately skilled workforce
<b>Sub-programme 1.2:</b>		Graduate placements
<b>Purpose:</b>		To address transformation challenges within the built environment through increasing access to built environment professions for individuals from previously disadvantaged groups.
<b>Sub-programme 1.3:</b>		Provision of skills development opportunities and centres within previously disadvantaged communities
<b>Purpose:</b>		Greater Access by marginalised communities to skills development through infrastructural support
<b>Sub-programme 1.4:</b>		Development and support of SMME's, COOPs, NGOs, CBOs and NPOs
<b>Purpose:</b>		A vibrant civil society engagement in skills development within the construction sector
<b>Sub-programme 1.5:</b>		Partnerships
<b>Purpose:</b>		Strengthened collaboration and partnerships for skills development in the construction sector
<b>Sub-programme 1.6:</b>		Bursaries
<b>Purpose</b>		An increased pool of skilled and competent graduates to enter the construction sector
<b>Sub-programme 1.7:</b>		Career and vocational guidance
<b>Purpose</b>		Increased knowledge and interest in the construction careers
<b>Sub-programme 1.8:</b>		Certification (excluding trades)
<b>Purpose</b>		Increased throughput of learners on accredited construction programmes through a strengthened certification process

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUT/OUTPUT INDICATORS/ ANNUAL TARGETS
<b>Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector</b>	National enrolment and resource ratios for the high, intermediate and elementary skills level	3.1. Percentage of Discretionary Grant budget allocated at developing high level skills	15%	15%	15%	-	Target achieved.	N/A
		3.2. Percentage of Discretionary Grant budget allocated at developing intermediate skills	73%	75%	75%	-	Target achieved.	N/A
		3.3. Percentage of Discretionary Grant budget allocated at developing elementary skills	12%	10%	10%	-	Target achieved.	N/A
	Learners placed in employment (internships, TVET placement, HET placement, Apprenticeship, Learnerships completed)	3.4. Number of learners who completed workplace-based learning programmes absorbed into employment or self-employment.	0	1281	0	(1281)	<b>Target not achieved.</b> This was due to CETA not making absorption a condition in its mandatory and discretion grant funding.	N/A
	Increased number of learnerships entered.	3.5. Number of unemployed learners per year entering in learnerships (DG and ERRP)	3002 (funded)	1250 (funded)	1392 (funded)	142	<b>Target exceeded.</b> This was due to increased support through capacity building workshops rendered to stakeholders for funded projects and timely implementation of projects.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes.

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUT/OUTPUT INDICATORS/ ANNUAL TARGETS
<b>Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector</b> <i>(continued)</i>	Increased number of learnerships entered. <i>(continued)</i>		536 (unfunded)	452 (unfunded)	518 (unfunded)	66	<b>Target exceeded.</b> This was due to increased efforts by the CETA for industry-funded projects implementation.	N/A
		3.6. Number of employed learners per year entering in learnerships	127 (funded)	282 (funded)	297 (funded)	15	<b>Target exceeded.</b> This was due to increased support through capacity building workshops rendered to stakeholders for funded projects and timely implementation of projects.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes.
			92 (unfunded)	68 (unfunded)	69 (unfunded)	1	<b>Target exceeded.</b> This was due to CETA positively responding to industry-funded requests for registration of learners	N/A
	Increased number of learnerships completed.	3.7. Number of unemployed learners per year completing learnerships	798 (funded)	2023 (funded)	569 (funded)	(1454)	<b>Target not achieved.</b> This was due to the majority of programmes completing in Q4, resulting in some moderations not scheduled and certificated within the FY 23/24. Completions are expected to be reported in FY 24/25.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes.
			1349 (unfunded)	227 (unfunded)	354 (unfunded)	127	<b>Target exceeded.</b> This was due to increased efforts of strengthening external moderation processes.	N/A

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUT/OUTPUT INDICATORS/ ANNUAL TARGETS
<b>Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector</b> <i>(continued)</i>	Increased number of learnerships completed. <i>(continued)</i>	3.8 Number of employed learners per year completing learnerships	41 (funded)	110 (funded)	67 (funded)	(43)	<b>Target not achieved.</b> This was due to the majority of programmes completing in Q4, resulting in some moderations not scheduled and certificated within the FY 23/24. Completions are expected to be reported in FY 24/25.	N/A
			261 (unfunded)	32 (unfunded)	69 (unfunded)	37	<b>Target exceeded.</b> This was due to increased efforts of strengthening external moderation processes.	N/A
	Increased number of skills programs entered.	3.9. Number of unemployed learners per year entering skills programmes (DG and ERRP)	3170 (funded)	757 (funded)	1331 (funded)	574	<b>Target exceeded.</b> This was due to increased support through capacity building workshops rendered to stakeholders for funded projects and timely implementation of projects.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes.
			677 (unfunded)	323 unfunded)	362 (unfunded)	39	<b>Target exceeded.</b> This was due to CETA positively responding to industry-funded requests for registration of learners.	N/A
		3.10. Number of employed learners per year entering skills programmes (DG and ERRP)	-	117 (funded)	0 (funded)	(117)	<b>Target not achieved.</b> This was due to the delayed uptake of the programme by employed learners. CETA will work closely with partners through MOUs to ensure increased uptake of CETA programmes.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUT/OUTPUT INDICATORS/ ANNUAL TARGETS
<b>Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector</b> <i>(continued)</i>	Increased number of skills programs entered. <i>(continued)</i>		33 (unfunded)	236 unfunded	315 (unfunded)	79	<b>Target exceeded.</b> This was due to CETA positively responding to industry-funded requests for registration of learners.	N/A
	Increased number of skills programmes completed.	3.11. Number of unemployed learners per year completing skills programmes	4024 (funded)	873 (funded)	1780 (funded)	907	<b>Target exceeded.</b> This was due to increased efforts were made to ensure the issuing of certificates for ERRP projects entered and completed.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes
			2558 (unfunded)	161 (unfunded)	2723 (unfunded)	2562	<b>Target exceeded.</b> This was due to increased efforts of strengthening external moderation processes.	N/A
		3.12. Number of employed learners per year completing skills programmes	0	103 (funded)	155 (funded)	52	<b>Target exceeded.</b> This was due to increased efforts of strengthening external moderation processes.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes
			607 (unfunded)	82 (unfunded)	470 (unfunded)	388	<b>Target exceeded.</b> This was due to increased efforts of strengthening external moderation processes.	N/A
	Increased number of artisans entered.	3.13. Number of unemployed learners per year entering artisan programmes	2232 (funded)	2140 (funded)	2151 (funded)	11	<b>Target exceeded.</b> This was due to increased efforts to support stakeholders to comply with requirements that contribute to the timely implementation of DG projects.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUT/OUTPUT INDICATORS/ ANNUAL TARGETS
<b>Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector (continued)</b>	Increased number of artisans entered. (continued)		718 (unfunded)	660 (unfunded)	701 (unfunded)	41	<b>Target exceeded.</b> This was due to increased efforts by the CETA to ensure compliance with CETA requirements for industry funded projects.	N/A
	Increased number of artisans completed	3.15. Number of unemployed learners per year completing artisan programmes	1723 (funded)	1279 (funded)	1354 (funded)	75	<b>Target exceeded.</b> This was due to strengthened project management and timely issuing of serial numbers by NAMB.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes
			2472 (unfunded)	331 (unfunded)	1601 (unfunded)	1270	<b>Target exceeded.</b> This was due to strengthened project management and timely issuing of serial numbers by NAMB.	N/A
	Increased number of bursaries entered	3.17. Number of unemployed bursaries learners Enrolled (new enrolments)	150 (funded)	104 (funded)	104 (funded)	-	Target achieved.	N/A
		3.18. Number of unemployed bursaries learners Enrolled (Continuation)	148 (funded)	300 (funded)	304 (funded)	4	<b>Target exceeded.</b> This was due to increased students advancing in their programmes,	N/A
	Increased number of bursaries entered	3.19. Number of employed bursaries learners Enrolled (new enrolments)	115 (funded)	118 (funded)	124 (funded)	6	<b>Target exceeded.</b> This was due to increased CETA brand visibility resulted in more demand for CETA bursaries.	N/A

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUT/OUTPUT INDICATORS/ ANNUAL TARGETS
<b>Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector</b> (continued)	Increased number of bursaries entered (continued)	3.20. Number of employed bursaries learners Enrolled (continuation)	44 (funded)	42 (funded)	54 (funded)	12	<b>Target exceeded.</b> This was due to increased numbers of students advancing in their programmes.	N/A
	Increased number of bursaries completed	3.21. Number of unemployed bursary learners per year (completed)	77 (funded)	173 (funded)	218 (funded)	45	<b>Target exceeded.</b> This was due to higher numbers of students completing their studies.	N/A
		3.22. Number of employed bursary learners per year (completed)	17 (funded)	85 (funded)	10 (funded)	(75)	<b>Target not achieved.</b> This was due to the number of continuations not being sufficient to meet the completions target.	N/A
	Increased number of internships entered	3.23. Number of unemployed learners per year entering internships	356 (funded)	250 (funded)	258 (funded)	8	<b>Target exceeded.</b> This was due to the CETA creating a buffer to manage the risk of non-achievement of the target.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes.
	Increased number of internships completed	3.24. Number of unemployed learners per year completing internships	125 (funded)	200 (funded)	200 (funded)	-	Target achieved.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes.
	Increased number of University Student Placement entered per year	3.25. Number of University Student Placement entered per year	144 (funded)	225 (funded)	277 (funded)	52	<b>Target exceeded.</b> This was due to the CETA creating a buffer to manage the risk of non-achievement of the target.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes.

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUT/OUTPUT INDICATORS/ ANNUAL TARGETS
<b>Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector (continued)</b>	Increased number of University Student Placement completed per year	3.26. Number of University Student Placement completed per year	64 (funded)	65 (funded)	73 (funded)	8	<b>Target exceeded.</b> This was due to higher numbers of students completing their workplace programmes.	N/A
	Increased number of TVET Student Placement entered per year	3.27. Number of TVET Student Placement entered per year	616 (funded)	364 (funded)	444 (funded)	80	<b>Target exceeded.</b> This was due to more interest expressed through Special Projects and discretionary grant awards.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes.
	Increased number of TVET Student Placement completed per year	3.28. Number of TVET Student Placement completed per year	69 (funded)	66 (funded)	78 (funded)	13	<b>Target exceeded.</b> This was due to higher numbers of students completing their workplace programmes.	
	Increase in number of Candidacy programmes entered per year	3.29. Number of learners entering Candidacy programmes per year	253 (funded)	320 (funded)	320 (funded)	-	Target achieved.	This was in response to alignment with NDP 2030 and DHET APP to meet government priority programmes.
	Increase in number of Candidacy programmes completed per year	3.30. Number of learners completing Candidacy programmes per year	8 (funded)	63 (funded)	68 (funded)	5	<b>Target exceeded.</b> This was due to more candidates meeting minimum requirements to qualify as professionals.	N/A
<b>Support national imperatives in relation to skills development with emphasis on the construction sector</b>	Supported skills development centres in the construction sector	3.31. Number of skills development centres in the construction sector supported	7	4	4	-	Target achieved.	N/A

## Programme Output Indicators and Annual Targets for MTEF 2023/24

### Sub-Programme: Partnerships – University, TVET and CET

#### Purpose/Strategic Objective: Strengthened Collaboration and Partnerships for Skills Development in the Construction Sector

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATION	REASONS FOR REVISION TO OUTPUTS/ OUTPUT INDICATORS/ ANNUAL TARGETS
<b>Strengthen and expand strategic partnerships to maximise sustainability and impact of skills development interventions. And Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector</b>	SETA/University partnerships funded by the CETA through discretionary grants for construction sector programmes	3.32. Number of active SETA/University partnerships for skills development initiatives in the construction sector	11	10	10	-	Target achieved.	N/A
	SETA/TVET College partnerships supported and signed MOUs with CETA to deliver and implement skills development programmes in the construction sector	3.33. Number of active SETA/TVET College partnerships supported and signed MOUs with CETA to deliver and implement skills development programmes in the construction sector	21	20	25	5	<b>Target exceeded.</b> This was due to higher numbers of TVETs applying and being awarded discretionary grants.	N/A
	CET partnerships established	3.34. Number of active SETA/Community College partnerships supported and signed MOUs with CETA to deliver and implement skills development programmes in the construction sector	9	9	9	-	Target achieved.	N/A

## Sub-Programme: Development and Growth of Public College System

### Purpose/Strategic Objective: Support the Growth of the Public College System

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATION	REASONS FOR REVISION TO OUTPUTS/OUTPUT INDICATORS/ANNUAL TARGETS
Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector.	Supported TVET Colleges	3.35. Number of SETA Offices established and maintained in TVET Colleges	2	2	4	2	<b>Target exceeded.</b> This was due to the CETA's standing partnerships with TVET Colleges which allows sharing of facilities and offices.	N/A
		3.36. Number of TVET Lecturers exposed to the industry	11	10	33	23	<b>Target exceeded.</b> This was due to an increased interest from lecturers to partake in the opportunity for gaining exposure in the construction industry.	N/A
		3.37. Number of TVET colleges lecturers awarded bursaries	5	5	6	1	<b>Target exceeded.</b> This was due to CETA creating a buffer to manage the risk of non-achievement of target.	N/A
		3.38. Number of TVET colleges infrastructure development support (equipment/workshops)	9	9	9	-	Target achieved.	N/A
		3.39. Number of Managers and or lecturers (TVET) receiving training on curriculum related studies	21	20	25	5	<b>Target exceeded.</b> This was due to CETA creating a buffer to manage the risk of non-achievement of the target.	N/A

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATION	REASONS FOR REVISION TO OUTPUTS/OUTPUT INDICATORS/ANNUAL TARGETS
<b>Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector.</b> <i>(continued)</i>	Supported CET Colleges	3.40. Number of CET colleges managers and/or lecturers awarded bursaries	10	10	10	-	Target achieved.	N/A
		3.41. Number of CET colleges infrastructure development support (equipment/workshops/Connectivity/ICT	4	4	4	-	Target achieved.	N/A
		3.42. Number of Managers and or lectures (CET) receiving training on curriculum related studies.	9	9	22	13	<b>Target exceeded.</b> This was due to increased level of expressed by the CET colleges to capacitate their lecturers.	N/A

## Sub-Programme: Development and Support of SMME'S, COOPS, NGOS, CBOS & NPOS

Purpose: A Vibrant Civil Society Engagement in Skills Development within the Construction Sector

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATION	REASONS FOR REVISION TO OUTPUTS/OUTPUT INDICATORS/ANNUAL TARGETS
<b>Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector</b>	Co-operatives supported with training interventions and or funded	3.43. Number of cooperatives funded for skills that enhance enterprise growth and development	9	9	10	1	<b>Target exceeded.</b> This was due to CTA creating a buffer to manage the risk of non-achievement of this target.	N/A
	SMMEs in the construction sector supported through funding and/or accreditation	3.44. Number of small businesses funded for skills that enhance growth and development	27	15	45	30	<b>Target exceeded.</b> This was due to an increase in compliant applications by small businesses for Discretionary Grants as well as stakeholder awareness.	N/A
	People trained on entrepreneurship supported to start their businesses	3.45. Number of people trained on entrepreneurship supported to start their businesses	20	20	20	-	Target achieved.	N/A
	Capacity building workshops held in skills development for Trade Union support	3.46. Number of capacity building workshops in Skills Development for Trade Union support	2	2	2	-	<b>Target achieved.</b>	N/A
	NGOs supported with skills development interventions/ programmes within the construction sector	3.47. Number of CBOs/ NGOs/ NPOs funded for skills that enhance the development and sustainability of their organisation activities.	14	13	14	1	<b>Target exceeded.</b> This Was due to CETA creating a buffer to manage the risk of non-achievement of the target.	N/A

## Sub-Programme: Partnerships

Purpose/Strategic Objective: Strengthened Collaboration and Partnerships for Skills Development in the Construction Sector.

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATION	REASONS FOR REVISION TO OUTPUTS/OUTPUT INDICATORS/ANNUAL TARGETS
<b>Strengthen and expand strategic partnerships to maximise sustainability and impact of skills development interventions</b>	Partnerships with public institutions improve service delivery through skills development	3.48. Number of partnerships entered or maintained with public institutions to improve service delivery through skills development	14	14	17	3	<b>Target exceeded.</b> This was due to interest to partner with CETA to implement skills development projects through Special Projects and Discretionary Grant awards.	N/A
	Partnerships with private institutions improve service delivery through skills development	3.49. Number of partnerships entered or maintained with private institutions to improve service delivery through skills development	22	7	32	25	<b>Target exceeded.</b> This was due to the increased number of levy-paying entities expressing interest through discretionary grant applications and being found compliant.	N/A
	Public sector projects in rural areas	3.50. Number of Rural Development Projects supported	23	10	23	13	<b>Target exceeded.</b> This was due to increased allocation of DG awarded projects in rural areas.	N/A
	Workshop with councils within the built environment sector	3.51. One workshop with councils within the built environment sector is conducted	6	1	1	-	Target achieved.	N/A

## Sub-Programme: Implementation Of Learning Programmes

### Purpose/Strategic Objective: A Skilled and Capable Workforce in the Construction Sector

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATION	REASONS FOR REVISION TO OUTPUTS/OUTPUT INDICATORS/ANNUAL TARGETS
Enhance the skills of the existing workforce of the construction sector		3.52. Number of RPL/ARPL Learners assessed through Recognition of Prior Learning	1530	1586	1609	23	<b>Target exceeded.</b> This was due to increased efforts made by the CETA to ensure reporting of completed learners.	N/A

## Sub-Programme: Career and Vocational Guidance

### Purpose/Strategic Objective: Increased Knowledge and Interest in the Construction Careers

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATION	REASONS FOR REVISION TO OUTPUTS/OUTPUT INDICATORS/ANNUAL TARGETS
Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector	Career development exhibitions held in urban areas on occupations in high demand	3.53. Number of career development exhibitions in urban areas on occupations in high demand	17	15	19	4	Target exceeded. This was due to more invites received and CETA responded positively	N/A
	Career development exhibitions held in rural areas on occupations in high demand	3.54. Number of career development exhibitions in rural areas on occupations in high demand	25	20	25	5	Target exceeded. This was due to more invites received and CETA responded positively.	N/A
	Trained career development practitioners	3.55. Number of career development practitioners trained	11	10	11	1	Target achieved. This was due to the CETAs efforts to ensure skills transfer to career. development practitioners to promote construction qualifications.	N/A
	Updated career guidance booklets for the construction sector	3.56. Number of career guidance booklets updated for the construction sector	1	1	1	-	Target achieved.	N/A

PROGRAMME 4:		QUALITY ASSURANCE
<b>Purpose:</b>	Implementation of quality assurance that will enhance and ensure quality provision of training	
<b>Sub-programme 4.1:</b>	NQF Provider Accreditation	
<b>Purpose:</b>	Accredited skills training in the construction sector	
<b>Sub-programme 4.2:</b>	Qualifications review and development	
<b>Purpose:</b>	Qualifications development	
<b>Sub-programme 4.3:</b>	Monitoring and Evaluation	
<b>Purpose:</b>	Increased and improved monitoring and evaluation of CETA programmes	

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET. 2023/2024	*ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2023/2024	REASONS FOR DEVIATION	REASONS FOR REVISION TO OUTPUTS/OUTPUT INDICATORS/ANNUAL TARGETS
<b>Support skills development of new entrants or unemployed people into the construction sector. And Enhance the skills of the existing workforce of the construction sector</b>	Newly accredited training providers for learnerships and short skills programmes	The percentage of Skills Development providers ultimately accredited.	-	95%	100%	5%	<b>Target exceeded.</b> This was a result of all requests received from QCTO having been found compliant and recommended for accreditation.	N/A
	Maintained database of CETA accredited training providers	4.2. Maintain an up-to-date and accurate database of CETA valid accredited training providers and practitioners	1	1	1	-	Target achieved.	N/A
<b>Support national imperatives in relation to skills development, with emphasis on the Construction Sector</b>	CETA programmes effectively monitored	4.8. A percentage of active projects monitored, and external moderation visits conducted	-	100%	100%	-	Target achieved.	N/A
	Quarterly site visit audits for all accredited training providers to verify if they are still compliant	4.9. A percentage of monitoring visits to the accredited SDP's	-	25%	25%	-	Target achieved.	N/A

# CETA REVENUE COLLECTION

## CETA Revenue Collection Analysis

There has been a consistent growth in total revenue collected by the CETA on a year on year. However, total revenue was below budget by R8 million during the 2023/24 financial year. Notwithstanding the challenges that materially hampered the growth within the construction sector during pandemic period, there appears to be a steady recovery within the construction sector which impacts positively the CETA's from revenue generation and collection perspective.

