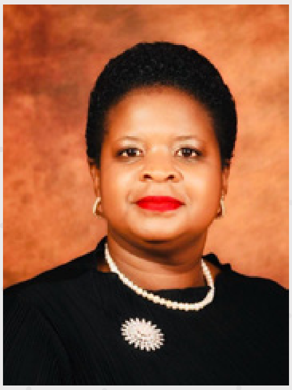
ANNUAL REPORT 2024/25

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

cathsseta

Mr Buti Manamela
Minister: Higher Education and Training



Dr Mimmy Gondwe
Deputy Minister: Higher Education and Training

Dr Nomusa Dube-Ncube
Deputy Minister: Higher Education and Training

higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

ANNUAL REPORT FOR THE
2024/25 FINANCIAL YEAR

CULTURE, ARTS, TOURISM,
HOSPITALITY AND SPORT SECTOR EDUCATION
AND TRAINING AUTHORITY

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PART A GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	The entity is registered as the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority, also known as CATHSSETA
REGISTRATION NUMBER	25/CATHSSETA/1/04/11
PHYSICAL ADDRESS:	270 George Road Noordwyk Midrand 1687
POSTAL ADDRESS:	P.O. Box 1329, Rivonia, 2128
TELEPHONE NUMBER:	+27 11 217 0600
EMAIL ADDRESS:	info@cathsseta.org.za
WEBSITE ADDRESS:	www.cathsseta.org.za
EXTERNAL AUDITORS:	Auditor-General South Africa, 4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria 0001
BANKERS:	
Nedbank	Upper Ground Floor Block I 135 Rivonia Road Sandown Sandton 2196
Investec	100 Grayston Drive Sandown Sandton 2196
South African Reserve Bank	370 Helen Joseph Street Pretoria 0002
First National Bank	7th Floor 1 First Place Bank City Cnr Simmonds and Pritchard Streets Johannesburg 2193

2. LIST OF ABBREVIATIONS/ACRONYMS

AA	Accounting Authority (of a public entity)
AET	Adult Education and Training
AG	Auditor-General (head of a Chapter 9 institution in South Africa)
AGM	Annual General Meeting
AGSA	Auditor-General South Africa (a Chapter 9 Institution in South Africa)
AOPO	Audit of Predetermined Objectives
APP	Annual Performance Plan
APT	Auditing Specialist Course
ARC	Audit and Risk Committee of the CATHSSETA Board
BA	Bachelor of Arts
B-BBEE	Broad-Based Black Economic Empowerment
BCOM	Bachelor of Commerce
BCEA	Basic Conditions of Employment Act No. 75 of 1997 as amended
CA	Chartered Accountant
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CBO	Community-Based Organisation
CEO	Chief Executive Officer
CET	Community Education and Training
CIMS	CATHSSETA Information Management System
CTA	Chartered Tax Adviser
DEAFSA	Deaf Federation of South Africa
DFTA	Delicious Festival Traders Academy
DG	Discretionary Grant
DG	Director-General (head of a national government department)
DHET	Department of Higher Education and Training
DIO	Deputy Information Officer
DSTI	Department of Science, Technology and Innovation
DSTV	Digital Satellite Television
EC	Eastern Cape
EEA	Employment Equity Act No. 55 of 1998 as amended
ERP	Enterprise Resource Planning
ERRP SS	The Economic Reconstruction and Recovery Plan Skills Strategy (ERRP SS)
ETD	Education, Training and Development
ETQA	Education and Training Quality Assurance
EVP	Employee Value Proposition
EWP	Employee Wellness Programme
EXCO	Executive Committee of the CATHSSETA Board
FAWU	Food and Allied Workers Union
FAX	Facsimile
FEDHASA	Federated Hospitality Association of Southern Africa
FINREMCO	Finance and Remuneration Committee of the CATHSSETA Board
FS	Free State
GP	Gauteng
GIP	Grassroots Innovation Programme
GRAP	Generally Recognised Accounting Practice
HCMD	Human Capital Management and Development
HIAWU	Hospitality Industry and Allied Workers Union
HR	Human Resource
ICT	Information and Communication Technology
ILMS	Integrated Learner Management System
IoDSA	Institute of Directors South Africa
IRBA	Independent Regulatory Board for Auditors
KZN	KwaZulu-Natal
LLB	Bachelor of Laws