The table depicted below reflects an favourable variance when actual total revenue is compared to the budget for the financial year 2023/24. The reasons are as follows:

R20 million under collection in levies compared to the budget is attributed to, general challenges affecting the construction sector regardless of the steady increase in qualifying levy payers during the financial year amongst others, slow recovery within the construction sector.

## Interest on Investments

Interest earned in the current year was below the budget by R16 million. Spend on project costs slightly decrease cash on hand during the financial year which impacted interest earned in the CPD account. In its attempts to manage inflation, continuous increases in the interest rates will continue to benefit the interest earned by the CETA.

## Fines, Interest and Penalties

The budget on fines and interest is informed by fines and penalties imposed on levy payers for late payments, which could be due to tough conditions in the sector. The positive outlook and the slight the growth in the sector has improved the ability of the levy payers to contribute consistently throughout the financial year, resulting in less amounts collected from fines, interest and penalties by R4 million.

## Levies

## Revenue Collection

SOURCES OF REVENUE	2023/2024			2022/2023		
	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000
Levies	708 077	687 433	(20 644)	565 673	614 754	49 081
Interest on investments	70 831	87 172	16 341	32 080	62 750	30 670
Interest, fines and penalties	18 098	13 657	(4 441)	28 781	17 332	(11 449)
Other revenue	-	1 659	1 659	-	1 572	1 572
<b>Total</b>	<b>797 006</b>	<b>789 921</b>		<b>626 534</b>	<b>696 408</b>	<b>69 874</b>

# CAPITAL INVESTMENT

INFRASTRUCTURE PROJECTS	2023/2024			2022/2023		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Head Office Partitioning	-	-	-	5 182	(3 491)	1 691
	-	-	-			
<b>Total</b>	-	-	-	<b>5 182</b>	<b>(3 491)</b>	<b>1 691</b>

In the prior financial year (2022/23), CETA had two projects listed as ongoing. However, no expenditure has been recorded against them for the current period. The head office partitioning project was on hold due to the delayed procurement of the contractor. No expenditure was incurred on any infrastructure assets and its maintenance during 2023/24 financial year.





# PART C: Governance

## PAGE

Governance .....	64
Social Responsibility .....	72
B-BBEE Compliance Performance Information .....	72
Audit and Risk Committee Report .....	74



# GOVERNANCE

## Introduction

The CETA is a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended and Treasury Regulations; and governed by the Standard CETA Constitution.

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation and the Companies Act, corporate governance with regard to public entities is applied through the stipulations of the Public Finance Management Act (PFMA) and applied concurrently with the principles contained in the King Reports on Corporate Governance.

## Portfolio Committees

Parliament exercises its role by evaluating the performance of the public entity by interrogating their annual financial statements and other relevant documents which have to be tabled as well as any other documents tabled from time to time.

The Portfolio Committee on Higher Education and Training reviews the annual financial statements and the audit reports of the external auditor as well the service delivery performance of the CETA contained in the annual report of the entity and is concerned with service delivery and enhancing economic growth.

## Executive Authority

The CETA reports under the Executive Authority of the Honourable Minister of Higher Education and Training, Dr Nobuhle Nkabane ("the Minister").

The Minister's oversight is focused on the prescripts of the PFMA and the Skills Development Act 97 of 1998 (as amended).

The Minister also has the power to appoint and remove the AA of the entity. The Minister must also ensure that the appropriate mix of executive and non-executive directors/Board members are appointed and that they have the necessary skills to guide the public entity.

Over the reporting period the Board reported to the Minister on various matters, including the following:

- Quarterly Financial and Performance Information
- Vacancies in the Board/AA
- CETA Administrative matters
- Updating the Minister on topical issues including CETA events

## The Accounting Authority/Board

### Introduction

The Board is the Accounting Authority of the CETA. The Board constitutes a fundamental base for the application of corporate governance principles in the CETA. The

Board provides strategic direction to the public entity. During the reporting period, the Board had several vacancies which to some extent affected the appropriate mix of non-executive members representing the necessary skills to strategically guide the public entity. All the members of the CETA Board are non-executive to ensure independence and objectivity in decision-making. The Board has absolute responsibility for the performance of the public entity and is fully accountable to the Executive Authority for such performance.

## CETA Constitution

The CETA Constitution as contemplated in Section 13(1) of the Skills Development Amendment Act, (Act 26 of 2011) defines amongst others the duties, powers, size, composition and functions of the CETA Board.

The following roles and functions of the AA are outlined in the CETA Constitution. The AA must:

- Govern and manage the CETA following the PFMA, the Act and any other applicable legislation;
- Ensure that the CETA achieves the objectives in clause 5 of its Constitution and performs the functions in clause 6 of its Constitution;
- Provide effective leadership and ensure that the CETA implements the goals of the NSDS and the Performance Agreement with the Minister;
- Provide a strategic direction for the CETA;
- Liaise with stakeholders;

## GOVERNANCE (continued)

- Ensure that the CETA complies with the relevant statutory requirements and the requirements of this Constitution;
- Manage institutional risk;
- Monitor and report on the performance of the CETA; and
- Ensure that its members and the members of the committees established by it, comply with the Code of Conduct.

### Accounting Authority

In line with Sections 11(1) and (2) of the Skills Development Act (97 of 1998), the AA should comprise 14 independent members and a Chairperson, which ensures objectivity in decision-making. The current CETA Board members were appointed from 01 July 2022 until 31 March 2025. The 14 members referred to have full voting rights and are comprised as follows:

- Six persons nominated by organised labour;
- Six persons nominated by organised employers including small business or government departments that are employers; and
- Two persons nominated by -
  - Government departments that have an interest in the sector, but the departments are not an employer.
  - Any interested professional body.

The new AA became functional on 1 September 2022 with its term ending on 31 March 2025. There are currently six vacancies in the AA which are in the process of being filled.

### BOARD COMPOSITION AND BOARD MEETING ATTENDANCE

NAME AND SURNAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G: AUDIT COMMITTEE/ MINISTERIAL TASK TEAM)	NO. OF BOARD MEETINGS ATTENDED
<b>Thabo Masombuka</b>	Independent	05 Aug 2022		LLB	Corporate and Commercial Law	Board Member at CHIETA SETA, Association of B-BBEE Partners (ABP), Construction Management Foundation (CMF)	Chairperson - Board Executive Committee (BEXCO)	7 of 7
<b>Phillip Manzaba Vilakazi</b>	Organised Labour	01 Jul 2022		Degree in Public Administration, Dip in Reception and Communications Skills, Executive Leadership, Municipal Development Programme	HR and Leadership	Mine Worker's Investment Trust (MIT) Board	Member - Board Executive Committee (BEXCO) Member - Governance, Strategy and ICT Committee (GSICT)	7 of 7
<b>Danny Masimene</b>	Organised Employer	01 Jul 2022		National Diploma (Secondary Teachers Diploma)	Corporate Governance	Board Member at Construction Industry Development Board	Member -Board Executive Committee (BEXCO) Member - Governance, Strategy and ICT Committee (GSICT) Member -Finance, Remuneration, Human Resource, Ethics Committee (FRHEC)	7 of 7

## GOVERNANCE (continued)

### BOARD COMPOSITION AND BOARD MEETING ATTENDANCE

NAME AND SURNAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT COMMITTEE/ MINISTERIAL TASK TEAM)	NO. OF BOARD MEETINGS ATTENDED
<b>Rahab Mohetoa</b>	Organised Labour	01 Jul 2022		Marketing Management Certificate	Compliance and Policy Adherence		Member - Governance, Strategy and ICT Committee (GSICT)	7 of 7
<b>Sunday Mlangeni</b>	Organised Labour	01 Jul 2022		Labour Law Certificate	Labour	BCIMA Medical Aid Board, CIRBF Board and BCCEI Board	Member - Audit and Risk Committee (ARC)	7 of 7
<b>Sibongile Maseko</b>	Organised Labour	01 Jul 2022		N5 Human Resource Management	Compensation and benefits		Member - Finance, Remuneration, Human Resource, Ethics Committee (FRHEC)	4 of 7
<b>Josias Mpe</b>	Organised Labour	01 Jul 2022		Grade 12	Labour	Board Member – Building Construction Industry Medical Aid (BCIMA)	Member - Board Executive Committee (BEXCO)	7 of 7
<b>Roy Mnisi</b>	Organised Employer	01 Jul 2022		Masters in Commercial Law, Compliance Management NQF 7	Corporate Law	Engineering Council South Africa (ECSA). Joint Building Construction Committee (JBCC), National Homebuilders Registration Council (NHBRC)	Member - Board Executive Committee (BEXCO) Finance, Chairperson- Remuneration, Human Resource, Ethics Committee (FRHEC)	6 of 7

### Committees of the Accounting Authority

The CETA Constitution provides that: The AA has the powers and responsibility to establish committees to enable it to discharge its responsibilities effectively and efficiently. The AA established the following:

- I. Board Executive Committee (BEXCO);
- II. Audit and Risk Committee (ARC);
- III. Finance, Remuneration, Human Resources and Ethics Committee (FHREC); and
- IV. Governance, Strategy, and ICT Committee (GSICT).

# MEET THE CETA BOARD



**Mr Thabo Masombuka**  
Board Chairperson



**Mr Sunday Mlangeni**  
Board Member



**Ms Rehab Mohetola**  
Board Member



**Ms Sandra Maseko**  
Board Member



**Mr Roy Mnisi**  
Board Member



**Mr Danny Masimene**  
Board Member



**Mr Josias Mpe**  
Board Member



**Mr Phillip Vilakazi**  
Board Member

## GOVERNANCE (continued)

FINANCE, REMUNERATION, HUMAN RESOURCE AND ETHICS COMMITTEE (FRHEC)		
NAME AND SURNAME	NUMBER OF MEETINGS/ ATTENDED	ROLE
Mr Roy Mnisi	8 of 8	Chairperson
Mr Danny Masimene	8 of 8	Member
Ms Sandra Maseko	8 of 8	Member

BOARD EXECUTIVE COMMITTEE MEETINGS (BEXCO)		
NAME AND SURNAME	NUMBER OF MEETINGS/ ATTENDED	ROLE
Mr Thabo Masombuka	10 of 10	Chairperson
Mr Roy Mnisi	10 of 10	Member
Mr Danny Masimene	10 of 10	Member
Mr Phillip Vilakazi	10 of 10	Member
Mr Josias Mpe	10 of 10	Member

GOVERNANCE, STRATEGY AND ICT COMMITTEE (GSICT)		
NAME AND SURNAME	NUMBER OF MEETINGS/ ATTENDED	ROLE
Mr Phillip Vilakazi	5 of 5	Chairperson
Mr Danny Masimene	4 of 5	Member
Mr Rahab Mohetoa	5 of 5	Member

AUDIT AND RISK COMMITTEE (ARC)		
NAME AND SURNAME	NUMBER OF MEETINGS/ ATTENDED	ROLE
Ms Zelda Tshabalala	7 of 7	Chairperson
Ms Boitumelo Mokgoko	7 of 7	Member
Mr Molehi Wesi	7 of 7	Member
Mr Sunday Mlangeni	7 of 7	Member

### Remuneration of Board Members

NAME AND SURNAME	MEETINGS REMUNERATION (R – ROUNDED OFF TO THE NEAREST THOUSAND)	OTHER ALLOWANCES (R – ROUNDED OFF TO THE NEAREST THOUSAND)	TOTAL
Thabo Masombuka	436 000	3 000	439 000
Phillip Manzaba Vilakazi	267 000	-----	267 000
Danny Masimene	336 000	17 000	353 000
Rahab Mohetoa	178 000	1 000	179 000
Sunday Mlangeni	120 000	5 000	125 000
Sibongile Maseko	156 000	7 000	163 000
Josias Mpe	249 000	2 000	251 000
Roy Mnisi	262 000	7 000	269 000
<b>Total</b>	<b>2 004 000</b>	<b>42 000</b>	<b>2 046 000</b>

## GOVERNANCE (continued)

### Risk Management

The Accounting Authority is committed in ensuring the CETA has and maintains effective, efficient and transparent systems of risk management and internal controls in accordance with the provisions of section 51(1)(a)(i) of the PFMA and section 27.2.1 of the Treasury Regulations (TRs).

The CETA has adopted a policy statement that acknowledges that “The realisation of the strategic plan depends on the CETA being able to take calculated risks in a way that does not jeopardise the direct interests of the stakeholders”, and has approved risk assessment processes to ensure continuous monitoring of the implementation of identified mitigations.

The risk management policy and strategy have been updated and aligned with National Treasury Risk Management Guidelines, King IV Reporting on Corporate Governance, and other International Standards such as COSO Framework and ISO 31000 and outlines, amongst others, the risk management methodology and approach, the risk appetite and tolerance, risk management process and risk responsibilities.

Through a comprehensive risk assessment process, management identifies key risk exposures, existing internal controls and further develops additional controls necessary to mitigate the risks identified, the results of which are reported to the Audit and Risk Committee on a quarterly basis for oversight and independent counsel.

In the implementation of the risk management strategy, progress has been made in the management of risks, but the following further improvements are still necessary to ensure consistent and full implementation of risk

management processes resulting in risk management being the value driver in the organisation:

- On going training and awareness,
- Appointment of an internal risk management committee to improve the efficiency in the systems of risk management and the implementation of mitigations, and
- Procurement of risk management tools to facilitate efficient monitoring of key risk indicators and advanced reporting.

### Internal Control Unit

The CETA's Internal Auditing services are outsourced to provide independent assurance guided by a philosophy of adding value to improve the SETA's operations. The auditing firm assists CETA in accomplishing its objectives by taking a systematic and disciplined approach to evaluating and improving the effectiveness of the organisation's governance, risk management, and internal control.

In line with the approved risk-based Internal Audit Catch-up Plan for the 2023/2024 financial year, the following Internal Audit work was undertaken:

- Application Control Review,
- Audit of Performance Information,
- Supply Chain Management,
- Discretionary Grants Commitments,
- Follow up of the prior Year Internal and External Audit Findings,
- Review of Annual Financial statements, and
- Review of Annual Performance Report

### Internal Audit and Audit Committee

The Audit and Risk Committee (ARC) is a key Committee of the CETA Accounting Authority, established under the Standard SETA Constitution and the CETA Constitution. Its primary purpose is to support the Accounting Authority in discharging its oversight responsibilities as mandated by the Public Finance Management Act (PFMA), Treasury Regulations, and principles of sound Corporate Governance.

The ARC serves as an independent and objective body dedicated to upholding the integrity, transparency, and accountability of the Construction Education and Training Authority's financial reporting processes and internal control systems. By providing rigorous oversight, the ARC ensures that CETA's financial statements are accurate, reliable, and compliant with applicable laws and regulations. Additionally, it plays a crucial role in safeguarding the organisation's assets and ensuring the efficiency and effectiveness of its internal controls and risk management practices.

The committee's responsibilities extend beyond mere compliance; it actively engages in monitoring and strengthening the organisation's governance framework. This includes reviewing the effectiveness of risk management processes, ensuring that significant financial and operational risks are properly identified, assessed, and managed in alignment with CETA's strategic objectives.

To enhance its oversight capacity, the CETA's internal auditing services are outsourced to reputable service providers who bring independent assurance guided

## GOVERNANCE (continued)

by a philosophy of adding value. These services are instrumental in assisting CETA to achieve its goals by adopting a systematic and disciplined approach to evaluating and enhancing the effectiveness of governance, risk management, and internal controls across the organisation.

Furthermore, the ARC is responsible for fostering a culture of continuous improvement and accountability within CETA. It reviews and monitors the implementation of management's corrective actions to address any deficiencies identified through internal and external audits. It also oversees compliance with legal and regulatory requirements, promotes ethical conduct, and ensures that robust mechanisms are in place to prevent and detect fraud.

By fulfilling these comprehensive functions, the ARC contributes significantly to the stability, credibility, and sustainability of CETA, thereby enabling it to fulfil its mandate of developing a skilled and capable workforce in the construction sector.

SekelaXabiso CA was appointed as CETA's internal auditing service provider, effective from 25 March 2024, following a rigorous selection process where they were identified as the recommended service provider. Upon their appointment, SekelaXabiso CA was requested to review and consider the 2024 Annual Internal Audit Plan, given the existence of several critical areas requiring immediate assurance and oversight.

In particular, SekelaXabiso CA was tasked with ensuring that the annual performance report, which was synthesised from the quarterly performance reports, was both accurate and credible. This review encompassed key aspects of the financial management cycle that

required thorough evaluation, along with significant areas within Supply Chain Management (SCM) that demanded focused attention.

For the 2023/24 financial year, SekelaXabiso CA undertook a comprehensive range of internal audit activities to enhance governance, risk management, and control processes within CETA. The key areas covered included:

### Development of a Three-Year Rolling Plan and the Annual Internal Audit Plan

- a) Preparation for Audit Committee Meetings and Reporting
- b) Coordination with External Auditors and the Risk Management Division
- c) Review of Supply Chain Management and Contract Management Processes
- d) Verification of the Discretionary Grants Commitment Register
- e) Conducting an Application Control Review
- f) Performance Information Audits to validate the accuracy of reported outcomes
- g) Review of the Annual Financial Statements for completeness and compliance
- h) Follow-up on Internal Audit and External Audit Findings to ensure corrective actions were implemented effectively

Through these focused activities, SekelaXabiso CA has contributed significantly to strengthening CETA's internal control environment, promoting transparency, and ensuring that governance practices are aligned with best practices. Their work has also provided invaluable

assurance that CETA's performance information and financial statements are credible, reliable, and prepared in accordance with relevant regulations and standards.

## Fraud and Anti-Corruption

The Accounting Authority recognises that fraud represents a significant potential risk to CETA's assets, service delivery efficiency, and reputation. CETA does not tolerate fraudulent or corrupt activities, whether internal or external to the Institution and has committed to vigorously pursue and prosecute any parties, by all legal means available, that engage in such practices or attempt to do so.

The approved fraud prevention policy and plan refers to several anti-fraud programmes implemented by the organisation such as:

- Recruitment policy that includes pre-employment screening,
- Implementation of a code of conduct including the declaration of interests, and
- The approved whistle-blowing policy that provides a platform for anonymous, investigation processes and protected reporting of suspected fraudulent activities.

CETA utilises the services of Advance Call as an anonymous fraud reporting platform to allow stakeholders to report any actual and/or suspected fraud and corruption activities. None of the incident reports received through the hotline for the year under review were fraud related, but there were several cases reported internally through the risk management department that have been referred for further investigations.

## GOVERNANCE (continued)

### Minimising Conflict of Interest

The CETA has an approved conflict of interest policy that is aligned to the Public Service Regulations. The policy outlines applicability, responsibilities, and guidelines on managing interests that may conflict with those of the CETA.

All CETA governance structure committee members and employees are required to declare conflict of interest on appointment and thereafter on annual basis. Furthermore, declaration of conflict of interest is a standing agenda item for the CETA governance structure committee and all bid committee meetings with the members required to complete a declaration of interests form to register their financial and other interests for every meeting.

In the event of disclosure of interest, action is taken to eliminate the conflict or otherwise safeguard the interest of CETA and any finding of conflict of interest will be subject to CETA disciplinary procedures.

### Code of Conduct

The primary purpose of the CETA Code of Conduct aims to promote a culture of ethics, honesty and professionalism within the organisation and amongst its employees and stakeholders.

New employees are inducted and provided with a copy of the policy to ensure compliance.

Any violation of any part of the Code of Conduct may be cause for appropriate disciplinary action in terms of the Disciplinary Policy and procedure.

### Health Safety Environment Issues

In its endeavour to comply with the Occupational Health and Safety (OHS) legislation: \*Occupational Health and Safety Act No. 85 of 1993 and the Occupational Health and Safety Amendment Act No. 18 of 1993, the CETA has put in place the below tools and actions ensure safety in the workplace.

- Developed a an OHS comprehensive checklist for the head office and provincial nodes.
- This checklist serves as a guideline to ensure compliance with the Occupational Health and Safety (OHS) Act.
- The checklist is complemented by other documents designed to streamline and enhance compliance processes.
- Emergency contact lists.
- Emergency evacuation plan amongst others.
- Fire extinguishers and hose reels servicing.
- Lift servicing.
- First aid box procurement.
- Safety file for the CETA.
- Safety documents that includes risk assessments and other OHS documents are constantly being developing and update. To this end the Head Office of the CETA is 52% compliant with the aim of reaching a 70% compliance target.

### Board Secretary

The Board Secretary plays a pivotal role in ensuring the effective operation of the AA (Audit and Assurance) or any committee by coordinating closely with the Chairperson to finalise meeting agendas and schedules. The responsibilities include:

- Timely Distribution of Agendas and Documents: The Secretary ensures that all relevant materials are provided to AA members and attendees well in advance.
- Meeting Organisation: The Secretary takes all necessary measures to guarantee that meetings occur as planned.
- Adherence to Procedures: The Secretary ensures that the AA follows the meeting procedures as outlined in the CETA Constitution.
- Accurate Record Keeping: The Secretary is responsible for documenting all decisions and resolutions made by the AA, ensuring they are tracked and followed through on.
- Ensuring AA Effectiveness: The Secretary provides comprehensive guidance to AA members regarding their duties and responsibilities, with a focus on fulfilling these roles in the best interests of CETA.
- New Member Induction: The Secretary ensures that new members are thoroughly inducted into the AA.
- Continuous Education and Training: The Secretary assists in creating and maintaining programs for ongoing education and training to enhance the effectiveness of the AA.
- Guidance on Governance and Ethics: The Secretary acts as a central source of advice on matters related to business ethics and good governance for the AA.

## GOVERNANCE (continued)

### Social Responsibility

As part of embracing the ideals of the late former president Nelson Mandela, the CETA remains committed to giving back to the most vulnerable members of our community. Interventions such as Mandela day and corporate social responsibility are designed to provide structure to the CETA's charitable endeavors, community service, and creation of good social value.

In the year 2023, the CETA undertook a Nelson Mandela Day initiative that was aimed at assisting an elderly woman in the previously disadvantaged township of Olievenhoutbosch, in the City of Tshwane. The CETA officials together with the Ward councilor identified her house to be one that required attention in order to make the house more habitable. The house required painting internally and a change of corrugated / IBR iron in the main bedroom. The CETA team was up for the challenge and committed two days to the minor refurbishments of Gogo Anna's home. The minor refurbishment was successfully completed.

### B-BBEE Compliance and Performance

#### Transformation

CETA has started the process of appointing a verification agency to conduct the 2023/24 audit. The organisation remains committed to ensuring that the B-BBEE Act, Employment Equity Act, and SMME Regulations are implemented through its internal policies on transformation

and empowerment. In so doing, CETA has implemented a tool to monitor monthly progress on the B-BBEE targets scorecard, which will also assist in gap identification.

- Once the approval of the Transformation Policy by the AA in June 2023, CETA was able to meet the procurement target towards:
  - Black owned entities of 51%
  - Black women owned entities of 35%
  - 51% of discretionary grant allocation to black owned entities
  - 51% women learners on both funded and industry-funded programmes
  - 70% youth learners on funded and industry-funded programmes
  - 2% disabled learners (which remains the biggest challenge for the CETA).

The biggest challenge remains on learners living with disability:

- 2% of disabled learners on both CETA DG funded programmes and industry funded.

Over and above the transformation target, CETA also achieved the following targets and exceeded some:

- The number of unemployed learners per year entering skills programmes exceeded the 1331 (funded) target. This was due to increased support through capacity-building workshops rendered to stakeholders, funded projects, and timely implementation of projects.
- The number of unemployed bursary learners enrolled (new enrolment) was 104, which was the target achieved.

- The number of employed bursary learners enrolled (new enrolments) of the 124 funded target exceeded this due to increased CETA brand visibility, which resulted in more demand for CETA bursaries.
- SETA/Universities partnerships funded by the CETA through discretionary grants for construction sector programmes 10 targets achieved.
- The number of TVET lecturers exposed to the industry exceeded the target of 33; this was due to an increased interest from lecturers to partake in the opportunity to gain exposure in the construction sector.
- The number of managers and/or lecturers (CET) receiving training on curriculum-related studies exceeded the 22 target. This was due to the increased level of effort expressed by the CET colleges to capacitate their lecturers.
- The number of cooperatives funded for skills that enhance enterprise growth and development exceeded the target of 10; this was due to CETA creating a buffer to manage the risk of non-achieving this target.
- The number of small businesses funded for skills that enhance growth and development 45 target exceeded. This was due to an increase in compliant applications by small businesses for discretionary grants as well as stakeholder awareness.
- The number of CBOs, NGOs, and NPOs funded for skills that enhance the development and sustainability of their organisation's activities exceeded 14 targets due to CETA creating a buffer to manage the risk of non-achievement of the target.

## GOVERNANCE (continued)

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2023 and as determined by the Department of Trade, Industry and Competition.

HAS THE SPHERE OF GOVERNMENT/PUBLIC ENTITY/ORGAN OF STATE APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 – 8) WITH REGARDS TO THE FOLLOWING:		
CRITERIA	CIRCLE RELEVANT ANSWER	ATTACHMENT
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	Yes	CETA, in 2023/24 financial year was able to assist 250 learners from NPOs, NGOs. and co-operatives in the following pathways: Apprenticeships Learnerships: plumber, painter, bricklayer, carpentry, plaster Short Skills Programme HET/TVET Placement
Developing and implementing a preferential procurement policy	Yes	CETA has ensured that designated groups receive opportunities through its preferential procurement strategy, which focuses on black women, youth, individuals with disabilities, rural communities, and veterans when awarding business through RFQs and the tendering process.
Determining qualification criteria for the sale of state-owned enterprises	No	N/A
Developing criteria for entering into partnerships with the private sector	Yes	In collaboration with private-owned institutions, CETA targeted to ensure black learners have also been skilled and trained through CETA support initiatives in the following pathways, totalling 500: ARPL-Unemployed Electrical, Carpenter, and Bricklayer Apprenticeships: Electrician, Plumber, Bricklayer, and Carpenter Learnerships: BCC, CHB, Construction Plant Operator, Assistant Painter, and Concrete Tester Internships: HET and TVET, BCC and RC Bursary-Employed: Built Environment, Construction, etc Learnerships: Routine Road Management, BCC and Construction Plant Operator Short Skills Programme: BCC, RC, Plumber, Bricklayer, Carpenter, Electrical, and Joiner
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	Yes	CETA made strides in 2023/24 to ensure that rural communities are empowered as part of B-BBEE Initiatives through training of 250 learners in Bakgatla Ba Kgafela Village in North West Province following pathways: Learnerships: Plumbing, Bricklaying, Carpentry, Electrical Install, RCW, CHB, BCC, etc Short Skills Programme: Electrician, Bricklayer, and Plumber

# AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024. The Audit and Risk Committee (ARC) reports that it has complied with its responsibilities arising from Public Finance Management Act and Treasury Regulation 3.1.13. The ARC also reports that it has adopted appropriate formal terms of reference as its ARC Charter. It has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

## The Effectiveness of Internal Controls

The ARC obtains assurances from Management, internal auditors and external auditors on the effectiveness of governance, risk management and internal controls in the areas of financial management, performance management, compliance management, risk management and information and communication technology (ICT). Management has made some progress in addressing the internal control deficiencies reported in the prior years by internal audit and external audits. Some weaknesses in the system of internal controls remained for the period and were raised with management and the Accounting Authority.

## Internal Audit

The entity's internal audit function is outsourced, however as noted by the external auditors, the entity did not ensure timeous appointment of internal audit which resulted in lapse in the internal audit effectiveness for a period of two quarters and minimal internal audit

work performed for the year. The ARC will ensure that internal audit complies with its Charter and effectively provides the required assurance on the entity's control environment to the Management, the ARC and the Accounting Authority. Despite these challenges, ARC has commenced with its work and follows a risk-based approach. The ARC reviewed all internal audit plans and reports issued during the year. The ARC is satisfied with the work of internal audit function to address the risks relevant to the organisation and based work conducted within the entity, certain weaknesses. These issues were subsequently communicated to management and the Accounting Authority.

## Risk Management

The ARC is responsible for overseeing of risk management process on behalf of the Accounting Authority. The Accounting Authority has adopted a risk management framework, risk management policy and fraud prevention policy for CETA. The risk management processes are reviewed by internal audit. The ARC has noted some areas of improvement relating to the maturity of risk management and made recommendations to management to enhance the risk function.

## In-year Management and Monthly/Quarterly Reporting

The entity has submitted monthly and quarterly reports to the Accounting Authority.

## Evaluation of Financial Statements

ARC performed the following review during the financial year under review:

- Reviewed the quality and timeliness of the financial information availed to the audit and risk committee for oversight purposes during the year such as interim financial statements;
- Reviewed the unaudited Annual Financial Statements to be submitted to the Auditor-General of South Africa for auditing;
- Reviewed changes in accounting policies and practices;
- Reviewed the Auditor-General's management report and management's response thereto;
- Reviewed the entity's compliance with legal and regulatory provisions;
- Reviewed the information on predetermined objectives to be included in the annual report; and
- Reviewed any significant adjustments resulting from the audit.

## Auditor-General's Report

The ARC met with the Auditor-General of South Africa to discuss the audit report and address all findings. While we acknowledge the collaborative efforts and open dialogue between the Auditor-General's team and management, we note that Management raised certain points of contention regarding specific findings emanating from the audit process. These points were duly considered, and the ARC facilitated constructive discussions to address all perspectives.

Continuous oversight will be exercised by the ARC to monitor the resolution of any outstanding matters, ensuring adherence to high standards of accountability and transparency. We remain committed to working alongside both management and the Auditor-General to resolve any remaining issues and uphold the integrity of our financial reporting processes.

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- an accurate and reliable discretionary grants commitment register.

The ARC accepts the conclusions of the Auditor-General on the Annual Financial Statements and should be considered alongside the auditor's report.

### Appreciation

The ARC extends its sincere appreciation to the Accounting Authority, Chief Executive Officer, Management team, Internal Audit, and the Auditor-General of South Africa for their cooperation in helping us fulfil the requirements of our Charter as mandated.



**Ms Zelda Tshabalala**  
Chairperson of the Audit Committee  
CETA

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	DATE APPOINTED	NO OF MEETINGS ATTENDED
<b>Ms Zelda Tshabalala</b>	BComm Post Grad Dip in Business Administration (PDBA) Master of Business Administration (MBA) Certified Controls Self Assessor (CCSA) Certificate in Corporate Governance Certificate in Financial Management for Municipal Executives	External	16 January 2023	7
<b>Ms Boitumelo Mokgoko</b>	Bachelor of Commerce (Accounting) Bachelor of Commerce (Accounting) Honours/(CTA) Chartered Accountant (SA)	External	16 January 2023	7
<b>Mr Molehe Wesi</b>	Masters in IT (ICT Management)	External	16 January 2023	7
<b>Mr Sunday Mlangeni</b>	Labour Law Certificate	External	01 July 2022	7



**Ms Zelda Tshabalala**  
ARC Chairperson



**Ms Boitumelo Mokgoko**  
ARC Member



**Mr Molehe Wesi**  
ARC Member



**Mr Sunday Mlangeni**  
Board Member



# PART D:

## Human Resource Management



### PAGE

Introduction.....	78
Human Resource Oversight Statistics.....	78

# HUMAN RESOURCES MANAGEMENT

## Introduction

The Human Resources Management (HRM) is the cornerstone of CETA's employee management infrastructure, playing a pivotal role in steering human resource management practices and offering essential administrative support functions. At its core, the HRM Department is dedicated to creating a nurturing workplace environment where talent thrives and employees are valued as the organisation's most valuable asset.

In alignment with the CETA's overarching goals, the HRM department serves as a strategic partner to the organisation, orchestrating a spectrum of Human Resources programmes crafted to attract, develop, retain, and engage a diverse and proficient workforce. By prioritising these efforts, the CETA aims to solidify its place as one of the preferred employers within its sector, distinguished by its commitment to fostering a culture of inclusivity, innovation, and professional growth.

Within the realm of human resource management, the HRM Department shoulders a multifaceted array of responsibilities. From meticulously orchestrating workforce planning endeavours encompassing recruitment and selection processes to championing initiatives aimed at promoting employee wellness and cultivating a conducive work environment, the department's influence permeates every facet of the employee experience.

Moreover, the HRM Department is at the forefront of driving learning and development initiatives, facilitating

training programs tailored to enhance employee competencies and foster continuous growth. The department, working with management, aims to cultivate positive employee relations, to foster an atmosphere of mutual respect, trust, and collaboration between the organisation and its workforce. This is an ongoing endeavour of the organisation.

Operational efficiency and effectiveness are further bolstered by the HRM Department's keen attention to HR service delivery, ensuring seamless administration and benefits management. Through performance management processes and initiatives, the department continuously evaluates and refines employee performance, driving organisational excellence and individual achievement.

Recognising and rewarding employee contributions lies at the heart of the HRM Department's ethos, with programmes designed to acknowledge and celebrate achievements, thereby nurturing a culture of appreciation and motivation.

As the custodian of the organisation's Human Capital Strategy, the HRM Department remains steadfast in its commitment to advancing the CETA's mission and vision. From its main head office in Midrand, Gauteng, to its sprawling network of provincial and regional offices spanning all nine provinces, the CETA's commitment to excellence in human resource management remains unwavering, underpinned by the steadfast dedication and expertise of its Human Resources Management Department.

## Human Resource Oversight Statistics

### Personnel Cost by Programme/Activity/Objective

PROGRAMME/ACTIVITY/ OBJECTIVE	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXP. AS A % OF TOTAL EXP. (R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Administration	221 384	62 809	44%	55	1 142
Research, Planning and Reporting	88 572	3 719	3%	4	930
Learning Programmes and Projects	345 251	60 480	43%	51	1 186
Quality Assurance	86312.8	14 922	11%	14	1 066
TOTAL	741 520	141 930	100%	124	1 145

## HUMAN RESOURCES MANAGEMENT (continued)

### Personnel Cost by Salary Band

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST(R'000)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	8 076	6%	2	4 038
Senior Management	14 293	10%	9	1 588
Professional Qualified	37 812	27%	22	1 719
Skilled	51 714	36%	45	1 149
Semi-Skilled	26 414	19%	40	660
Unskilled	3 621	3%	6	604
<b>TOTAL</b>	<b>141 930</b>	<b>100%</b>	<b>124</b>	<b>1 145</b>

\*Temps, Fixed term, interns excluded from total employees but included in the total cost expenditure

### Performance Rewards

PROGRAMME/ACTIVITY/ OBJECTIVE	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000)
Top Management	795	8 076	10%
Senior Management	941	14 293	7%
Professional Qualified	1 646	37 812	4%
Skilled	1 478	51 714	3%
Semi-Skilled	701	26 414	3%
Unskilled	98	3 621	3%
<b>TOTAL</b>	<b>5 660</b>	<b>141 930</b>	<b>4%</b>

### Training Costs

PROGRAMME/ACTIVITY/ OBJECTIVE	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO. OF EMPLOYEES TRAINED	AVG TRAINING COST PER EMPLOYEE
Training and Bursaries	142 477	786	1%	16	49 136
Non-Credit Bearing Training	142 477	632	0.4%	105	6 015



## HUMAN RESOURCES MANAGEMENT (continued)

### Employment and Vacancies

PROGRAMME /ACTIVITY/ OBJECTIVE	2023/2024 APPROVED POSTS	2023/2024 NO. OF EMPLOYEES	2023/2024 VACANCIES	% OF VACANCIES
Top Management	4	2	2	50%
Senior Management	12	9	3	25%
Professional Qualified	32	22	10	31.3%
Skilled	57	45	12	21%
Semi-Skilled	60	40	20	33.3%
Unskilled	12	6	6	50%
<b>TOTAL</b>	<b>178</b>	<b>124*</b>	<b>54</b>	<b>30.3%</b>

*\*The figures exclude temps, interns and fixed term not on the organogram*

### Employment Changes

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	3	1	2	2
Senior Management	6	4	1	9
Professional Qualified	20	4	2	22
Skilled	41	6	2	45
Semi-Skilled	30	10	0	40
Unskilled	6	0	0	6
<b>Total</b>	<b>106</b>	<b>25</b>	<b>7</b>	<b>124*</b>

*\*The figures exclude temps, interns and fixed term not on the organogram*





## HUMAN RESOURCES MANAGEMENT (continued)

### Reasons for Staff Leaving

REASON	NUMBER
Death	-
Resignation	8
Dismissal	3
Retirement	-
Ill Health	-
Expiry Of Contract	-
Other	-
<b>Total</b>	<b>11</b>

### Labour Relations: Misconduct and Disciplinary Action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	2
Written Warning	1
Final Written Warning	1
Dismissal	3

## HUMAN RESOURCES MANAGEMENT (continued)

### Equity Target and Employment Equity Status

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	1	3	0	0	0	0	0	0
Senior Management	3	3	0	1	0	0	0	1
Professional Qualified	6	9	1	0	0	2	0	0
Skilled	18	21	1	2	0	0	0	1
Semi-Skilled	7	5	1	3	0	0	0	0
Unskilled	2	2	0	0	0	0	0	0
<b>TOTAL</b>	<b>37</b>	<b>43</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	2	1	0	0	0	0	0	0
Senior Management	5	5	0	1	1	1	0	0
Professional Qualified	14	13	0	1	0	0	0	1
Skilled	24	20	1	2	1	2	1	2
Semi-Skilled	28	25	3	1	0	0	0	0
Unskilled	4	4	0	0	0	0	0	0
<b>TOTAL</b>	<b>77</b>	<b>68</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>3</b>

LEVELS	DISABLED STAFF					
	MALE			FEMALE		
	CURRENT	TARGET		CURRENT	TARGET	
Top Management	0	0		0	0	
Senior Management	0	0		0	0	
Professional Qualified	0	0		0	0	
Skilled	0	0		0	0	
Semi-Skilled	1	0		2	0	
Unskilled	0	0		0	0	
<b>TOTAL</b>	<b>1</b>	<b>0</b>		<b>2</b>	<b>0</b>	





# PART E: PFMA Compliance Report



## PAGE

Irregular, Fruitless and Wasteful Expenditure and Material Losses .....	86
Late and/or Non-Payment of Suppliers .....	91
Supply Chain Management .....	92

## IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

### Irregular Expenditure

#### a) Reconciliation of irregular expenditure

DESCRIPTION	2023/2024 R'000	2022/2023 Restated R'000
Opening Balance	649 535	634 806
Add: Irregular expenditure confirmed	3 416	14 729
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing Balance	652 951	649 535

Included in the total current financial year irregular expenditure is an amount of R3 416 431.33 (2022/23:R 14 729 000) which resulted from non-compliance with laws and regulations on multi-year contracts.