LLM	Master of Laws
LP	Limpopo
LRA	Labour Relations Act No. 66 of 1995 as amended
MBA	Master of Business Administration
MBL	Master of Business Leadership
MDP	Management Development Programme
MICTSETA	Media, Information and Communication Technologies Sector Education and Training Authority
MOU	Memorandum of Understanding
MP	Mpumalanga
MSA	McDonald's South Africa
NC	Northern Cape
NCOP	National Council of Provinces
NCV	National Certificate Vocational
NDP	National Development Plan 2030
NEDLAC	National Economic Development and Labour Council
NGO	Non-Governmental Organisation
NHRDSSA	National Human Resource Development Strategy of South Africa 2010-2030
NPO	Non-Profit Organisation
NQF	National Qualifications Framework
NSDP	National Skills Development Plan, 2030
NSF	National Skills Fund
NW	North West
PAIA	Promotion of Access to Information Act No. 20 of 2000, as amended
PFMA	Public Finance Management Act No. 1 of 1999, as amended
PHRAG	Provincial Heritage Resources Authority of Gauteng
PIA	Privacy Impact Assessment
POPI	Protection of Personal Information Act No. 4 of 2013
PPE	Professional Practice Examination
PPPFA	Preferential Procurement Policy Framework Act No.5 of 2002, as amended
PSET	Post-School Education and Training
QAR	Quality Assurance Review
QAS	Qualification Assessment Specification
QCTO	Quality Council for Trades and Occupations
RMC	Risk Management Committee
RPL	Recognition of Prior Learning
SA	South Africa
SAICA	South African Institute of Chartered Accountants
SAIGA	Southern African Institute of Government Auditors
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SCM	Supply Chain Management
SDA	Skills Development Act No. 97 of 1998, as amended
SDLA	Skills Development Levies Act No. 9 of 1999
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SMME	Small, Micro, and Medium Enterprise
SONA	State of the Nation Address
SOP	Standard Operating Procedure
SP	Strategic Plan
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
WC	Western Cape
WIL	Work Integrated Learning
WPPSET	White Paper on Post-School Education and Training, 2013

3. FOREWORD BY THE ACCOUNTING AUTHORITY

MORE IMPORTANTLY, CATHSSETA REMAINS FOCUSED ON DELIVERING IMPACT AND ADDING VALUE TO THE COMMUNITIES WE SERVE. WE ARE MORE MOTIVATED THAN EVER TO FORGE PARTNERSHIPS THAT WILL LEAD TO MEANINGFUL EMPLOYMENT OPPORTUNITIES FOR THE YOUTH OF SOUTH AFRICA.

It is with great honour that I present the Annual Report for the 2024/25 financial year — an important milestone marking the final year of the 2019-2024 Medium Term Strategic Framework of Government, which coincided with the end of the tenure of the Accounting Authority that came into office in April 2020.

As we reflect on the journey marred by the COVID-19 pandemic, which resulted in national lockdowns, negatively affecting the economy and reducing the skills levies collection, it is important to highlight, as at 31 March 2025, that the entity experienced an upward trajectory in revenue, meaning that the future looks better as there will be more skills development initiatives to be implemented.

Having joined the organisation at a time when not only was the country and the world at large embroiled in the outbreak of the Coronavirus and the subsequent shutdown, but here at home (CATHSSETA), there were significant challenges. These challenges emanated from the organisational realignment project, which was implemented in 2020 while the world was in a crisis mode. As a result of these challenges, our staff was adversely affected and subsequently left in droves. Those who remained were often disengaged and demotivated, with a ripple effect on our stakeholders. Compounding this, our systems were unresponsive, leading to more frustrations for our stakeholders.

I am pleased to report that over the past few years, we have diligently steered the CATHSSETA ship towards becoming a responsive, innovative, and impactful organisation within the Post-School Education and Training (PSET) sector. We take immense pride in the strides made under our stewardship. Anchored in our strategic intent, we effected transformative changes to strengthen organisational governance, enhance stakeholder engagement, and align our programmes with national developmental priorities. This report reflects the achievements realised during our term while highlighting areas that warrant renewed focus to advance the objectives of the 7th Administration.

It is worth mentioning that this reporting period is unfolding against a backdrop of ongoing national challenges, including sluggish economic growth, rising living costs, and persistently high levels of unemployment, particularly among the youth. These factors continue to underscore the urgency for inclusive, accessible, and demand-driven skills development. CATHSSETA thus has responded to this call by forging impactful partnerships, expanding learning pathways, and investing in programmes that empower individuals and communities across our diverse sectors.

During the year under review, the entity developed and started rolling out the Branding Strategy, which emanated from a study that was conducted to establish how aware our stakeholders are about the CATHSSETA brand and its offerings. The outcomes of the study indicated that there is still a need for more engagement and collaborations, and such efforts have been deployed to fully engage our stakeholders.

In the year under review, CATHSSETA, together with other SETAs, organised a successful SETA Skills Summit in April 2024, bringing together industry leaders, policy makers, government officials, academics and the like in one room to discuss, among others, the SETA Integrated High Impact Programme (SHIP).

Following the Summit, CATHSSETA hosted its own Sector Skills Conference in September 2024 and brought together key stakeholders from across the skills development ecosystem and received extensive media coverage across print and digital platforms, further reinforcing it's position as a leader in the sector. The conference addressed critical challenges within the South African labour market, particularly the persistently high unemployment rates and the skills mismatch affecting both youth and Small, Medium, and Micro Enterprises (SMMEs). The conference was aimed at creating a platform for itself and the stakeholders to come up with a coordinated approach to implement the much-anticipated High Impact Projects. Resolutions made by the conference participants, centred on ways in which skills development could be improved through stakeholder collaboration, innovative training methods and enhancement of monitoring and evaluation systems, amongst others. The conference further sought to enhance and strengthen partnerships and engagements with various stakeholders.