The above disclosure of irregular expenditure has been made in terms of the PFMA Compliance and Reporting Framework Instruction No 4 of 2022/23.

### Reconciling Notes

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	3 416	14 729
Total	3 416	14 729

**b) Details of irregular expenditure (under assessment, determination, and investigation)**

DESCRIPTION <sup>1</sup>	2023/2024 R'000	2022/2023 R'000
Irregular expenditure under assessment	77 629	65 669
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	30 633	74 842
<b>Total</b>	<b>120 729</b>	<b>140 511</b>

The above incidents of irregular expenditure relating to prior years, are currently under investigation.

The following incidents of irregular expenditure R 12 507 385.13 is under assessment in the current year. In addition to this, a dispute was declared on the alleged irregular expenditure by the Auditor General concerning exceeding the 10.5% administration expenditure limit as approved by the Minister. The amount flagged as irregular expenditure is R71 896 000 (2023: 58 805 000).

**c) Details of irregular expenditure condoned**

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure condoned	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**d) Details of irregular expenditure removed - (not condoned)**

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure NOT condoned and removed	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Group similar items

e) Details of irregular expenditure recoverable

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure recoverable	-	
Total	-	-

The CETA is still in a process of investigations of irregular expenditures disclosed and when concluded the recommendations are going to guide a way forward.

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

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Irregular expenditure written off	-	-
Total	-	-

The CETA is still in a process of investigations of irregular expenditures disclosed and when concluded the recommendations are going to guide a way forward.

Additional Disclosure Relating to Inter-Institutional Arrangements

g) Details of disciplinary or criminal steps taken as a result of irregular expenditure

DISCIPLINARY STEPS TAKEN

## Fruitless and Wasteful Expenditure

### a) Reconciliation of fruitless and wasteful expenditure

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Opening Balance	26 355	25 980
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	-	647
Less: Irregular expenditure condoned	-	-
Less: Fruitless and wasteful expenditure recoverable <sup>2</sup>	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	272
Closing Balance	26 355	26 355

No Fruitless and Wasteful expenditure incurred in the financial year. The incidents identified are under assessment and disclosed as such.

### Reconciling Notes

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	-	647
Total	-	647

**b) Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)**

DESCRIPTION <sup>3</sup>	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure under assessment	339	328
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
<b>Total</b>	<b>339</b>	<b>328</b>

The EMP 501 declaration submitted in May 2024, resulted in penalties and interest for possible declaration that were not submitted during the year.

**c) Details of fruitless and wasteful expenditure recoverable**

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure recoverable	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

The CETA is still in a process of investigations of Fruitless and wasteful expenditures disclosed and when concluded the recommendations are going to guide a way forward.

**d) Details of fruitless and wasteful expenditure not recoverable and written off**

DESCRIPTION	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure written off	-	272
<b>Total</b>	<b>-</b>	<b>272</b>

The CETA is in the process of launching investigations for Fruitless and wasteful expenditure.

---

**3** Group similar items

## Late and/or Non-Payment of Suppliers

DESCRIPTION	NUMBER OF INVOICES	CONSOLIDATED VALUE R'000
Number and rand value of all valid invoices received;	18 481	661 584
Number and rand value of all invoices paid within 30 days or within the agreed period with the supplier;	18 406	653 711
"Number and rand value of all invoices paid after 30 days or later than the period agreed with the supplier for the year;"	75	7 873
"Number and rand value of all invoices that are older than 30 days or in excess of the period agreed with suppliers, which remain unpaid and where such invoices are without dispute with suppliers;"	63	1 968
"Number and rand value of all invoices that are older than 30 days or in excess of the period agreed with suppliers, which remained unpaid and where such invoices are in dispute with suppliers for the year; and "	2 272	42 204

Some service providers did not provide banking details which delayed the payment of those invoices.

Some service providers did not provide compliant invoices, some did not provide sufficient supporting documents for processing of payment (reports, registers, attendance registers etc) and some did not submit their claims timely for payment.

## Supply Chain Management

### Procurement by Other Means

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT R'000
Procurement of CCTV Cameras Equipment and alarm services acquisition and Installation	Buffalo Protection Services	Deviation from normal process	n/a	589
Provision of security guards and alarm system with armed response services at the CETA head office	Buffalo Protection Services	Deviation from normal process	n/a	647
Procurement of women's day conference facilities and other services	Arch Hotel Group (Pty) Ltd	Deviation from normal process	n/a	243
Appointment of Legal Support	SM Vakalisa INC Attorney's	Deviation from normal process	n/a	Rates basis
Traveling Services	FP & M SETA	Deviation from normal process	n/a	80
Providing administration Support, Investigative and Related Services to the CETA.	V2 Digital (Pty) Ltd	Deviation from normal process	n/a	4 700
ICT Infrastructure Firewall Replacement	V2 Tech (Pty) Ltd	Deviation from normal process	n/a	323
Advertisement of CETA head office security tender for less than prescript minimum of 21 day.	n/a	Deviation from normal process	n/a	n/a
Procurement of renewal caseware license	Adapt IT (Pty) Ltd	Deviation from normal process	n/a	612
Procurement of advert on newspapers for a shorter period	Arena Holding (Pty) Ltd	Deviation from normal process	n/a	160
Security services at CETA head office	Mphosha Security Services	Deviation from normal process	n/a	718
Procurement of Caseware Training	Adapt IT (Pty) Ltd	Deviation from normal process	n/a	107
Software renewal licences and System upgrade	Sage	Deviation from normal process	n/a	674
Security services at CETA head office	Mphosha Security Services	Deviation from normal process	n/a	696
Procurement of Discretionary grants application and processing module for 2024/25 window period	Solugrowth	Deviation from normal process	n/a	144
Total				9 693

## Contract Variations and Expansions

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE R'000	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE) R'000	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION R'000
Provision of comprehensive Insurance Services	Africa Risk and Insurance Services	Variation	CR20/21-03	2 122	295	150
Appointment of atleast 5GB CIDB registered contractor for the construction of skill development Centre in the KZN Ingwavuma	Tinsimbi - Mcebo JV	Expansion	CR20/21-25	9 468	n/a	8 529
Provision of security services for CETA head office	Mphosha Security Services	Variation		659	n/a	220
Provision of Managed ICT Services	V2 Digital (Pty) Ltd	Variation	CR23/24-08	987	n/a	9 875
Appointment of service provider for post organisational support	Phulo Consulting Services (Pty) Ltd	Variation	CR23/24-06	1 824	n/a	R690
Total				15 060	295	10 575



# PART F:

## Financial Information

### PAGE

Accounting Authority's Responsibilities and Approval .....	96
Chief Financial Officer's Overview .....	97
Report of the Auditor-General .....	100
Statement of Financial Position .....	108
Statement of Financial Performance .....	109
Statement of Changes in Net Assets .....	110
Cash Flow Statement .....	111
Statement of Comparison of Budget and Actual Amounts .....	112
Accounting Policies .....	113
Notes to the Annual Financial Statements .....	129

# ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is required by the Public Finance Management Act 1999 (Act No. 01 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the Annual Financial Statements fairly present the state of affairs of the CETA as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

The Accounting Authority acknowledge that they are ultimately responsible for the system of internal financial control established by the CETA and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards

for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the CETA, and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviours are applied and managed within predetermined procedures and constraints.

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority has reviewed the CETA's cash flow forecast for the year to 31 March 2025, and in the light of this review and the current financial position, they are satisfied that the CETA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Auditor-General of South Africa is responsible for independently auditing and reporting on the entity's Annual Financial Statements and performance.

The Annual Financial Statements set out on pages 108 to 163, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2024 and were signed on behalf of the Accounting Authority by:



**Mr Thabo Masombuka**  
*Accounting Authority Chairperson*  
CETA

# CHIEF FINANCIAL OFFICER's OVERVIEW

## Revenue

Despite the economic challenges experienced by the construction sector during the pandemic and the slow pace of recovery exacerbated by ongoing load-shedding, increases in material and labour costs, logistics disruptions, labour shortages, lack of access to funding and slow technology uptake, our ability to collect revenues has not been significantly impacted. Total revenue grew by R93 million (14%) compared to the prior year.

The significant contributor to the overall favourable movement is levy income, which grew by R72 million from R614 million, owing to increased levy payers due to current and forecasted growth in the construction sector. Other economic factors that led to the increase in levy revenue include launching the fifth phase of the Expanded Public Works Programme (EPWP) which has been a further catalysts for construction growth.

*Total Revenue*  
**R93m**  
*grows*  
**14%**

## Surplus

We have reported a surplus of R48 million from the deficit of R13 million. We have continued to apply effectively cost containment measures in order to enhance efficiency and effectiveness within the organisation. Even though a surplus position has been achieved, spending in excess of 10.5% administration grant remains a concern, however prudence is applied and exercised on expenditure.

In line with last year's trend on operational efficiencies, expenditure declined by R5 million (6.5%). Staff costs remain a significant expense line item, monitored contextually without compromising the achievement of the organisation's strategic objectives through capacitating needy business units.

*Surplus*  
**R48m**  
*improves*  
**R13m**



**Mr Sanele Radebe**  
Acting Chief Financial Officer

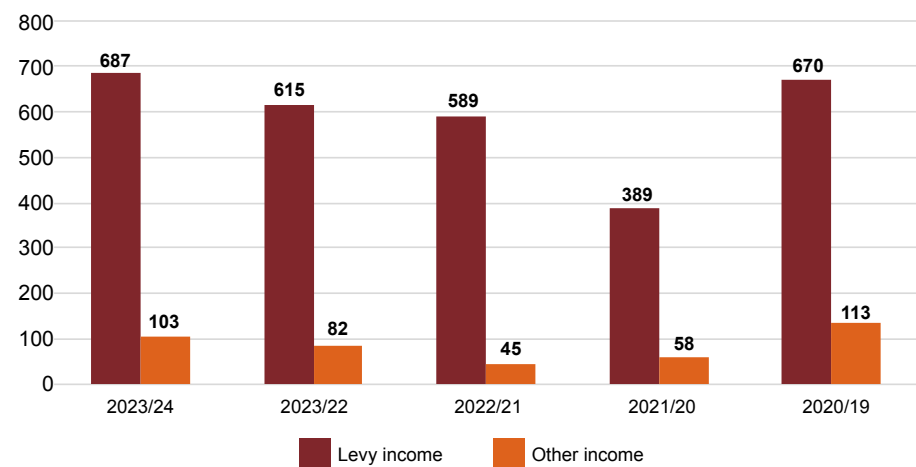
CHIEF FINANCIAL OFFICER's OVERVIEW (continued)

Reserves and Liquidity

The CETA agreed to performance targets as part of its Service Level Agreement with DHET, which aims at reaching the targets set in terms of the National Skills Development Strategy IV. The national skills development strategy requires funding of a variety of projects or incentives which span over multiple years and as such it is necessary to allocate funding in the current year which will only be contracted and/or committed and spent over a long period of time. The CETA had a bank balance of R1.1 billion during the financial year ending 31 March 2024 and requested approval to retain the existing reserve to fund our discretionary grant commitment of R1.6 billion. This request is mainly due to the following reasons:

- It is not possible to determine the exact amount of available funding due to significant uncertainty and the timing of future levy receipts.
- It is not possible to determine exact employer participation learnership uptake etc, in the various projects/initiatives, although every effort is made to plan and research appropriately.
- Some of the unspent funds are due to a backlog in payments, and this could be caused by the late submission of project claims by the entities.

Total revenue over the past five years (Rm)



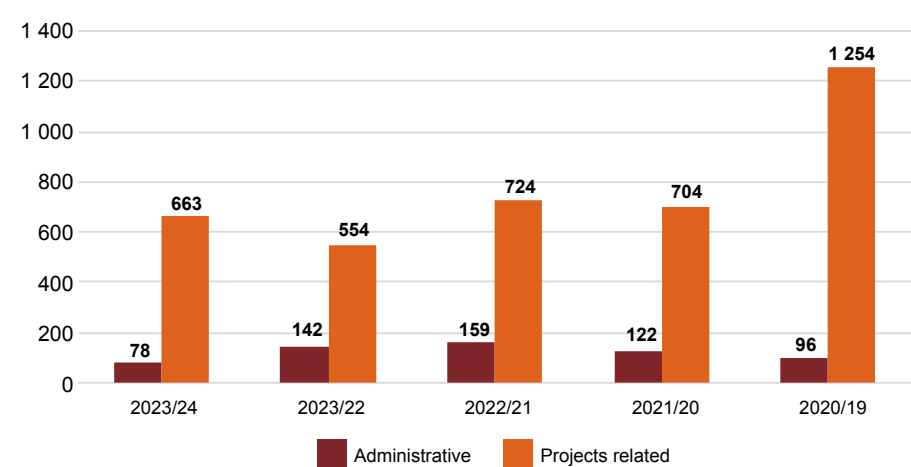
Progress on Institutional Impacts

There has been notable growth in the construction sector compared to the prior years and forecasts are also indicating a significant surge in growth in South Africa, and is singled out as one of the sectors showing progressive/promising activity. Following years of underinvestment in infrastructure and grappling with the impact of a high-interest rate environment, the construction industry in the country witnessed a notable surge in activity throughout 2023.

A progressive, inclusive and transparent construction sector that is filled with competent, suitably qualified and skilled work force is an imperative in reducing youth unemployment, encouraging investment, supporting small and medium-sized enterprises, and changing attitudes in technology uptake.

It is on this basis that the CETA has continued to show improvement over the past years as indicated below:

Total expenditure over the past five years (Rm)



## CHIEF FINANCIAL OFFICER's OVERVIEW (continued)

### Highlight on the Audit Outcome

The CETA received a third consecutive qualified audit opinion for the financial year ending 31 March 2024. While the qualification areas expanded this year, it is important to note that the overall number of findings has decreased. The qualification primarily relates to issues in discretionary grants expenditure and accruals, which were new areas of concern. The Auditor-General (AGSA) noted that CETA failed to adequately estimate the value of accruals for training conducted near the year-end, where no invoices had been received. This issue stems from insufficient project management controls, making it difficult to accurately estimate the value of services rendered but not yet invoiced. Additionally, the disclosure of discretionary grant commitments remained a significant qualification area, as the AGSA found limitations in the completeness and accuracy of our reporting in this regard.

On a more positive note, significant progress has been made in procurement and contract management. The number of findings in this area reduced substantially, with no material non-compliance reported for the year. Similarly, performance information reporting showed a marked improvement, with no material findings, in contrast to the issues identified in the prior year. These improvements reflect the commitment of management to enhance transparency and accountability in these critical areas.

CETA remains financially stable, with no concerns about its going concern status. However, the report highlighted

underspending in certain budgeted areas, particularly in discretionary grants. This was largely due to delays in project implementations and spending backlogs. The underspending points to the need for better allocation and more efficient utilisation of funds in critical areas. To address this, management is focusing on improving project approvals and expediting fund allocation processes.

The audit also identified several internal control deficiencies, particularly in project management, recordkeeping, and internal audits. These gaps have contributed to the recurrence of audit findings and are a key focus for the CETA management team. The weaknesses in internal control systems have hindered progress in resolving issues related to accrual estimation and grant commitment disclosures. To address this, management has implemented a series of corrective actions, including revising accounting policies and financial reporting procedures, particularly for discretionary grants. A key initiative is the establishment of a dedicated Project Management Office (PMO), which will oversee the tracking and monitoring of grants and projects. This office will ensure that projects are managed more effectively and that accruals and commitments are estimated more accurately.

Further strengthening of internal controls is a priority, with a focus on improving recordkeeping, audit processes, and oversight of project management. Additionally, a system to track and monitor discretionary grants will be developed to ensure more reliable disclosures and reporting. Management is also focused on enhancing

consequence management practices, ensuring that corrective actions are implemented and that accountability is upheld at all levels of the organization.

While improvements have been made in procurement compliance and performance reporting, challenges persist in discretionary grants management and project oversight. The recurring audit qualifications, particularly around discretionary grants and accruals, highlight the need for continued improvement in internal control systems and financial reporting practices. CETA remains committed to addressing these issues and is taking the necessary steps to resolve outstanding challenges. By implementing the corrective actions outlined above, we aim to improve audit outcomes and ensure that CETA continues to fulfil its mandate with accountability, efficiency, and transparency.

CETA is determined to improve its financial and operational performance, working towards an unqualified audit opinion in future years. These efforts will ensure that our financial statements provide an accurate reflection of CETA's financial position, reinforcing our commitment to transparency and effective governance.



**Mr Sanele Radebe**  
*Acting Chief Financial Officer*  
CETA

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CONSTRUCTION EDUCATION AND TRAINING AUTHORITY

## Report on the Audit of the Financial Statements

### Qualified Opinion

1. I have audited the financial statements of the Construction Education and Training Authority (CETA) set out on pages 108 to 163, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the CETA as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

### Basis for Qualified Opinion

#### Discretionary Grants Commitment

3. I was unable to obtain sufficient appropriate audit evidence that discretionary grants commitment for the current and previous year had been properly accounted for, due to the status of the accounting records. In addition, I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for commitments. As described in note 32 to the financial statements, the restatement was made to rectify a prior year misstatement, but the restatement could not be substantiated by adequate supporting audit evidence. I was unable to confirm commitments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to discretionary grants commitment, stated at R1 677 million (2023: R1 130 million) in note 23.1, and the prior year error relating to discretionary grants commitment restated at R1 130 million in note 32 to the financial statements.

#### Employer Grant Project Expenses

4. The public entity did not correctly account for employer grant project expenses in the correct period in accordance with GRAP 1, *Presentation*

*of Financial Statements.* Consequently, the discretionary grant core expenditure, included in note 19, was overstated by R52 443 073 in the current year and understated by the same amount in the prior year. In addition, the comparative figure of accrued expenses-projects included in note 11 was understated by R52 443 073, and the comparative figure for discretionary grants commitment in note 23.1 was overstated, by the same amount. There was also an impact on the surplus for the period and accumulated surplus.

#### Payables from Non-Exchange Transactions

5. The entity did not accrue for discretionary grant expenditure, as required by GRAP 19, *Provisions, Contingent Liabilities and Contingent Assets.* Consequently, accrued expenses-projects and discretionary grant core expenditure included in note 11 and 19 respectively, were understated by R13 000 591. In addition, discretionary grants commitment in note 23.1 was also overstated by the same amount. There was also an impact on the surplus for the period and accumulated surplus.

### Context for Opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further

described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

7. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**Responsibilities of the Accounting Authority for the Financial Statements**

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

**Responsibilities of the Auditor-General for the Audit of the Financial Statements**

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 105, forms part of our auditor's report.

**Report on the Audit of the Annual Performance Report**

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

14. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

PROGRAMME	PAGE NUMBERS	PURPOSE
Programme 2: Research, planning and reporting	42 - 43	To ensure a credible mechanism for skills planning and reporting in the construction sector.
Programme 3: Learning programmes and projects	45 - 58	To address skills priorities within the construction sector.

15. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
16. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
  - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included

## REPORT OF THE AUDITOR-GENERAL (continued)

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

### Other Matters

19. I draw attention to the matters below.

### Achievement of Planned Targets

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.
21. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 45 - 58.

#### Programme 3: Learning Programmes and Projects

Targets achieved: 92%  
Budget spent: 57%

KEY SERVICE DELIVERY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
3.4. Number of learners who completed workplace-based learning programmes absorbed into employment or self-employment.	1 281	0
3.7. Number of unemployed learners per year completing learnerships	2 023	607
3.8 Number of funded employed learners per year completing learnerships	110	67
3.10. Number of funded employed learners per year entering skills programmes (DG and ERRP)	117	0
3.22. Number of employed bursary learners per year (completed)	85	10

### Material Misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 3: learning programmes and projects. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

## Report on Compliance with Legislation

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

## REPORT OF THE AUDITOR-GENERAL (continued)

26. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### Annual Financial Statements

27. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA.
28. Material misstatements of liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

### Other Information in the Annual Report

29. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
30. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

31. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
32. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### Internal Control Deficiencies

33. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
34. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
35. The public entity did not implement proper record-keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support the financial information.

36. The public entity did not implement controls over daily and monthly processing and reconciling of transactions.
37. The public entity did not prepare regular, accurate and complete financial reports that were supported and evidenced by reliable information.
38. The public entity did not implement adequate oversight over financial information, compliance with legislation and related internal controls, as misstatements were identified on the financial statement.

### Material Irregularities

39. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of Material Irregularities (MIs) as previously reported in the auditor's report.

#### Material Irregularity Identified in the Current Year

##### Paying for Project that did not Yield the Intended Benefits

40. The public entity appointed a service provider to implement a construction artisan's project which was operational between October 2020 and 31 December 2021. However, by 31 December 2021 the project failed to meet its objectives, and as a result, the entity decided to discontinue the project.
41. As at 31 December 2021, the entity had incurred expenses amounting to a total R15 748 750 on the project. This expenditure, however, did not yield the intended benefits and thus the resources of the

## REPORT OF THE AUDITOR-GENERAL (continued)

- CETA were not utilised economically, as required by section 57(b) of the PFMA.
42. The non-compliance is likely to result in a material financial loss if the amounts paid are not recovered.
43. The accounting authority was notified of the material irregularity on 17 July 2023 and invited to make a written submission on the actions taken, and those which will be taken to address the matter.
44. A firm was appointed by the public entity to investigate the matter. The forensic investigation commenced in October 2023, but was delayed and a final report was only completed in July 2024.
45. I assessed the report and determined that the accounting authority is not taking appropriate action to resolve the MI. I am in the process of making a decision on further actions to be taken.

### Status of Previously Reported Material Irregularities

#### Payments made in Excess of the Agreed Service Level Agreement

46. The entity entered into an agreement with service provider to assist the CETA in analysing data for adequate decision-making and to undertake conflict of interest verifications.
47. The entity made payments on the invoices in excess of the agreed upon rates per hour and had made double payments of VAT.
48. I initially notified the accounting authority of the material irregularity on 28 June 2022 and invited the accounting officer to make a written submission on the actions taken and that will be taken to address the matter.

49. The accounting authority did not take adequate action in response to being notified of the material irregularity. I recommended that the accounting authority take the following actions to address the material irregularity, which had to be implemented by 10 September 2023.
- Appropriate action should be taken to investigate the non-compliance with section 57(b) of the PFMA, in order to determine the circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses in terms of the applicable instruction note(s) issued by the National Treasury in dealing with fruitless and wasteful expenditure.
  - Effective and appropriate disciplinary steps should be initiated without undue delay, against any official(s) that the investigation found to be responsible, as required by section 51(1)(e) of the PFMA.
50. The accounting authority appointed an external company, to perform an investigation. The investigation was finalised, and an investigation report was issued in July 2023. I assessed the final investigation report and was satisfied that scope of the investigation addressed the material irregularity. The report identified the circumstances that led to the non-compliance, the officials that were responsible, and made recommendations on actions that the accounting authority had to consider to address the findings identified.
51. The accounting authority undertook and completed a supply chain management functionality review, and implemented the relevant internal controls to prevent recurrence of the non-compliance.

52. The investigation identified two officials as being responsible for the non-compliance and resultant loss. However, the accounting authority could not take disciplinary action against these officials as they were no longer in the employment of the CETA.
53. The accounting authority had also taken the necessary steps to enable the recovery of funds by instituting legal proceedings against the service provider, and a court order was obtained to recover the full amount from the service provider. The execution of the court order is pending, and the loss has not yet been recovered. I will follow up during the next audit on the recovery.
54. The actions taken by the accounting authority to implement the recommendations are deemed appropriate and have addressed the material irregularity.

*Auditor General*  
**Auditor-General**  
Pretoria

11 November 2024



*Auditing to build public confidence*

# ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

## Auditor-General's Responsibility for the Audit

### Professional Judgement and Professional Scepticism

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

### Financial Statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence

that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the

financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with Those Charged with Governance

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

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

# COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

SELECTED LEGISLATION AND REGULATIONS	CONSOLIDATED FIRM LEVEL REQUIREMENTS
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A.9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Second amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)

SELECTED LEGISLATION AND REGULATIONS	CONSOLIDATED FIRM LEVEL REQUIREMENTS
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
SETA grant regulation	Regulations 2 (1),(2),(3) Regulations 3 (3) and (4) Regulations 4 (3) and (8) Regulations 6(9)(iii)

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note(s)	2024 R '000	2023 Restated* R '000
<b>Assets</b>			
<b>Current Assets</b>			
Consumables	4	482	755
Receivables from exchange transactions	5	4,277	3,578
Receivables from non-exchange transactions	6	20,292	19,870
Cash and cash equivalents	7	1,127,726	1,063,789
		<b>1,152,777</b>	<b>1,087,992</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	14,712	18,347
Intangible assets	9	9,371	10,342
		<b>24,083</b>	<b>28,689</b>
<b>Total Assets</b>		<b>1,176,860</b>	<b>1,116,681</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	10	15,282	15,839
Payables from non-exchange transactions	11	113,150	109,063
Provisions	12	49,573	41,728
<b>Total Liabilities</b>		<b>178,005</b>	<b>166,630</b>
<b>Net Assets</b>		<b>998,855</b>	<b>950,051</b>
Reserves			
Administration reserves		24,083	28,689
Employer grant reserves		998	1,077
Discretionary grant reserves		973,774	920,285
<b>Total Net Assets</b>		<b>998,855</b>	<b>950,051</b>

\* See Note 32

# STATEMENT OF FINANCIAL PERFORMANCE

## Revenue

### Revenue from exchange transactions

Other income

13 37 1

Interest received

14 87,172 62,750

### Total revenue from exchange transactions

87,209 62,751

### Revenue from non-exchange transactions

#### Transfer revenue

Levies

15 687,433 614,754

Fines, Penalties and Forfeits

16 13,657 17,332

In-Kind contributions - Facilities

24 1,659 1,571

UIF Projects Income

13 366 155

### Total revenue from non-exchange transactions

703,115 633,812

### Total revenue

790,324 696,563

## Expenditure

Employee related costs

17 (143,032) (133,755)

Depreciation and amortisation

18 (6,318) (6,246)

Debt Impairment

33 (112) -

Discretionary grant expenses

19 (431,564) (417,514)

Employer grant expenses

19 (88,572) (75,570)

Administration expenses

20 (71,922) (76,954)

### Total expenditure

(741,520) (710,039)

### Surplus (Deficit) for the Year

48,804 (13,476)

Part A  
GENERAL  
INFORMATION

Part B  
PERFORMANCE  
INFORMATION

Part C  
GOVERNANCE

Part D  
HUMAN RESOURCE  
MANAGEMENT

Part E  
PFMA COMPLIANCE

Part F  
FINANCIAL  
INFORMATION

\* See Note 32

## STATEMENT OF CHANGES IN NET ASSETS

	Administration Reserves R '000	Employer Grant Reserves R '000	Discretionary Grant Reserves R '000	Total Net Reserves R '000
Opening balance as previously reported	19,733	941	976,295	996,969
Prior year adjustments* Note 32	(221)	-	(33,222)	(33,443)
<b>Restated* Balance at 1 April 2022</b>	<b>19,512</b>	<b>941</b>	<b>943,073</b>	<b>963,526</b>
Net Surplus/(Deficit) for the period*	(56,346)	75,463	(8,542)	10,575
Prior year adjustments* Note 32	(857)	-	(23,193)	(24,050)
Transfer to Reserves* Note 32	66,380	(75,327)	8,947	-
Total changes	9,177	136	(22,788)	(13,475)
<b>Restated* Balance at 1 April 2023</b>	<b>28,689</b>	<b>1,077</b>	<b>920,285</b>	<b>950,051</b>
Changes in net assets				
Net Surplus/(Deficit) for the period	(125,800)	81,718	92,886	48,804
Transfer to reserves	121,194	(81,797)	(39,397)	-
Total changes	(4,606)	(79)	53,489	48,804
<b>Balance at 31 March 2024</b>	<b>24,083</b>	<b>998</b>	<b>973,774</b>	<b>998,855</b>

\*The CETA reported a surplus of R10.5 million during the 2022/23 financial year, however, due to expense claims mainly from discretionary grants projects which were only received and paid during the current financial year (2023/24) the restated figure shows a deficit for the comparative information. The expenses accrued were recorded in the year in which they were incurred in line with the accounting policy, 1.45. Reserves. The affected line items are included in the prior period error disclosure note 32.1. The accrued expenses were funded through accumulated surplus/reserves of R943.4 million which was duly approved by the National Treasury in terms of section 53(3) of the PFMA and National Treasury Instruction Note 12 of 2020/21.

\* See Note 32

# CASH FLOW STATEMENT

## Cash flows from operating activities

### Receipts

Levies	688,004	619,499
Interest received	87,172	62,750
Fines, Penalties and Forfeits	13,657	17,332

2024  
R '000

2023  
Restated\*  
R '000

### Payments

Employee costs	(142,413)	(132,910)
Suppliers	(580,429)	(603,551)
	(722,842)	(736,461)
<b>Net cash flows from operating activities</b>	<b>65,991</b>	<b>(36,880)</b>

22

### Cash flows from investing activities

Purchase of property, plant and equipment	(2,054)	(15,233)
Proceeds from sale of property, plant and equipment	-	1
Purchase of other intangible assets	-	(203)
<b>Net cash flows from investing activities</b>	<b>(2,054)</b>	<b>(15,435)</b>

8

8

9

### Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year	1,063,789	1,116,104
<b>Cash and cash equivalents at the end of the year</b>	<b>1,127,726</b>	<b>1,063,789</b>

7

The accounting policies on [pages 113 to 128](#) and the notes on [pages 129 to 163](#) form an integral part of the annual financial statements.

\* See Note 32

Part A  
GENERAL  
INFORMATION

Part B  
PERFORMANCE  
INFORMATION

Part C  
GOVERNANCE

Part D  
HUMAN RESOURCE  
MANAGEMENT

Part E  
PFMA COMPLIANCE

Part F  
FINANCIAL  
INFORMATION

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget is prepared on accrual basis

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Other income	-	-	-	37	37	31.1
Interest received - investment	25,663	45,168	70,831	87,172	16,341	31.2
<b>Total revenue from exchange transactions</b>	<b>25,663</b>	<b>45,168</b>	<b>70,831</b>	<b>87,209</b>	<b>16,378</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Levies	590,770	117,307	708,077	687,433	(20,644)	31.3
Public contributions and donations	-	-	-	-	-	
Fines, Penalties and Forfeits	30,061	(11,964)	18,097	13,657	(4,440)	31.3
In-Kind Contributions- Facilities	-	1,804	1,804	1,659	(145)	31.4
Interest - Transfer revenue	-	-	-	-	-	
Release from Reserves	388,308	(152,315)	235,993	-	(235,993)	31.8
UIF Project Income	-	-	-	366	366	
<b>Total revenue from non-exchange transactions</b>	<b>1,009,139</b>	<b>(45,168)</b>	<b>963,971</b>	<b>703,115</b>	<b>(260,856)</b>	
<b>Total revenue</b>	<b>1,034,802</b>	<b>-</b>	<b>1,034,802</b>	<b>790,324</b>	<b>(244,478)</b>	
<b>Expenditure</b>						
Employee Related Costs	(60,574)	(72,075)	(132,649)	(143,032)	(10,383)	31.6
Depreciation and amortisation	(4,260)	(1,380)	(5,640)	(6,318)	(678)	31.5
Debt Impairment	-	-	-	(112)	(112)	
Administration Expenses	(82,357)	19,541	(62,816)	(71,922)	(9,106)	31.6
Discretionary grant expenses	(807,529)	52,742	(754,787)	(431,564)	323,223	31.7
Employer grant expenses	(80,082)	1,172	(78,910)	(88,572)	(9,662)	31.9
<b>Total expenditure</b>	<b>(1,034,802)</b>	<b>-</b>	<b>(1,034,802)</b>	<b>(741,520)</b>	<b>293,282</b>	
<b>Surplus before taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,804</b>	<b>48,804</b>	

\*Differences between budgeted and actual amounts are explained in note 31 on page 160.

# SIGNIFICANT ACCOUNTING POLICIES

## 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies where applicable are consistent with the previous financial year.

### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the CETA will continue to operate as a going concern for at least the next 12 months.

### 1.3 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 1.4 Skills Development Levy: Income

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act, Act No 97 of 1998, as amended and the Skills Development Levies Act, Act No 9 of 1999, as amended.

In terms of section 3(1) and 3(4) of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of 1999) as amended, registered member companies of the CETA pay a skills development levy of 1% of their total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education, Science and Innovation. Companies with an annual payroll cost below R500 000 are exempted in accordance with section 4(b) of the Levies Act as amended, effective 1 August 2005.

80% of Skills Development Levies are paid to the CETA from SARS through DHET (net of the 20% contribution to the National Skills Fund (NSF)). Revenue is adjusted for transfers of employers between SETAs. Such adjustments are separately disclosed as inter-seta transfers. The amount of the inter-seta adjustment is calculated according to the most recent Standard Operating Procedure issued by DHET.

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

When a new employer transfers to CETA, levies received from the former SETA are recognised as revenue and allocated to the respective category to maintain original identity.

### 1.5 Skills Development Levy: Penalties Interest

Interest and penalties are levied by SARS in terms of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of 1999) as amended. Penalties and interest are recognised as revenue when they become receivable and an allocation has been made by the South African Revenue Services.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

### 1.6 Employer grants and Discretionary grants

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, 1998, as amended and the SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

#### Employer grants (Mandatory grants)

Grants are equivalent to 20% of the total levies contributed by employers during the corresponding financial period.

#### Discretionary grants and project expenses

CETA may, out of any surplus monies and in accordance with criteria as defined in the SETA Grant Regulations allocate funds to employers, and other associations or organisations when the conditions have been met. The criteria for allocating funds are approved by the CETA Board. Where necessary, interested employers, associations or organisations may be required to complete and submit a funding application for consideration and approval by the SETA.

Project expenses 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 other costs as are specifically chargeable to CETA under the terms of the contract. Costs are allocated using methods that are systematic and rationale and are applied consistently to all costs of a similar nature.

Discretionary grants and project expenses are recognised in the period in which they are incurred.

### 1.7 Revenue adjustments by SARS

CETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected this may result in grants that have been paid to affected employers being in excess of the amount CETA would have granted to those employers had all information been available at the time of paying those grants. A receivable relating to overpayments made in earlier periods is recognised at the amount of the grant over payment, net of bad debts and allowance for irrecoverable amounts.

### 1.8 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the CETA has complied with any of the conditions embodied in the agreement. To the extent that the conditions have not been met, a liability is recognised.

### 1.9 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the CETA as a liability until the related eligible special project expenses are incurred. The liability is reduced by any project expenditure incurred and recognised as revenue. Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the

CETA, as the CETA controls such assets for the duration of the project. Such assets may however only be disposed of in terms of agreement and specific written instructions by the NSF.

### 1.10 Inter-SETA Transfers

Revenue is adjusted for transfers of employers between SETAs that arise due to incorrect allocation to a SETA on registration for skills development levy or changes to their business that result in a need to change SETAs. Such adjustments are disclosed separately as inter-SETA transfers. The amount of the inter-SETA transfers is calculated according to the most recent Standard Operating Procedure as issued by the Department of Higher Education and Training.

### 1.11 Discretionary grant

The funding for Discretionary Grants and projects stems from the 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 CETA.

CETA 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. The grant payable and the related expenditure are recognised when the application has been approved, implementation has taken place and the conditions have been met, creating an obligation to pay. Up to a maximum of 7.5% of the allocated Discretionary Grant

## SIGNIFICANT ACCOUNTING POLICIES (continued)

amount shall be budgeted to administer the project by the employer or training provider.