Furthermore, it is worth noting that at the time the Accounting Authority joined this SETA, the National Development Plan (NDP) 2030 had set a goal of producing 30 000 qualified artisans annually by 2030. It was against this backdrop that CATHSSETA, through the Discretionary Grant window, funded learners to be enrolled for the Occupational Chef Level 5 qualification – a three-year programme. These learners were from KwaZulu-Natal, Western Cape, Gauteng, Limpopo, North West and Free State Provinces.

The first cohort was registered in 2019 and, as with all other projects that were underway during the outbreak of the Coronavirus, this programme took a knock and there were countless delays resulting in a two-year delay. I am, however, pleased to share that about 90 of these learners will be graduating in May this year, with the next cohort scheduled for trade testing in August followed by their graduation.

Launched in 2014 by the Department of Higher Education and Training (DHET), the *Decade of the Artisan* initiative aims to address the country's shortage of skilled artisans by promoting artisanship as a viable and attractive career path, particularly among the youth. To support this goal, CATHSSETA has partnered with 15 Technical and Vocational Education and Training (TVET) and 9 Public Community Education and Training (CET) Colleges to upgrade and expand institutional infrastructure. One of the most pressing challenges in the continuing education system is the adequacy of infrastructure, including classrooms, workshops, administrative spaces, and ICT facilities. High-quality training requires modern, well-equipped learning environments that reflect current industry technologies and innovations. These partnerships aim to improve access to learning opportunities, particularly for historically disadvantaged communities, and enhance the quality and relevance of skills development.

While we celebrate these milestones, we also acknowledge the ongoing challenges that continue to affect operational efficiency and overall service delivery. Key among these is the 10,5% administration threshold, which places considerable pressure on the organisation's ability to meet growing demands with limited resources. This constraint has a direct impact on our capacity to scale programmes, invest in systems improvements, and provide adequate support to both internal teams and external stakeholders.

In addition, inefficiencies within the Intergrated Learner Management System (ILMS) have presented persistent barriers to accurate data collection, real-time reporting, and streamlined learner tracking. These limitations have sometimes impeded our ability to make data-driven decisions and respond swiftly to stakeholder needs. Addressing these delays remains a top priority, and we have already begun reviewing internal processes and implementing corrective measures to improve efficiency and responsiveness.

Meanwhile, the performance for the year under review is 96%, a commendable achievement worth celebrating and is a testament to our ongoing commitment to skills development. Over the past four years, we have maintained a strong upward trajectory, having moved from 73% in 2020/21, 89% in 2021/22, 92% in 2022/23 to 98% in 2023/24. More importantly, CATHSSETA remains focused on delivering impact and adding value to the communities we serve.

We are more motivated than ever to forge partnerships that will lead to meaningful employment opportunities for the youth of South Africa.

Once again, we maintained the unqualified audit opinion, which gives comfort to the electorate that the entity is in good hands and its resources were managed in an effective, efficient and economic manner.

As I conclude, let me thank the previous Board for steering the organisation through difficult times and leaving the entity in a strong position in terms of performance and revenue collection. Despite the difficulties faced, a solid foundation has been laid for the new Board to build upon.

I also wish to thank the former Minister of Higher Education, Science and Innovation, Honourable Professor Bonginkosi Emmanuel Nzimande for appointing those capable individuals to the Board, and also former Minister of Higher Education and Training, Honourable Dr Nobuhle Nkabane who took over during the financial year and provided leadership.

Lastly, I commend the Executive Management and the entire staff, whose dedication and hard work are clearly reflected in our consistent performance over the past four years.

We also thank our industry stakeholders, fellow SETAs, government partners and the entire PSET family for their unwavering support and shared commitment to developing a skilled and capable workforce.

Accounting Authority
Date: 21 August 2025

Mr Marks Thibela
Chief Executive Officer

WITH REGARD TO THE PERFORMANCE OF THE ENTITY'S PREDETERMINED PERFORMANCE TARGETS AS CONTAINED IN THE ANNUAL PERFORMANCE PLAN (APP), DURING THE YEAR UNDER REVIEW, 46 OF THE 48 INDICATORS WERE ACHIEVED, RESULTING IN 96% AUDITED PERFORMANCE.

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

4.1 INTRODUCTION

This Annual Report captures the achievements for the final year of the 2020/21 to 2024/25 medium-term period.