Discretionary grant support costs

The 7.5% limit shall not be applicable to the following:

- Consulting to support CETA strategic goals
- Expenditure incurred as a result of support to conceptualisation, implementation and conclusion
- Launches
- Legal costs
- Travel and accommodation

### 1.12 Interest income

Interest income is recognised in surplus or deficit using the effective interest rate method. Interest is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

### 1.13 Allowance for impairment of receivables from exchange and non-exchange transactions

Receivables from exchange and non-exchange transactions are assessed for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, judgements are made as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the receivables. The impairment is measured as the difference between the receivables carrying amount and the present value of the estimated future cash flows.

### 1.14 Project expenditure

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 CETA under the terms of the contract.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics. Project costs are recognised as an expense in the period in which they are incurred.

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.

At the end of the financial period any unspent or uncommitted funds must be transferred to the National Skills Fund Authority with an allowance of 5% of the uncommitted funds that will be carried over to the next financial year, except where a request to carry forward the uncommitted funds has been lodged as per the Grant Regulations requirements. The unspent funds are determined by taking the surplus as stated in the Statement of Financial Performance for the financial period under review less the commitments for training of learners in programmes funded from discretionary funds.

### Mandatory grants

The grants payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form within the prescribed cut off period as the payment then becomes probable. The grant is equivalent of 20% of the total levies paid by the employer during the corresponding financial period for the skills implementation grant respectively.

### Administrative expenditure

The funding for administrative expenditure is derived from 10.5% of the total levies paid by the employers. Administration expenses consist of the operational expenditure incurred by the CETA in delivering its mandate.

### 1.15 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed

## SIGNIFICANT ACCOUNTING POLICIES (continued)

to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

### 1.16 Critical accounting judgements and key sources of estimation

In the application of CETA's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if the revision affects both current and future periods.

### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in the Provisions note 12.

### Useful lives of Property, plant and equipment

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### 1.17 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

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

Property, plant and equipment is initially measured at cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

Property, plant and equipment is subsequently carried at cost less accumulated depreciation and any impairment losses.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Plant and machinery	Straight-line	2-22 years
Furniture and fixtures	Straight-line	3-24 years
Motor vehicles	Straight-line	4-10 years
Office equipment	Straight-line	3-23 years
IT equipment	Straight-line	2-20 years
Leasehold improvements	Straight-line	Shorter of lease period plus renewals or the useful lives
Cell phones	Straight-line	2 years

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

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

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

embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

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

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

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as

revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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

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

### 1.18 Intangible assets

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

## SIGNIFICANT ACCOUNTING POLICIES (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software, other	Straight-line	3-14 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

Intangible assets are derecognised:

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

### 1.19 Useful lives of property, plant and equipment and intangible asset

CETA reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period. Refer to notes 8 and 9 for the carrying values of property, plant and equipment and intangible assets.

### 1.20 Statutory receivables

#### Identification

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable)

and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

### 1.21 Taxation

No provision has been made for taxation, as CETA is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962)

#### VAT Added Taxation (VAT)

The Revenue Laws Amendment Act, (Act No.45 of 2003) commenced on 22 December 2003. Previously the definition of enterprise placed Sectorial Education and Training Authorities (SETA) in Schedule 3A within the scope of VAT. The Amendment Act, however has amended this definition of enterprise and effectively places the public entity outside the scope of VAT; effective 1 April 2005.

### 1.22 Consumables

Consumables are initially measured at cost except where consumables are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequently consumables are measured at the lower of cost and net realisable value.

Consumables are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

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

The cost of consumables 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 consumables is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all consumables having a similar nature and use to the entity.

### 1.23 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities

and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

## SIGNIFICANT ACCOUNTING POLICIES (continued)

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments as a provision when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

### 1.24 Employer grant and Discretionary grant

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant

(excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, 1998, as amended and the SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

### Employer grants (Mandatory grants)

Grants are equivalent to 20% of the total levies contributed by employers during the corresponding financial period.

### Discretionary grants and project expenses

CETA may, out of any surplus monies and in accordance with criteria as defined in the SETA Grant Regulations allocate funds to employers, and other associations or organisations when the conditions have been met. The criteria for allocating funds are approved by the CETA Board. Where necessary, interested employers, associations or organisations may be required to complete and submit a funding application for consideration and approval by the SETA.

Discretionary grants and project expenses are recognised in the period in which they are incurred.

### 1.25 Discretionary grant

The funding for discretionary grants and projects stems from the 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 CETA.

CETA 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. The grant payable and the related expenditure are recognised when the application has been approved, implementation has taken place and the conditions have been met, creating an obligation to pay. Up to a maximum of 7.5% of the allocated discretionary grant amount shall be budgeted to administer the project by the employer or training provider.

### 1.26 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

### 1.27 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Disclosures are required in respect of unrecognised contractual commitments.

#### Administration commitments

Administrative commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to acquisition of property, plant and equipment and intangible assets.

#### Discretionary Grants Commitments

Commitments mean that contractual obligation exist at the end of the financial year that will oblige CETA to make a payment or payment of the ensuing year. A contractual obligation means there is an agreement (written) with specific terms between CETA and a third party whereby the third party undertakes to perform something in relation to a Discretionary Grant. All valid offers to contract issued by a CETA prior to the financial

## SIGNIFICANT ACCOUNTING POLICIES (continued)

year-end, that have not yet been contracted as at the end of the financial year, are disclosed as commitments of the CETA at the specific financial year-end. Offers of contracts that have been issued before the financial year end but have not yet been contracted before the financial year end, will be included in the commitment's disclosure note, but disclosed separate from contractual commitments.

### 1.28 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the CETA and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The asset and the corresponding revenue are measured at fair value on initial recognition.

The following are included in the revenue from exchange transactions:

- Other income
- Interest income

### 1.29 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide

## SIGNIFICANT ACCOUNTING POLICIES (continued)

revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Non-exchange revenue transactions result in resources being received by CETA, usually in accordance with a binding arrangement. When CETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that CETA will receive economic benefits or service potential and a reliable estimate of resources transferred can be made. Where the resources transferred to CETA are subject to the fulfilment of specific conditions, an asset and a corresponding liability are recognised. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised. The asset and the corresponding revenue are measured at fair value on initial recognition.

Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education, Science and Innovation.

The following are included in the revenue from non-exchange transactions:

- Levies
- Fines, penalties and forfeits
- In kind contributions - facilities

### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

### Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

### 1.30 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.31 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

### 1.32 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

### 1.33 Irregular expenditure

Irregular expenditure is expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- a) the PFMA as amended; and
- b) the Skills Development Act (the Act), 1998 (Act No.97 of 1998) as amended.

Irregular expenditure is recognised in the year that the expenditure was incurred. Expenditure must have been recognised in the statement of financial performance or liability recognised in the statement of financial position. The expenditure is classified in accordance with the nature of the expense. Irregular expenditure that relates

to multi-year contracts is also recorded in the year in which expenditure was incurred.

Irregular expenditure incurred and confirmed during the current financial year, and which was not condoned by the National Treasury, or the relevant authority is recorded appropriately in the irregular expenditure register. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis. If liability for the irregular expenditure can be attributed to a person, an account receivable is recognised. Thereafter, steps are taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose all amounts written off in the relevant note to the financial statements.

Irregular expenditure for the previous financial year (comparative amounts) is recognised in the period in which they occurred as follows:

- Irregular expenditure incurred and confirmed in the previous financial year.
- Irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year. •Irregular expenditure payments relating to multi-year contracts that was not condoned or removed.
- Irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.

If the irregular expenditure has not been condoned and no person is held liable, the expenditure related remains in the irregular expenditure register and is disclosed in the notes to the financial statements.

### 1.34 Research and development expenditure

Expenditure on research is recognised as an expense when it is incurred.

An asset arising from development is recognised when:

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

### 1.35 Budget information

Entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The approved budget covers the fiscal period from 1 April 2023 to 31 March 2024.

Budget variances exceeding annual average inflation are explained in the reference note to the statement of comparison and actual amounts.

### 1.36 Related parties

Members of the Accounting Authority and employees are required to disclose their interest in any contracts that CETA is entering into with an outside party. Inter-SETA transactions and balances arise due to the movement of employers from one SETA to another. Transactions with related parties are supposed to occur under terms and conditions that are no less favourable than those available under similar arm's length dealings.

At the end of the year, the list of all SETAs is obtained and confirmation of balances is requested from all the SETAs. A declaration of interest by employees is obtained by HR. The comparison between the related party register and the declarations obtained is performed to determine whether there are any declarations that have been omitted from the related party register and discrepancies followed up when identified. Once the comparison has been done, the related parties identified are compared to their general ledger and payments

made to the entities which the parties are affiliated with to identify all the transactions that have been entered into with the parties.

The nature of the related party, the name of the related party and the transaction amount with the related party disclosures in notes 24.

### 1.37 In-Kind Contribution

In-Kind contributions are recognised at fair value and are equally recorded as revenue and expenditure for donated use of services, facilities and other assets. Donated assets are recorded as current or fixed assets.

### 1.38 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

## SIGNIFICANT ACCOUNTING POLICIES (continued)

example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor

fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its

liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### 1.39 Prior year error

Material prior period errors are corrected retrospectively in the first set of financial statements authorised for issue after their discovery by:

- Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

### 1.40 Leases

#### Operating leases - lessee

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

When an operating lease is terminated before the lease period has expired, any payment made to the lessor as a penalty is recognised as an expense in the period in which termination occurs.

### 1.41 Reserves

Net assets are classified 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 97 of 1998) as amended as follows:

- Administration reserve
- Employer grant reserve

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, 1998, as amended and the SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

#### Employer grants (Mandatory grants)

Grants are equivalent to 20% of the total levies contributed by employers during the corresponding financial period.

#### Discretionary grants and project expenses

CETA may, out of any surplus monies and in accordance with criteria as defined in the SETA Grant Regulations allocate funds to employers, and other associations or organisations when the conditions have been met. The criteria for allocating funds are approved by the CETA Board. Where necessary, interested employers, associations or organisations may be required to complete and submit a funding application for consideration and approval by the SETA.

Discretionary grants and project expenses are recognised in the period in which they are incurred.

### 1.42 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

### 1.43 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc. (as applicable).

Fruitless and wasteful expenditure when incurred and confirmed is recorded in the annual financial statements' disclosure. This relates to fruitless and wasteful expenditure incurred in the current financial year, with a one previous financial year comparative analysis.

Fruitless and wasteful expenditure for previous financial year is recognised in the period in which they occurred as follows:

- Fruitless and wasteful expenditure incurred and confirmed in the previous financial year.
- Fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.
- Fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year.

### 1.44 Events after the reporting date

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

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

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

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

### 1.45 Allocation of unappropriated Surplus

- Discretionary grant reserve
- Unappropriated surplus/deficit

Surplus funds in the administration reserve and unallocated funds in the employer grant reserve are transferred to the discretionary reserve. Provision is

made in the mandatory grant reserve for newly registered companies, participating after the legislative cut-off date.

Employer levy payments are set aside in terms of the Skills Development Act as amended and the regulations issued in terms of the Act, for the purpose of:

- Administration costs of CETA
- Employer grant fund levy
- Discretionary grants and projects
- Contributions to the National Skills Fund

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

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grant projects.

### 1.46 Leave accrual

The employees of CETA are entitled to 21 working days per annum as leave gratuity, i.e. 1.75 days accrued per month. The leave days are recognised as accrued to employees. The leave accrual is based on the total number of leave days accumulated and due to each employee at year-end multiplied by each employee's respective daily rate of cost to company. Employees that have been with the entity for more than five years are entitled to 2.88 days per month. Leave in excess of 15 days per financial year is not paid out to an employee on termination of employment.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 2. New standards and interpretations

### 2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (as revised): Financial Instruments	1 April 2025	Unlikely there will be a material impact

## 3. Allocation of unappropriated surplus

	Administration grant reserves	Employer grant reserves	Discretionary grants reserves	2024 Total per Statement of Financial Performance	2023 Total per Statement of Financial Performance
<b>Revenue</b>					
Admin levy income (10.5%)	95,584	-	-	95,584	85,497
Grant levy income (69.5%)	-	170,290	421,559	591,849	529,257
Skills development levy: penalties and interest	-	-	13,657	13,657	17,332
Interest received	-	-	87,172	87,172	62,750
In-Kind Contributions - Facilities	-	-	1,659	1,659	1,571
Other income	-	-	37	37	156
UIF Project Income	-	-	366	366	-
<b>Total</b>	<b>95,584</b>	<b>170,290</b>	<b>524,450</b>	<b>790,324</b>	<b>696,563</b>
<b>Expenses</b>					
Administration expenses	(221,384)	-	-	(221,384)	(216,955)
Employer Grant Expenses	-	(88,572)	-	(88,572)	(75,570)
Discretionary Grant Expenses	-	-	(431,564)	(431,564)	(417,514)
<b>Surplus (Deficit)</b>	<b>(125,800)</b>	<b>81,718</b>	<b>92,886</b>	<b>48,804</b>	<b>(13,476)</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## 4. Consumables

Consumable stores

### Consumables recognised

Opening Balance

Acquired during the year

Usage during the year

### Closing Balance

Inventories recognised as an expense during the year

Consumables are carried out using the FIFO method. Unit prices are determined based on the FIFO Method.

### Consumables pledged as security

CETA consumables has not been pledged as security and it is not restricted.

### Consumables reconciliation

Stationery, cutlery and refreshments

Promotional items

Cleaning materials

482	755
755	2,021
692	537
(965)	(1,803)
<b>482</b>	<b>755</b>
965	1,803

## 5. Receivables from exchange transactions

Prepayments

Staff debtors

Sundry debtors

Rental deposit

1,680	788
433	634
54	46
2,110	2,110
<b>4,277</b>	<b>3,578</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

Statutory receivables included in receivables from exchange transactions above are as follows:

Receivables from exchange transactions - Gross

Debts impairment

**Receivables from exchange transactions - Net**

**Financial asset receivables included in receivables from exchange transactions above**

**Total receivables from exchange transactions**

4,389	3,578
(112)	-
<b>4,277</b>	<b>3,578</b>
-	-
<b>4,277</b>	<b>3,578</b>

## 6. Receivables from non-exchange transactions

SARS employer receivable

Accounts Receivable

Project debtors

568	806
12,804	12,438
6,920	6,626
<b>20,292</b>	<b>19,870</b>

SARS Employer receivable is based on movements in receivables resulting from SARS adjustments, in line with the CETA policy and section 190(1)(b) of the Tax Administration Act. The fair value of receivables at year-end approximates fair values that are receivable within the next 12 months, hence a decision was made not to impair or provide for any doubtful debts at year-end.

### UIF Receivable

Accounts Receivable

10,275	9,909
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UIF Receivable: CETA is contracted with UIF for the funding of short skills programmes. The total project costs were R89 million, and be funded as follows:

UIF (80%)

CETA (20%)

71,200	71,200
17,800	17,800
<b>89,000</b>	<b>89,000</b>

Receivable was raised due to the non-receipt of funds from UIF.

The CETA is concluding the negotiations with UIF with regards to the amounts incurred and due for recovery UIF Receivable.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand

Bank balance - Standard Bank

Bank balance - Corporation of Public Deposits (SARB)

13	4
113,451	129,066
1,014,262	934,719
<b>1,127,726</b>	<b>1,063,789</b>

The entity had the following bank accounts

Account number/description	Bank statement balances			Cash book balances		
	31 March 2024 R'000	31 March 2023 R'000	31 March 2022 R'000	31 March 2024 R'000	31 March 2023 R'000	31 March 2022 R'000
Operations Current Account 202519554	78,318	109,041	20,585	78,318	109,041	20,585
Projects fund Current Account 201127369	18,443	16,611	5,582	18,443	16,611	5,582
Levy Grant Current Account 202487180	15,997	2,748	13,883	15,997	2,748	13,883
UIF Projects Account 330794817	622	586	665	622	586	665
Petty Cash Head Office 201127504	-	5	-	-	5	-
Petty Cash Gauteng 202458032	10	10	10	10	10	10
Petty Cash Limpopo-411432354	8	8	12	8	8	12
Petty Cash Mpumalanga 61109436	10	8	10	10	8	10
Petty Cash North West-332211975	10	10	10	10	10	10
Petty Cash Free State-202457508	5	9	10	5	9	10
Petty Cash KwaZulu-Natal 202458431	7	3	10	7	3	10
Petty Cash Eastern Cape 202457532	10	10	10	10	10	10
Petty Cash Western Cape 202457702	3	10	10	3	10	10
Petty Cash Northern Cape 332211967	8	8	7	8	8	7
CPD Investments 95241167	1,014,262	934,719	1,075,296	1,014,262	934,719	1,075,296
Petty Cash Control-Head Office	10	3	4	10	3	4
Petty Cash Control-Western Cape	2	-	-	2	-	-
Petty Cash Control-Gauteng	1	-	-	1	-	-
<b>Total</b>	<b>1,127,726</b>	<b>1,063,789</b>	<b>1,116,104</b>	<b>1,127,726</b>	<b>1,063,789</b>	<b>1,116,104</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

### 8. Property, plant and equipment

	2024			2023		
	R'000 Cost/ Valuation	R'000 Accumulated depreciation and accumulated impairment	R'000 Carrying value	R'000 Cost/ Valuation	R'000 Accumulated depreciation and accumulated impairment	R'000 Carrying value
Cellphones	1,182	(591)	591	592	(170)	422
Work In Progress - Leasehold Improvements	3,490	-	3,490	3,490	-	3,490
Plant and machinery	287	(264)	23	416	(371)	45
Furniture and fixtures	2,054	(1,834)	220	2,660	(2,236)	424
Motor vehicles	14,639	(7,797)	6,842	19,836	(10,138)	9,698
Office equipment	1,835	(1,627)	208	3,456	(3,014)	442
IT equipment	8,397	(5,059)	3,338	12,689	(8,863)	3,826
<b>Total</b>	<b>31,884</b>	<b>(17,172)</b>	<b>14,712</b>	<b>43,139</b>	<b>(24,792)</b>	<b>18,347</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

### Reconciliation of property, plant and equipment - 2024

	Restated opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Cellphones	422	668	(29)	(470)	591
Work In Progress - Leasehold Improvements*	3,490	-	-	-	3,490
Plant and machinery	45	-	-	(22)	23
Furniture and fixtures	424	-	(14)	(190)	220
Motor vehicles	9,698	-	-	(2,856)	6,842
Office equipment	442	-	(7)	(227)	208
IT equipment	3,826	1,386	(291)	(1,583)	3,338
	<b>18,347</b>	<b>2,054</b>	<b>(341)</b>	<b>(5,348)</b>	<b>14,712</b>

\*The carrying value of leasehold improvements includes a project that is a taking significantly longer period of time to conclude than expected due to delays in implementation. The project is expected to resume in 2024/25 financial year as soon as CETA secures a new contractor for the project. The carrying amount of the leasehold improvement in progress has been calculated as R3 490 000.