4.2 GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

Section 14 of the Skills Development Act (SDA) No. 97 of 1998, as amended, provides for the sources of funding for the SETAs. The skills development levies are set at 1% of the total payroll of over R500 000 payable by the employers to the South African Revenue Service (SARS). 80% of that amount is transferred to the SETAs and 20% to the National Skills Fund. The adjusted budget of this entity stood at R1,4 billion, and the actual expenditure, including commitments, was at R763 million. As at year-end, the entity recorded increased revenue of R594 million when compared to R534 million in the prior year. This is attributed to new levy payers entering the system and others previously affiliated with other SETAs who decided to transfer to the CATHSSETA.

As a Schedule 3A public entity, CATHSSETA is permitted under the Treasury Regulations (2005, as amended) to retain surplus funds not utilised during the financial year. Consequently, a formal request will be submitted to National Treasury to retain these funds, as various projects are currently being implemented or are nearing the award stage. These projects are aimed at realising high impact across the various subsectors and to help address South Africa's pressing challenges of unemployment, poverty and inequality.

4.3 SUPPLY CHAIN MANAGEMENT

During the reporting period, the entity implemented efficient and effective policies, systems and processes within the supply chain management area and in other areas such as the Discretionary and Mandatory Grant management. Additionally, various policies and Standard Operating Procedures (SOPs) were developed or revised to support business continuity and responsiveness to evolving needs. The entity prepared and implemented a procurement plan in line with National Treasury requirements, focusing on bids above R1 million to ensure proper planning and execution without shortening the processes. Of the 24 planned bids, 18 were awarded, whereas three (3) were cancelled due to budget constraints, and three (3) were deemed non-responsive or affected by material scope changes. Procurements below the R1 million were managed through quotations in line with internal procurement policies.

4.4 PROGRESS AGAINST SET PERFORMANCE TARGETS

With regard to the performance of the entity's predetermined performance targets as contained in the Annual Performance Plan (APP), during the year under review, 46 of the 48 indicators were achieved, resulting in 96% audited performance. Out of the 46 targets achieved, 44 of them fall under the core business areas of the entity, under Programme 2, 3 and 4, and only two (2) relates to support under Programme 1: Administration.

Furthermore, the mandate of the SETA is to facilitate skills development throughout the country through its six (6) subject sectors, namely, (a) Arts, Culture and Heritage; (b) Conservation; (c) Gaming and Lotteries; (d) Hospitality; (e) Sport, Recreation and Fitness; and (f) Tourism and Travel Services. In collaboration with stakeholders such as constituent employers, skills development providers, universities, universities of technology, TVET colleges and CET colleges, the entity implemented various skills development interventions using its DG funds to improve the citizens' skills base. Whilst positive feedback is being received on the work of the SETA, much still needs to be done to ensure that the beneficiaries of the skills development interventions secure sustainable employment.

Moreover, partnerships are central to our mission, and we are pleased to report the conclusion of 71 partnership agreements with various stakeholders to implement skills development programmes that strengthen the skills base across our sectors.

Additionally, it is worth noting that during the year under review, over 14 067 learners were funded for various learning programmes, and 92% of them were youth, while 71% were females and 29% were male. On career development, the SETA reached out to over 10 732 learners and raised awareness about the CATHSSETA's offers and opportunities. We also funded 103 Small, Medium, and Micro Enterprises (SMMEs), including Non-Profit Organisations (NPOs), Community-Based Organisations (CBOs), Non-Governmental Organisations (NGOs), cooperatives, trade unions, etc., on various skills programmes.

4.5 CHALLENGES EXPERIENCED AND HOW THEY WILL BE RESOLVED

The entity continued to operate some processes manually due to the ineffectiveness of its information management system called Enterprise Resource Planning (ERP). To mitigate the challenge, the SETA signed a Memorandum of Understanding with the Media, Information and Communication Technologies Sector Education and Training Authority (MICTSETA) to participate in the piloting of the system before it is rolled out to all the SETAs.

4.6 AUDIT REPORT MATTERS IN THE PREVIOUS YEAR AND HOW THEY WERE ADDRESSED

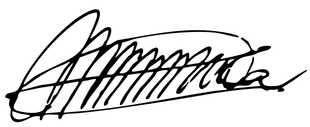
The entity developed a Post-Audit Action Plan to address the 2023/24 audit findings issued by the AGSA in July 2024. Of the 10 consolidated findings, 80% have been addressed with the remaining 20% deferred as they relate to the information management system that is being addressed through the MICT SETA's ILMS, further work will continue in the new financial year.

4.7 ECONOMIC VIABILITY

The entity remains a going concern, and when it comes to revenue collection, has shown an upward trajectory exceeding R550 million for the first time. This implies more skills development interventions have been implemented.

4.8 ACKNOWLEDGEMENTS OR APPRECIATION

In conclusion, I extend my sincere gratitude to the members of the Accounting Authority and other governance committees for their oversight and leadership. My appreciation also goes to the the former Ministry and the Department, as our shareholders, for their guidance and strategic direction on various governance and policy matters, various PSET institutions, as well as all stakeholders within the skills development fraternity. Finally, heartfelt thanks to the CATHSSETA's Management Team and Staff for their unwavering commitment and sterling work during the reporting period.



Mr Marks Thibela
Chief Executive Officer
Date: 21 August 2025

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

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

5.1 All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements and Annual Performance Information audited by the Auditor-General.

5.2 The Annual Report is complete, accurate and free from any omissions.

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

5.4 The Annual Financial Statements (Part F) have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) standards applicable to the public entity. The Annual Performance Information has been prepared in accordance with the National Treasury Guidelines for Performance Information.

5.5 The Accounting Authority is responsible for the preparation of the Annual Financial Statements and the judgments made in this information.

5.6 The Accounting Authority is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the Performance Information, the Human Resource Information.

5.7 The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

5.8 In our opinion, the Annual Report fairly reflects the operations, governance information, performance information, human resources information and financial affairs of the public entity for the financial year that ended on 31 March 2025.

Chief Executive Officer
21 August 2025

6. STRATEGIC OVERVIEW

6.1 VISION

Skills needs met in each sub-sector to drive economic growth by 2030.

6.2 MISSION

To facilitate skills development through strategic partnerships for CATHSSETA to contribute to economic growth.

6.3 VALUES

Table 1: CATHSSETA's values

VALUE	WHAT IT MEANS
Service excellence	• To understand stakeholder needs, and to respond timely, efficiently and effectively to stakeholder queries and requests; • To display an image of professionalism and accountability; and • To drive quality and high performance.
Accessibility	• To develop and promote skills development programmes in order to ensure equal access to opportunities for all; • To develop skills development programmes aimed at improving opportunities for people in rural areas; and • To ensure that, upon request, conversations, documentation and publications are translated into the prominent languages of the specific geographical areas.
Fairness and transparency	• To conduct its operational business without fear or favour; • All providers feel confident that their bids are given adequate consideration and evaluated professionally; • Stakeholders are entitled to believe that nothing is hidden and that there are no undeclared meanings and intentions; and • Everything is out in the open for all to see, subject to ethical conduct and legal boundaries.
Accountability	• The acceptance of our responsibility and obligation towards the public for CATHSSETA's services; • To follow the legal prescripts for reporting to the Department of Higher Education and Training, the Executive Authority, Parliament and the public; • To provide honest, reliable and truthful reporting in respect of performance, concerning plans and financial performance; and • Research-based Monitoring and Evaluation.
Respect	• Every stakeholder experiences a human relationship with CATHSSETA employees; • Their self-worth is not eroded or negatively impacted by CATHSSETA employees' conduct or actions; and • CATHSSETA staff practices humility in its engagement with stakeholders.
Integrity	• To value openness, honesty, consistent evaluation and fairness; • To act in good faith in all its day-to-day activities; and • To conduct its operations to fulfil public expectations of CATHSSETA's purpose and goals.
Stakeholder orientation	• To build partnerships with relevant government departments, public and private training providers and organisations; and • To offer quality education and skills development opportunities and experiences to learners, to ensure ultimate employability and reduce inequality in the sector.

7. LEGISLATIVE AND OTHER MANDATES

CATHSSETA is a statutory body established through the Skills Development Act (SDA) No. 97 of 1998, as amended. It is a Schedule 3A listed public entity in terms of the Public Finance Management Act (PFMA) No. 1 of 1999, as amended, and is accountable to the National Department of Higher Education and Training (DHET). CATHSSETA conducts its activities within the following six sub-sectors:

- Arts, Culture and Heritage;
- Conservation;
- Gaming and Lotteries;
- Hospitality;
- Sport, Recreation and Fitness; and
- Tourism and Travel Services.

Within these sub-sectors, CATHSSETA's responsibility is to:

- Develop a Sector Skills Plan (SSP) within the framework of the NSDP;
- Implement the SSP;
- Support and administer learning programmes;
- Conduct quality assurance on learning in line with Quality Council for Trades and Occupations (QCTO requirements);
- Disburse levies collected from employers in our sub-sectors in terms of the Skills Development Levies Act (SDLA) No. 9 of 1999;
- Support the implementation of the National Qualifications Framework (NQF);
- Quality-assured learning interventions; and
- Report to the Minister of Higher Education, Science and Innovation and the South African Qualifications Authority (SAQA).

7.1 CONSTITUTIONAL MANDATE

Section 29 of the Constitution of the Republic of South Africa, Act No. 108 of 1996, as amended, provides all South Africans with the right to education. It states that everyone has the right to:

- Basic education, including adult basic education; and
- Further education, which the State, through reasonable measures, must make progressively available and accessible.

In giving effect to this right, CATHSSETA must develop a credible Sector Skills Plan (SSP) and a Strategic Plan (SP) that guides the implementation of various skills development programmes within its diverse sector.