### Reconciliation of property, plant and equipment - 2023

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Restated Total R'000
Cellphones	141	448	-	(167)	422
Work In Progress - Leasehold Improvements*	-	3,490	-	-	3,490
Plant and machinery	79	-	-	(33)	45
Furniture and fixtures*	653	-	-	(229)	424
Motor vehicles	2,634	9,783	-	(2,719)	9,698
Office equipment*	821	7	-	(385)	442
IT equipment*	4,123	1,505	(11)	(1,791)	3,826
	<b>8,451</b>	<b>15,233</b>	<b>(11)</b>	<b>(5,324)</b>	<b>18,347</b>

CETA contracted with a service provider to do partitioning/dry wall partitioning for the ground floor offices. This project is currently on hold and not completed due to legal disputes with the service provider. The carrying amount of the leasehold improvement has been calculated as R3 490 000.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## Pledged as security and useful life review

There are no restricted assets at CETA and none of CETA assets are pledged as security. CETA has conducted the annual reassessment of useful lives and residual values on property, plant and equipment.

There are no restricted assets at CETA and none of CETA assets are pledged as security. CETA has conducted the annual reassessment of useful lives and residual values on property, plant and equipment.

## Other information

### Repairs and maintenance to property, plant and equipment

IT equipment

Repairs and maintenance

-	358
-	158
-	<b>516</b>

There were no repairs and maintenance expenditure relating to property, plant and equipment during the current financial year.

## 9. Intangible assets

Computer software

Work in progress - Learner Biometric System

Computer software - DG Portal

**Total**

2024			2023		
R'000 Cost/ Valuation	R'000 Accumulated amortisation and accumulated impairment	R'000 Carrying value	R'000 Cost/ Valuation	R'000 Accumulated amortisation and accumulated impairment	R'000 Carrying value
203	(203)	-	203	(77)	126
7,749	-	7,749	7,749	-	7,749
4,226	(2,604)	1,622	4,226	(1,759)	2,467
<b>12,178</b>	<b>(2,807)</b>	<b>9,371</b>	<b>12,178</b>	<b>(1,836)</b>	<b>10,342</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

### Reconciliation of intangible assets - 2024

Computer software  
Work in progress - Learner Biometric System  
Computer software - DG Portal

Opening balance R'000	Other changes, movements Other changes, movements	Total R'000
126	(126)	-
7,749	-	7,749
2,467	(845)	1,622
<b>10,342</b>	<b>(971)</b>	<b>9,371</b>

### Reconciliation of intangible assets - 2023

Computer software  
Work in progress - Learner Biometric System  
Computer software - DG Portal

Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
-	203	(77)	126
7,749	-	-	7,749
3,312	-	(845)	2,467
<b>11,061</b>	<b>203</b>	<b>(922)</b>	<b>10,342</b>

### Pledged as security

There are no CETA intangible assets pledged as security and they are not restricted.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## 10. Payables from exchange transactions

Trade payables	8,134	7,964
Accrued expense - Administration	1,920	3,406
Other Creditors	874	645
Leave accrual	4,354	3,824
<b>TOTAL</b>	<b>15,282</b>	<b>15,839</b>

## 11. Payables from non-exchange transactions

SARS Payable	877	1,715
Mandatory Grant Payables	41,733	34,311
Trade payables - Projects	30,111	19,430
National Skills Fund Lay-off Scheme	37	37
Accrued expenses - Projects	40,392	53,570
<b>TOTAL</b>	<b>113,150</b>	<b>109,063</b>

Part A  
GENERAL  
INFORMATION

Part B  
PERFORMANCE  
INFORMATION

Part C  
GOVERNANCE

Part D  
HUMAN RESOURCE  
MANAGEMENT

Part E  
PFMA COMPLIANCE

Part F  
FINANCIAL  
INFORMATION

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## 12. Provisions

### Reconciliation of provisions - 2024

Employer refund provision  
Discretionary Grant - Provision  
Bonus Provision

Opening Balance R'000	Additions R'000	Reversed during the year R'000	Total R'000
17,670	18,241	(17,670)	18,241
15,233	-	-	15,233
8,825	15,285	(8,011)	16,099
<b>41,728</b>	<b>33,526</b>	<b>(25,681)</b>	<b>49,573</b>

### Reconciliation of provisions - 2023

Mandatory grant provision  
Employer refund provision  
Discretionary Grant - Provision  
Bonus Provision

Opening Balance R'000	Additions R'000	Reversed during the year R'000	Total R'000
15	-	(15)	-
12,925	17,670	(12,925)	17,670
15,233	-	-	15,233
-	8,825	-	8,825
<b>28,173</b>	<b>26,495</b>	<b>(12,940)</b>	<b>41,728</b>

### Employer refund

Opening balance  
Changes in provision

17,670	12,925
571	4,745
<b>18,241</b>	<b>17,670</b>

The provision for employer refund R18 241 000 - 2024 (R17 670 000 - 2023) relates to levies incorrectly contributed by exempt employers. The provision will be treated in terms of Section 190 (1)(b) in that a person is entitled to a refund by SARS of the amount erroneously paid in respect of a self-assessment in excess of the amount payable in terms of the assessment.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

Any exempt contribution older than five years are swept to discretionary reserves as directed by the Skills Development Circular no 09/2013 in conjunction with section 190(4) of the Tax Administration Act.

In terms of section 4 (7) of the SETA Grant Regulation, all unclaimed mandatory grants should be transferred to Discretionary Funds because the employer cannot claim it back after expiry date.

An amount of R16 million (2023: R8 million) relates to the performance bonus provision based on employees actual and estimated performance and contracts ratings. Employees sign performance agreements as a condition of service at the beginning of each financial year. Employees are assessed bi-annually, and the actual bonus payment is made based on final rating scores. The performance incentive bonus scheme will reward employees for their contribution to the achievement of the CETA's strategic objectives as set out in the Annual Performance Plan (APP). Bonuses will be paid out after year-end results have been audited and final approval has been granted by the Accounting Authority.

The Discretionary Grant provision is an estimated amount raised due to non-compliant supporting evidence made for the claims.

## 13. Other income

### Other income

Gains from foreign exchange transactions  
Profit on Disposal of Assets

37	-
-	1
<b>37</b>	<b>1</b>

The amount included in other revenue arising from non-exchange transactions is as follows:

### Taxation revenue

UIF project income

366	155
-----	-----

## 14. Interest received

### Interest received

Operational Bank Account - Standard Bank  
Investments - CPD SARB

7,629	3,327
79,543	59,423
<b>87,172</b>	<b>62,750</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## 15. Levies

### Levy Income: Administration

Levies received from SARS	89,491	80,607
Government levies received	6,168	5,512
Levies provision	(75)	(623)
	<b>95,584</b>	<b>85,496</b>

### Levy Income: Employer Grants

Levies received from SARS	170,433	152,219
Levies provision	(143)	(1,186)
	<b>170,290</b>	<b>151,033</b>

### Levy income: Discretionary Grants

Levies received from SARS	421,912	381,161
Levies provision	(353)	(2,936)
	<b>421,559</b>	<b>378,225</b>
<b>TOTAL</b>	<b>687,433</b>	<b>614,754</b>

## 16. Fines, Penalties and Forfeits

Skills Development Levy: Interest	5,578	7,605
Skills Development Levy: Penalties	8,079	9,727
	<b>13,657</b>	<b>17,332</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## 17. Administration expenses - Employee related costs

Basic	67,517	65,321
Bonus	15,286	5,678
Medical aid - company contributions	9,602	11,544
UIF	504	590
Workmen's Compensation	138	200
Skills Development Levy	559	-
Union	84	85
Other Employee related costs	1,255	1,355
Bond Subsidy	2,593	2,257
PAYE	32,452	34,470
Pension	12,467	11,446
Leave pay	575	809
	<b>143,032</b>	<b>133,755</b>

### Employee related costs

#### Defined Contribution Plan

CETA's contribution to the defined contribution plan is charged to the Statement of Financial Performance in the year to which they relate and there is no further liability for the CETA.

### Fringe benefits

CETA offers fringe benefits for its employees namely the mobility allowances, education allowances, medical aid and the employer pension contribution.

### Other

Included in other employee costs are: garnishee orders, leave pay, compensation fund, employee wellness, union fees, recruitment fees, bursaries, etc.

The CETA has changed its accounting policy for DG Admin Commitments. Previously the core business employee cost was recorded as DG admin expenses. In terms of the DG Regulations this should be recorded as administration expenditure.

Part A  
GENERAL  
INFORMATION

Part B  
PERFORMANCE  
INFORMATION

Part C  
GOVERNANCE

Part D  
HUMAN RESOURCE  
MANAGEMENT

Part E  
PFMA COMPLIANCE

Part F  
FINANCIAL  
INFORMATION

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## 18. Administration expenses - Depreciation and amortisation

Property, plant and equipment  
Intangible assets

5,347	5,324
971	922
<b>6,318</b>	<b>6,246</b>

## 19. Employer Grant Project expenses

### Mandatory Grant

Expensed

### Discretionary Grant

Core Expenditure

Admin Expenditure - 19.1

88,572	75,570
392,986	356,265
38,578	61,249
<b>431,564</b>	<b>417,514</b>

### 19.1 Administration Costs

Travel, Subsistence and accommodation  
Evaluation of DG projects  
Consulting and outsourcing  
Project management and design  
Security  
Legal Costs  
Management Information systems  
Other projects administration expenses  
Communication, PR and Marketing

3,160	3,417
7,056	12,846
7,030	12,610
2,180	-
58	-
2,078	11,470
3,612	3,347
11,138	13,326
2,266	4,233
<b>38,578</b>	<b>61,249</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## 20. Administration Expenses - Operating Expenses

Admin and General Expense
Auditors Remuneration - Refer to note 21
Bank charges
Cleaning
Legal Costs
Consumables
Sponsorship
Entertainment
Interest Paid
Relocation cost
Insurance
Conferences and seminars
Motor vehicle expenses
Storage
Licences
Printing and stationery
Finance Support
Repairs and maintenance
Audit and Risk Committee Fees
Security
Subscriptions and membership fees
Telephone and fax
Other Operational Expenses
Water, Electricity and Rates
In-kind Contribution - Facilities
Board Expenses*
Catering
Consulting and Outsourcing
Travel, Subsistence and Accommodation
QCTO
COVID 19 Expenses
Rental Expenses

7,062	21,657
4,198	5,894
572	560
571	718
19,625	11,399
125	213
297	802
221	173
11	235
367	-
698	771
980	-
561	769
12	932
1,597	4,298
1,688	587
700	159
813	2,011
413	477
2,320	1,086
68	49
1,049	229
346	80
2,422	1,918
1,659	1,571
4,369	3,015
-	25
5,971	5,530
2,303	2,285
4,251	3,660
-	1
6,653	5,850
<b>71,922</b>	<b>76,954</b>

\*Included in the Board expenses are Board Meeting fees, Travel expenses, Catering, Committee and Conferences.

Part A  
GENERAL  
INFORMATION

Part B  
PERFORMANCE  
INFORMATION

Part C  
GOVERNANCE

Part D  
HUMAN RESOURCE  
MANAGEMENT

Part E  
PFMA COMPLIANCE

Part F  
FINANCIAL  
INFORMATION

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## 21. Auditors' remuneration

External audit fees	3,842	4,220
Internal audit fees	356	1,674
	<b>4,198</b>	<b>5,894</b>

## 22. Cash generated from (used in) operations

Surplus (deficit)	48,804	(13,476)
<b>Adjustments for</b>		
Depreciation and amortisation	6,318	6,246
Profit or loss on disposal of assets	-	(1)
Provisions-SARS payable	-	(15)
Movements in provisions	7,845	13,570
Other non-cash items	342	14
<b>Changes in working capital:</b>		
Consumables	273	1,266
Receivables from exchange transactions	(699)	(882)
Other receivables from non-exchange transactions	(422)	(626)
Payables from exchange transactions	(557)	(1,650)
Payables from non-exchange transactions	4,087	(41,326)
	<b>65,991</b>	<b>(36,880)</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

## 23. DG Commitments

### 23.1 Discretionary Grants Commitments

Programme	Opening Balance 1 April 2023 R'000	*Prior Period Error Adjustment R'000	Restated Opening Balance R'000	New Approvals 2023/24 R'000	Current Year Adjustment R'000	Proposed Sweeps and Cancellations R'000	Payments Made and accruals R'000	Closing Balance R'000
Apprenticeships	741,217	(139,510)	601,707	447,856	7,276	(22,396)	(163,850)	870,593
Bursaries	75,138	(44,257)	30,881	35,840	19,080	(261)	(18,693)	66,847
Candidacy	149,158	(21,431)	127,727	112,800	(1,160)	(7,382)	(37,085)	194,900
Internship	51,313	(2,758)	48,555	19,440	-	(586)	(17,301)	50,108
Joint Project (JPMT)	(1)	1	-	-	-	-	-	-
Learnership	234,163	(48,199)	185,964	132,150	-	(12,923)	(90,704)	214,487
Placement of leaners	50,743	(6,732)	44,011	98,300	-	(1,170)	(20,501)	120,640
Recognition of Prior Learning	5,681	(4,057)	1,624	22,290	-	(525)	(1,412)	21,977
Short Skills Programmes	85,339	(21,488)	63,851	32,835	-	(6,231)	(30,944)	59,511
Skills Development Centre	4,552	(2,771)	1,781	5,763	8,529	-	(6,185)	9,888
Special Projects	69,221	(69,221)	-	2,030	-	-	(2,030)	-
Trade Testing	15,018	(13,233)	1,785	-	-	(350)	(103)	1,332
Short Skills Programme-UIF CETA	8,308	-	8,308	-	-	-	(91)	8,217
ARPL	-	12,075	12,075	42,995	-	-	(3,525)	51,545
Development and Growth of public college systems	1,441	-	1,441	-	-	-	(197)	1,244
TVET Solar Manufacturing skills development	-	-	-	6,101	-	-	-	6,101
<b>Total</b>	<b>1,491,291</b>	<b>(361,581)</b>	<b>1,129,710</b>	<b>958,400</b>	<b>33,725</b>	<b>(51,824)</b>	<b>(392,621)</b>	<b>1,677,390</b>

In terms of guidelines on the implementation of Seta Grant Regulations, "Offers of contracts", that have been issued before the financial year-end, but have not yet been contracted before the financial year-end, should be included in the commitments disclosure note.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## DG Commitment Schedule

Contracted DG Projects  
Offer to contract signed

245,476	419,025
1,431,914	710,685
<b>1,677,390</b>	<b>1,129,710</b>

Written agreements made between the CETA and third parties result in a contractual obligation and are classified as projects contracted for. Where offers to contract are signed, they are classified as discretionary grants commitments and disclosed as such.

The above Discretionary Grant Commitments arise from contractual commitments between CETA and the Training Providers or Employers for the Skills Development programme they are allocated.

Prior period error adjustment - refer to note 32 which deals with the prior error disclosure note.\*

## 23.2 Operating Leases - as lessee (expense)

Rental of offices

The CETA entered into an operating lease agreement with the lessors for the lease of office space as follows:

Location	Start Date	End Date	Annual Escalation Factor
Midrand - Head Office	01 April 2021	31 March 2026	10,8%
Cape Town - Regional Office	01 April 2022	31 March 2027	8%
Limpopo - Regional Office	01 June 2022	31 May 2027	7%

In addition to the above, the CETA entered into an operating lease is for six photocopying machines. The lease period was 36 months ending 30 September 2023. The rentals payable are based on the lease agreement and there are no escalations over the lease term.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## Minimum lease payments due

- within one year
- in second to fifth year inclusive

## Lease payments recognised in the statement of financial performance

- Lease of office buildings

## 23.3 Administration Commitments

Head Office Partitioning - Ground Floor

6,788	6,883
8,044	14,832
<b>14,832</b>	<b>21,715</b>
6,757	6,295
-	1,691

Part A  
GENERAL  
INFORMATION

Part B  
PERFORMANCE  
INFORMATION

Part C  
GOVERNANCE

Part D  
HUMAN RESOURCE  
MANAGEMENT

Part E  
PFMA COMPLIANCE

Part F  
FINANCIAL  
INFORMATION

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

### 24. Related parties

#### Relationships

Ultimate controlling entity	Department of Higher Education and Training (DHET)
Shareholder with significant influence	National Skills Fund National Student Financial Aid Scheme Department of science and Innovation Other 20 SETAs and QCTO TVET Colleges Universities and other Colleges Human Science Research Council National Research Foundation South African National Space Agency Technology Innovation Agency Council for Scientific and Industrial Research South African Qualifications Authority Council of Higher Educational and Training National Institute for Humanities and Social Sciences
Accounting Authority	Mr. Thabo Masombuka – Chairperson Mr Danny Masimene – AA Member Mr Phillip Vilakazi – AA Member Mr Josias Mpe – AA Member Mr Roy Mnisi – AA Member Ms Mohetola Rahab – AA Member Mr Sunday Mlangeni – AA Member Ms Sibongile Maseko – AA Member
Members of Key Management	Mr M Shezi – Chief Executive Officer Ms H Shangase – Chief Financial Officer (Resigned on 4 March 2024) Mr T Lefutswe – Acting Chief Financial Officer (from 13 September 2022 to 31 March 2023) Ms M Taje – Executive Manager: Strategic Support Mr P Yeko – Executive Manager: ETQA and Projects (Resigned on 31 August 2023) Ms M Moeketsa – Acting Chief Financial Officer (01 May 2023 - 05 June 2023) Mr S Radebe – Acting Chief Financial Officer (04 March 2024 to date)

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## Related party transactions

### In - kind contribution - Rental of office

Mpumalanga - Disaster Management Centre

KZN - Services SETA

North West - Mahikeng Taletso TVET College

North West - Klerksdorp

Free State - Motheo College Aliwal North

Northern Cape - Department of Public Works

Eastern Cape-SSETA

Gauteng - Tshwane South TVET College

**Total**

### Amounts received/paid/commitment

DHET

QCTO

MICT

MQA SETA

TVET Colleges

CET/Public Colleges

Private Colleges

Universities

HWSETA

Merseta

**Total**

119	113
120	114
129	123
21	20
870	824
194	183
160	151
46	43
<b>1,659</b>	<b>1,571</b>

-	903
4,251	3,660
5	11
(113)	-
118,858	205,474
777	1,054
225,708	16,343
527	6,841
70	11
2	-
<b>350,085</b>	<b>234,297</b>

Part A  
GENERAL  
INFORMATION

Part B  
PERFORMANCE  
INFORMATION

Part C  
GOVERNANCE

Part D  
HUMAN RESOURCE  
MANAGEMENT

Part E  
PFMA COMPLIANCE

Part F  
FINANCIAL  
INFORMATION

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## Remuneration of Management

### Remuneration of Management class: Board Members

#### 2024

Name	Board meetings and activities	Travel, subsistence and other allowances	Total
Mr T Masombuka - Chairperson	436	3	439
Mr D Masimene - AA Member	336	17	353
Mr P Vilakazi - AA Member	267	-	267
Mr J Mpe - AA Member	249	2	251
Mr R Mnisi - AA Member	262	7	269
Ms R Mohetoa - AA Member	178	1	179
Mr S Mlangeni - AA Member	120	5	125
Ms S Maseko - AA Member	156	7	163
	<b>2,004</b>	<b>42</b>	<b>2,046</b>

#### 2023

Name	Board meetings and activities	Travel, subsistence and other allowances	Total
Mr T Masombuka - Chairperson	231	201	432
Mr D Masimene - AA Member	232	132	364
Mr P Vilakazi - AA Member	153	21	174
Mr J Mpe - AA Member	157	18	175
Mr R Mnisi - AA Member	143	91	234
Ms R Mohetoa - AA Member	163	4	167
Mr S Mlangeni - AA Member	92	24	116
Ms S Maseko - AA Member	162	43	205
	<b>1,333</b>	<b>534</b>	<b>1,867</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## Management class: Executive Management

### 2024

Name	Basic salary R'000	Total R'000
Mr M Shezi – Chief Executive Officer	2,266	2,266
Ms H Shangase – Chief Financial Officer (Resigned on 04 March 2024)	1,585	1,585
Ms M Taje – Executive Manager: Strategic Support	2,018	2,018
Mr P Yeko – Executive Manager: ETQA and Projects (Resigned on 31 August 2023)	987	987
Ms M Moeketsa – Acting Chief Financial Officer (01 May - 05 June 2023)	19	19
	<b>6,875</b>	<b>6,875</b>

### 2023

Name	Basic salary R'000	Bonuses and performance related payments R'000	Total R'000
Mr M Shezi – Chief Executive Officer (from 1 September 2021)*	1,716	358	2,074
Mr T Lefutswe – Acting Chief Financial Officer (from 13 September 2022 to 31 March 2023)*	980		980
Mr S Mkhize – Chief Financial Officer	1,353	-	1,353
Ms M Taje – Executive Manager: Strategic Support*	1,811	310	2,121
Mr P Yeko – Executive Manager: ETQA and Projects	2,075	-	2,075
	<b>7,935</b>	<b>668</b>	<b>8,603</b>

Executive Management do not receive any fringe benefits.