7.2 LEGISLATIVE MANDATE

Table 2: Legislation guiding CATHSSETA's operations

LEGISLATION or REGULATIONS	PURPOSE
Skills Development Act No. 97 of 1998, as amended (SDA)	This is the enabling Act that governs the establishment and functioning of the SETAs. The Act outlines the legislative mandate of the SETAs and forms the foundation for the development of the SSP, through which industry-supported learning programmes are implemented to upskill the workforce and improve labour force productivity. The Act further compels the SETA to conclude a Service Level Agreement (SLA) with DHET that provides the basis on which the Shareholder will monitor the performance of the SETA. The roles and responsibilities of the SETA, as well as its funding mechanisms, are clearly outlined in this Act. Various arrangements are contained in this Act to support the effective implementation of skills development.
Skills Development Levies Act No. 9 of 1999 (SDLA)	The Act provides for the collection and distribution of skills development levies. The SDLA prescribes how the skills levies are collected through the South African Revenue Service (SARS) and outlines how the funds are apportioned – first to the National Skills Fund (NSF), and then to the SETAs. It further specifies the portion allocated to the Quality Council for Trades and Occupations (QCTO) and the way the SETAs are to utilise the funds in line with the provisions of the SDA and the accompanying SETA Grant Regulations promulgated in 2012.

LEGISLATION or REGULATIONS	PURPOSE
The SETA Grant Regulations, 2012	Grant Regulations are drawn from the SDA. They regulate the use of monies received by the SETA and the processes for the disbursement thereof. In the disbursement of these monies, the SETA must set out the output and targets in the APP and demonstrate how it will achieve the objectives of the SSP and the NSDP.
National Qualifications Framework Act No. 67 of 2008, as amended (NQFA)	The NQFA provides for the establishment of the NQF. Its objectives are: (i) to create a single integrated national framework for learner achievement, facilitate access, mobility and progression within the education, training and career paths; (ii) to enhance the quality of education and training; and (iii) to accelerate the redress of past unfair discrimination in education, training and employment opportunities. In contributing to these objectives, CATHSSETA allocates 80% of its Discretionary Grant to support the implementation of various learning programmes aligned with the NQF, thereby advancing skills development within its sector.
Public Finance Management Act No. 1 of 1999, as amended (PFMA)	The PFMA provides for the classification of public entities into various schedules. The 21 SETAs are classified as Schedule 3A Public Entities. The Act also designates the Board of a SETA as an AA. The objective of the PFMA is to ensure effective, efficient, and economical management of all public resources allocated to a public institution.
Broad-Based Black Economic Empowerment Act No. 53 of 2003, as amended (B-BBEE)	Section 10 of the B-BBEE Act requires all government and state entities to integrate B-BBEE requirements when awarding contracts, licenses, grants, incentives and concessions – specifically to entities that are B-BBEE compliant. All Sector Education and Training Authorities (SETAs) are required to report on skills development expenditure and programmes to the B-BBEE Commission following the approval of their Annual Reports. The Act further introduced amendments to Code Series 300, Statement 300, titled "General Principles for Measuring Skills Development". These amendments prescribe specific compliance targets and weighting points that measured entities can claim. In order to earn these points, entities must demonstrate expenditure on training black individuals through various recognised learning interventions. Importantly, the Code specifies that a SETA-approved Workplace Skills Plan (WSP), Annual Training Report (ATR), and Pivotal Report are key criteria for measured entities to earn points on their BEE scorecards.
Preferential Procurement Policy Framework Act No. 5 of 2002, as amended (PPPFA)	The purpose of this Act is to give effect to Section 217 of the Constitution of South Africa, which mandates that the procurement of goods and services by state institutions must be conducted in a manner that is fair, equitable, transparent, competitive and cost-effective. The Act further outlines the procedures to be followed for procurement below and above the threshold of R1 000 000, including the application of a preference points system in the adjudication and awarding of bids. CATHSSETA has a Policy on Supply Chain Management that guides the procurement of goods and services of all values.
Basic Conditions of Employment Act No. 75 of 1997, as amended Sectoral Determination No. 5: Learnerships (BCEA)	The Act provides for Sectoral Determination No. 5, which sets out binding conditions of employment and prescribed learner allowance rates. Accordingly, CATHSSETA is required to comply fully with the provisions of this Sectoral Determination in the implementation of all learning programme agreements that it enters into.
Employment Equity Act No. 55 of 1998, as amended (EEA)	The purpose of this Act is to achieve equity in the workplace by (i) promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination, and (ii) implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and at all levels in the workplace. CATHSSETA will ensure that the allocation of funds to various learning programmes promotes equity and fairness. The SETA will, in accordance with Section 20 of the Act, implement an Employment Equity Plan to promote equality in the workplace.