Prior year Management fees increased due to bonus paid out to two Executives.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## Audit and Risk Committee

### 2024

Name	Fees for services as a member of management R'000	Total R'000
Ms ZN Tshabalala – Chairperson of ARC*	126	126
Mr M Wesi – Member of the ARC*	262	262
Ms BT Mokgoko – Member of the ARC	133	133
Mr SM Mlangeni	53	53
Ms S Maseko	9	9
	<b>583</b>	<b>583</b>

### 2023

Name	Fees for services as a member of management R'000	Total R'000
Mr J Maboja – Chairperson of ARC (up to 08/2022)	61	61
Mr CS Mofet-Mubu – Member of the ARC (up to 08/2022)	35	35
Mr D Madiba – Member of the ARC (up to 08/2022)	40	40
Mr N Mosuwe – Member of the ARC (up to 08/2022)	26	26
Ms ZN Tshabalala – Chairperson of ARC (from 12/01/2023)*	132	132
Mr M Wesi – Member of the ARC (from 12/01/2023)*	104	104
Ms BT Mokgoko – Member of the ARC (from 12/01/2023) <sup>1</sup>	79	79
Mr SM Mlangeni	82	82
	<b>559</b>	<b>559</b>

\*Included in the Audit and Risk Committee note are other meetings where the ARC members were invited to or seconded.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## 25. Irregular Expenditure

Irregular expenditure incurred in the current year\*

Irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

**Total**

-	3,647
3,416	11,082
<b>3,416</b>	<b>14,729</b>

The above disclosure of irregular expenditure has been made in terms of the PFMA Compliance Reporting Framework (2022) by National Treasury (Instruction Instruction No. 04 of 2022/23).

## 26. Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure incurred in the current year

-	647
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## 27. Financial instruments disclosure

In the course of CETA operations, it is exposed to interest rate, credit, liquidity and market risk. CETA has developed a comprehensive risk strategy in terms of Treasury Regulations 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. Financial instruments have not been discounted as they will be settled or recovered within six months. The effect of discounting was considered and found not to be material.

### Interest rate risk

CETA manages its interest rate risk by effectively investing CETA surplus into the Corporation for Public Deposits (CPD) as per Treasury Regulation 31.3.3 Unless exempted by the National Treasury, public entities that are listed in Schedule 3A or 3C of the Act must, with effect from 1 July 2001, only:

- invest surplus funds with the Corporation for Public Deposits, where such surpluses exceed R1 million; and
- invest surplus funds in an institution with an investment grade rating, where such surpluses are less than R1 million.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

## Categories of financial instruments

### 31 March 2024

Cash and cash equivalents

Amount R'000	Effective Interest rate %	Total R'000
1,127,726	8	1,127,726

### 31 March 2023

Cash and cash equivalents

Amount R'000	Effective Interest rate %	Total R'000
1,063,789	7	1,063,789

### 2024

## Financial assets

Trade and other receivables from exchange transactions

Other receivables from non-exchange transactions

Cash and cash equivalents

At amortised cost R'000	At amortised cost R'000	Total R'000
-	4,277	4,277
-	20,292	20,292
1,127,726	-	1,127,726
<b>1,127,726</b>	<b>24,569</b>	<b>1,152,295</b>

## Financial liabilities

Trade and other payables from exchange transactions

Taxes and transfers payable (non-exchange)

At cost R'000	Total R'000
15,282	15,282
113,150	113,150
<b>128,432</b>	<b>128,432</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

2023

## Financial assets

Trade and other receivables from exchange transactions
Other receivables from non-exchange transactions
Cash and cash equivalents
<b>TOTAL</b>

At amortised cost R'000	At amortised cost R'000	Total R'000
-	3,578	3,578
-	19,870	19,870
1,063,789	-	1,063,789
<b>1,063,789</b>	<b>23,448</b>	<b>1,087,237</b>

## Financial liabilities

Trade and other payables from exchange transactions
Taxes and transfers payable (non-exchange)
<b>TOTAL</b>

At cost R'000	Total R'000
15,839	15,839
109,063	109,063
<b>124,902</b>	<b>124,902</b>

Part A  
GENERAL  
INFORMATION

Part B  
PERFORMANCE  
INFORMATION

Part C  
GOVERNANCE

Part D  
HUMAN RESOURCE  
MANAGEMENT

Part E  
PFMA COMPLIANCE

Part F  
FINANCIAL  
INFORMATION

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

### 28. Risk management

#### Financial risk management

#### Liquidity risk

CETA's exposure to liquidity risk is amongst other things, through a high number of Discretionary Grant Committee to entities made at year-end. CETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs forecasted cash flow and its cash management policy. Adequate reserves and liquid resources are also maintained. The table below provides an analysis of CETA's liabilities into their maturity groupings as per the statement of financial position.

#### 2024

Payables from non-exchange transactions

Payables from exchange transactions

#### TOTAL

Carrying Amount	Contractual Cash Flow	6 months or less
113,150	113,150	113,150
15,282	15,282	15,282
<b>128,432</b>	<b>128,432</b>	<b>128,432</b>

#### 2023

Payables from non-exchange transactions

Payables from exchange transactions

#### TOTAL

Carrying Amount	Contractual Cash Flow	6 months or less
109,063	109,063	109,063
15,839	15,839	15,839
<b>124,902</b>	<b>124,902</b>	<b>124,902</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## Credit risk

Credit risk with respect to levy paying employers is limited due to the nature of the income received. CETA does not have any material exposure to any individual or counterparty. CETA's concentration of credit risk is limited to the industry (Construction related industries) in which CETA operates. No events occurred in the industry (Construction and related) 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 allowances for doubtful debts. The entity is still in the process of recovering all debt due, therefore no assets will be impaired pending investigation and board approval.

## The ageing of other receivables from exchange transactions

Not past due 0-30 days

Past due 90-120 days

**TOTAL**

807	811
3,470	2,767
<b>4,277</b>	<b>3,578</b>

## The ageing of cash and cash equivalents

Not past due

1,127,726	1,063,789
-----------	-----------

## The ageing of other receivables from non-exchange transactions

Not past due 0-30 days

Past due 30-90 days

Past due 90-120 days

**TOTAL**

422	456
-	170
19,870	19,244
<b>20,292</b>	<b>19,870</b>

## Market risk

CETA 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 financial period.

## Fair values

CETAs financial instruments consist of mainly of cash and cash equivalents, accounts and other receivables and payables. No financial instruments were carried at an amount in excess of their fair value. Fair value could be reliably measured for all financial instruments, with the exception of cash and cash equivalents which are carried at amortised costs.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## Accounts receivable

The carrying amount of the accounts receivable is net of allowances for any doubtful debt, estimated by the Accounting Authority based on prior experience. The carrying amount of these assets approximates their fair values. The effect of discounting was considered and found to be immaterial.

## 29. Contingencies

### 29.1 Retention of surplus funds

Retention of surpluses by constitutional institutions and public entities listed in Schedules 3A and 3C to the Public Finance Management Act (PFMA), 1999. Public entities listed in Schedules 3A and 3C to the PFMA may not accumulate surpluses that were realised in the previous financial year without obtaining prior written approval of the relevant Treasury.

The CETA submitted an application for the retention of accumulated funds as at 31 March 2023 to National Treasury. In terms of the Grant Regulation 3(11), SETAs are expected to have spent or committed (through actual contractual obligations) at least 95% of discretionary funds available to use as at 31 March of each year.

SETAs are required to disclose the uncommitted surplus. The possible liability is calculated as follows:

#### Possible liability - Retention of Surplus

Cash and cash equivalents

Plus: Receivable

Less: Current liabilities

**TOTAL/BALANCE**

1,127,726	1,063,789
24,569	23,448
(178,004)	(166,630)
<b>974,291</b>	<b>920,607</b>

The new calculation for the retention of surplus shows that CETA has an available surplus of R974 million. However, the Discretionary Grant commitment register has a balance of R1,6 billion worth of committed projects. This indicates that the surplus amount is backed by the Discretionary Grants commitments.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

## 29.2 Contingent Liabilities

CETA is a defendant on a matter for alleged unpaid invoice

480

480

In addition to the above, for the following cases, the CETA could not determine the costs associated to them

- CETA is being sued for legal fees not paid.
- Application by the service provider to review and set aside a tender issued.
- A service provider brought an application to be reinstated on an irregularly awarded contract.
- An employee took the matter to court challenging their dismissal.

## BUSA Case and Surplus funds

In October 2019, Business Unity South Africa (BUSA) won a Court case against DHET where the department's decision to decrease the Mandatory Grant levies and grants percentage from 50% to 20% in terms of section 4(4) of the SETA Grant Regulations was set aside. The court did not decide on the mandatory levy or grant percentage to be applied from the Court date onwards.

The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The Minister has not yet communicated the decision in regard to the Mandatory Grant percentage. There has been no change with regard to the mandatory grants levy portion of 20%, therefore CETA cannot reasonably estimate the timing and financial outcome of the event.

## 29.3 First-time employer registration

The skills development legislation allows for an employer, registering for the first time, six months to submit an application for mandatory grants. At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R998 000 (2022/23: R1 077 000) will be payable. This amount is contingent on the number of WSPs submissions received and approved.

## 30. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

### 31. Budget differences

#### Material differences between budget and actual amounts

- 31.1 Other Income - Overall, favourable variance of 100%, not budgeted for as CETA does not have control over foreign exchange rates.
- 31.2 Interest received - The increase is due to the surplus funds invested in the CPD Investment account and this has earned more interest due to increases in prime interest rates.
- 31.3 Levies - The CETA under collected on levies due to public sector levy contributions not received. Increase in penalties and Interest on levies as a result of late submission by levy payers.
- 31.4 In-Kind contribution facilities - The increase in estimated in-kind donations is due to increase in property rates which are based on overall South African property market and inflationary increases.
- 31.5 Depreciation - The CETA purchased certain PPE items in the current year, the increase is due to additions.
- 31.6 Administration expense - There has been an increase on the administration expenditure, this is due cost of sage support, Cell Phones line usage, Conferences, legal fees, board fees, staff cost as well as travelling & subsistence & catering incurred during the 2023/24 financial year.
- 31.7 Discretionary expenditure - Projects allocated in the current year are yet to submit claims, late implementation of DG projects by entities as well as allocation of training providers not allocated to projects.
- 31.8 Release from reserves - This constitutes accumulated surplus funds invested in the CPD. The reserves have not been transferred to operational bank account for use in the current year.
- 31.9 CETA conducted WSP/ATR workshops in February 2024 to assist MG beneficiaries to submit their claims using correct banking details. More grants were paid following these workshops which were conducted across all provinces.
- 31.10 The CETA has changed its accounting policy for DG Admin Commitments. Previously, the core business employee costs were recorded as DG admin expenses. In terms of the DG Regulations this should be recorded as administration expenditure.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

## 32. Prior period errors

Discretionary grants expenditure 32.1 and 32.4
Administration expenses 32.4 and 32.5
Administration Reserves 32.7
Discretionary grant reserve 32.7
Property, Plant and Equipment 32.6
Intangible assets 32.11
Payable(s) from non-exchange transactions 32.1
Payables from exchange transactions 32.5
Receivables from Exchange 32.8
Provisions 32.12
Suppliers- Cash flow statement amount 32.1, 32.4 and 32.5
Employee cost- Cash flow statement amount 32.1, 32.4 and 32.5
<b>TOTAL</b>

Audited balance R'000	Prior year adjustment R'000	Restated R'000
468,576	(51,062)	417,514
141,841	75,114	216,955
(26,235)	(2,454)	(28,689)
(943,080)	22,795	(920,285)
18,359	(11)	18,348
7,875	2,467	10,342
(93,471)	(15,592)	(109,063)
(17,478)	1,639	(15,839)
3,596	(18)	3,578
(32,903)	(8,825)	(41,728)
(610,625)	7,074	(603,551)
(125,836)	(7,074)	(132,910)
<b>(1,209,381)</b>	<b>24,053</b>	<b>(1,185,328)</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

### Commitments

DG commitment 32.2 and 32.3

### Irregular Expenditure

Restatement of Balances 32.4

### Commitments

Administration Commitments 32.10

### Operating Lease

Operating Lease 32.9

Audited balance R'000	Prior year adjustment R'000	Restated R'000
1,491,291	(361,581)	1,129,710
Previously Reported R'000	Restatement R'000	Restated Figure R'000
79,871	(65,142)	14,729
Previously Reported R'000	Prior year adjustment R'000	Restated Figure R'000
48,893	(47,202)	1,691
Previously Reported R'000	Prior year adjustment R'000	Restated Figure R'000
23,103	(1,388)	21,715

32.1 In 2021/22 and 2023/24, there are transactions were not accrued for. This resulted in an understatement of DG expenditure and accruals (Payables) in the prior year. In correcting this prior period error, the amount has been appropriately accrued for.

32.2 In 2022/23, there are contracts that were swept/cancelled however it was discovered during 2023/24 financial year that the entities submitted the claims relating to prior years.

32.3 The DG offers were not accounted for during the period in which the approval was granted and therefore resulted in an understatement of DG commitments balance in the prior year.

Further sweeps and/or cancellations are as a result of projects that did not meet CETA conditions in the offer letters to implement the projects within a certain time frame. In addition to the above, a population of all DG projects was revisited and letters of confirmations were issued to entities for them to confirm the status of projects awarded. In instances where entities indicated that projects were completed/not active, these projects were swept to adjust the opening balance of DG commitments. Projects close out reports were also received from the entities to supplement status of projects per confirmation letters received.

32.4 The CETA has changed its accounting policy for DG Admin Commitments. Previously the core business employee costs was recorded as DG admin expenses. In terms of the DG Regulations this should be recorded as administration expenditure.

32.5 In the prior year, transactions relating to suppliers were incorrectly accounted for. This resulted in an understatement of Admin reserves, admin expenses and admin payables in the prior year. In correcting this prior period error, the amount has been appropriately accounted for.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

2024  
R '000

2023  
Restated\*  
R '000

- 32.6 In the financial year ended 31 March 2023 assets were lost but were not removed from the asset register. This resulted in the overstatement of property, plant and equipment and depreciation. In correcting this error, the amounts have been restated to reflect the removal of the lost property, plant and equipment from the asset register.
- 32.7 Administration reserve and Discretionary grant reserve were restated as a result of the misstatements of accruals, expenditure, payables that were corrected through the restatement of the prior period amount.
- 32.8 Receivables from exchange transactions were restated as a result of errors on legal fees recoveries and misstatement on other debtors.
- 32.9 Operating lease - The allocation of minimum lease payment due on disclosure note was incorrectly made in the prior year. This error has been corrected in the current year.
- 32.10 the prior year, the CETA disclosed costs that are associated with the leaner biometric system usage and development of skills centre in Ingwavuma erroneously as capital commitments. The error has been corrected in the current year and the commitment for the skills development centre has been reclassified.
- 32.11 During 2021-22, the DG portal was expensed and has been reclassified as an intangible asset. The amortisation for the prior years have been considered and the affected opening balances have been restated.
- 32.12 Bonus was not provided for in the 2022-23 financial year. This resulted in an understatement of bonus provision in the prior year. In correcting this prior period error, the amount has been appropriately accounted for.

### 33. Debt Impairment

Debt impairment

112

-

The CETA has provided for debts impairment of R112 000 (2023: R0).

The debt impairment provision is calculated based on the prospect of collectability of individual debts by considering the current status and/or position of debtors as well as the availability of evidence.

### 34. Events after the reporting date

- The National General Elections were held on 29 May 2024 and the country moved from the 6<sup>th</sup> to the 7<sup>th</sup> Administration.
- The Minister of the Department of Higher Education and Training approved on the 29<sup>th</sup> of March 2024 the request by the CETA to procure the Head Office building in Midrand through deviation at a purchase price of R45 million. At the reporting date, the purchase agreement between the CETA and the seller was not yet signed or concluded.

# THE CETA OFFICES

## HEAD OFFICE

52-54 on 14<sup>th</sup> Road  
Noordwyk  
Midrand  
1687

## GAUTENG

50 Industrial Road  
Tshwane South TVET  
College  
Pretoria West  
0183

## LIMPOPO

73 Biccard Street  
Maneo Building  
Polokwane Central  
0700

## NORTHWEST (MAHIKENG)

Taletso TVET College  
Dr Albert Luthuli Drive  
Next to the SABC  
Mmabatho  
1687

## NORTHWEST (KLERKSDORP)

Vuselela TVET College  
Cooperate Centre  
8 Bram Fischer Street,  
Klerksdorp Central  
Klerksdorp  
1687

## FREE STATE

Motheo Hillside View TVET  
College Campus  
Lobona Motsoeneng Street  
Mangaung  
Bloemfontein, 9301

## WESTERN CAPE

Parc du Cap 3  
9-10 Willie Van Schoor Avenue  
Bellville, 0183

## NORTHERN CAPE

45 Schmidtsdrift Road  
Carters Glen  
Kimberly, 8300

## EASTERN CAPE

No 3 Elton Street  
Southernwood  
East London

## KWAZULU-NATAL

73 Ramsay Avenue  
Musgrave, Durban  
4001

## MPUMALANGA

Disaster Management Building  
COGTA Building, R40 Road  
Nelspruit, 1200



CETA\_Official



@CETASkillsDev



Constructionseta\_official



The Construction and Education and  
Training Authority (CETA)



# **“Partnerships for Growth: A Collaborative Approach to Construction Sector Development”**

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