LEGISLATION or REGULATIONS	PURPOSE
Labour Relations Act No. 66 of 1995, as amended (LRA)	The Act gives effect to Section 23 of the Constitution, which states that everyone has the right to fair labour practices. The primary purpose of this Act is to promote economic development, social justice, labour peace and the democratisation of the workplace. It protects the rights and responsibilities of both employers and employees within the employment relationship CATHSSETA remains committed to upholding the provisions of this Act by respecting the existing collective bargaining processes, fostering smooth relations between employers and employee organisations, and ensuring that all disciplinary and grievance-related procedures are conducted in full compliance with the Act.
Promotion of Access to Information Act No. 20 of 2000, as amended (PAIA)	This Act gives effect to the constitutional right of access to any information held by the State and any information held by another person, which is required for the exercise or protection of any rights, as well as to provide for matters connected therewith. The Act designates the head of a public institution as an Information Officer (IO), who is required to develop and publish a PAIA Manual to regulate requests for information held by any public and private institution. The SETA will endeavour to designate Deputy Information Officers (DIOs).
Protection of Personal Information Act No. 4 of 2013 (POPIA)	The purpose of this Act is: (a) to give effect to the constitutional right to privacy by safeguarding personal information when processed by a responsible party, subject to justifiable limitations that are aimed at, (i) balancing the right to privacy against other rights, particularly the right of access to information; and (ii) protecting important interests, including the free flow of information within the Republic and across international borders; (b) to regulate how personal information may be processed, by establishing conditions, in harmony with international standards, that prescribe the minimum threshold requirements for the lawful processing of personal information; and (c) to provide persons with rights and remedies to protect their personal information from processing that is not in accordance with this Act. The Act further regulates security measures on the integrity and confidentiality of personal information kept by any public and private bodies. Every public and private body must ensure that personal information in its possession or under its control is protected, by taking appropriate, reasonable technical and organisational measures to prevent, (a) loss of, damage to, or unauthorised destruction of personal information; and (b) unlawful access to, or the processing of personal information. The SETA will ensure that all personal records in its possession are safeguarded and that the CATHSSETA Information Management System (CIMS) will be implemented.

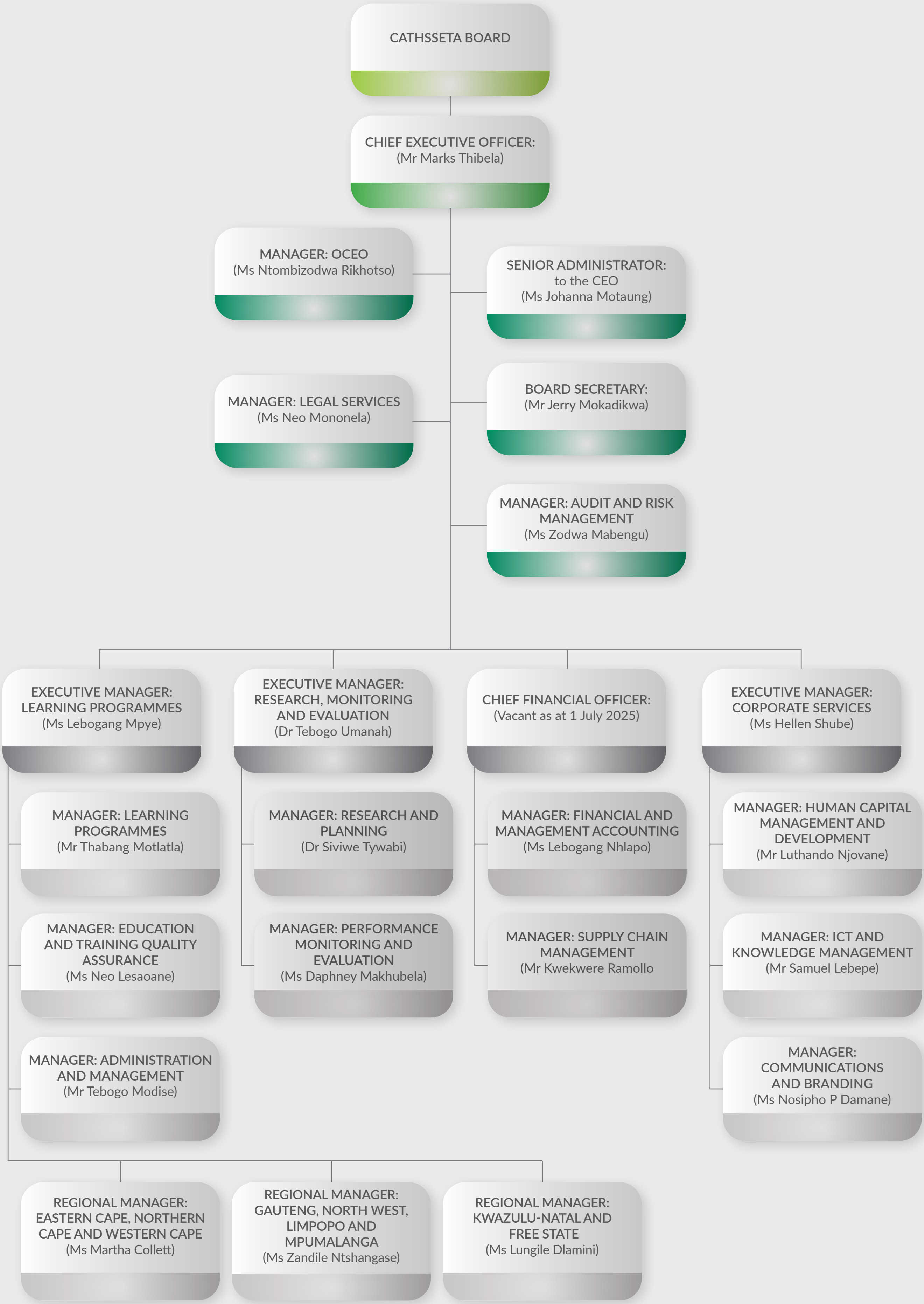
7.3 POLICY MANDATES

The above legislation is supported by the following policy directives:

Table 3: Policy directives

Policy	Purpose
National Development Plan 2030 (NDP)	The NDP identifies skills development and education as key catalysts for economic development and growth. The NDP rightly positions skills development and education as essential for the empowerment of people. Education must enable people to define their identity, take control of their own lives, raise healthy families, and play a meaningful role in broader societal development. While the NDP acknowledges that education, training, and innovation are not the only solutions to our common national problems, it underscores their central role in building the country's national capacity to solve problems. To meet national training and educational goals, it is essential to harness the capabilities of various provider institutions, ensuring that each delivers effectively on their respective mandates.
National Skills Development Plan 2030 (NSDP)	The NSDP aims to ensure that the country has adequate and high-quality skills that contribute to economic growth, employment creation and social development. The Plan came into effect on 1 April 2020 and outlines key objectives for skills development. The Plan also provides performance indicators against which SETAs must perform from 2020 and beyond.
National Human Resource Development Strategy of South Africa 2010-2030 (NHRDSSA)	The primary objective of the NHRDSSA is to advance human development across the country. The strategic priorities and interventions are specifically designed to address critical skills shortages and to promote inclusive socio-economic growth and development in the country. The document also outlines collective commitments across all sectors of society. As a key player in the skills development landscape, CATHSSETA, is fully committed to contributing to the realisation of the outcomes of the NHRDSSA within its mandate and sectoral focus.
White Paper on Post-School Education and Training 2013 (WPPSET)	The White Paper on Post-School Education and Training was established to ensure a coordinated, responsive, and high-quality post-school education and training (PSET) system. Its aim is to expand access to and improve quality in the provision of education and training. It also ensures responsiveness by the educational and training system to citizens and employers. It expands the scope of education and training to include people with no formal education. The White Paper simplifies the role of SETAs and builds their capacity in line with their redefined roles through the facilitation of skills development within sector employers and skills pipelines in the workplace.
Minister of Higher Education and Training's Budget Vote Speech of July 2024	The Minister of Higher Education and Training, Honourable Dr Nobuhle Nkabane, stated in her 2024/25 budget speech, that a focus would be placed on transforming higher education and training to allow the PSET system to address skills deficits in order to meet labour supply and demand needs. Since the main goal of this initiative is to create a skilled and competent workforce, the nation's skill base should be expanded to enable inclusive growth and youth employment. The Minister also pledged to enhance the administration of the National Students Financial Aid Scheme (NSFAS) funding and allocate funding provision for the missing middle learners. In support of the above, the SETA conducted the profiling of the Gaming and Lotteries sub-sector to determine the sectoral labour market supply and demand needs. Moreover, the SETA has embarked on high-impact projects aimed at enhancing employment and entrepreneurial outcomes.
The Economic Reconstruction and Recovery Plan Skills Strategy 2020 (ERRP SS)	The Economic Reconstruction and Recovery Plan Skills Strategy (ERRP SS) sets out core interventions to ensure effective implementation of the strategy in the context of skills development. The focus is on enabling a larger number of people to acquire the necessary skills to ensure that they are absorbed into high-potential growth sectors in the labour market. The DHET identified ten (10) priority interventions to be implemented in the short term to accelerate access to income-earning opportunities by young people.

8. ORGANISATIONAL STRUCTURE



EXECUTIVE MANAGEMENT

Mr Marks Thibela
Chief Executive Officer

Ms Lebogang Mpye
Executive Manager:
Learning Programmes

Dr Tebogo Umanah
Executive Manager:
Research, Monitoring and Evaluation

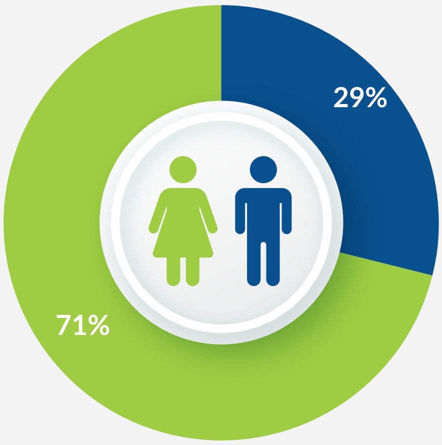
Ms Hellen Shube
Executive Manager:
Corporate Services

CATHSSETA'S PERFORMANCE INFORMATION

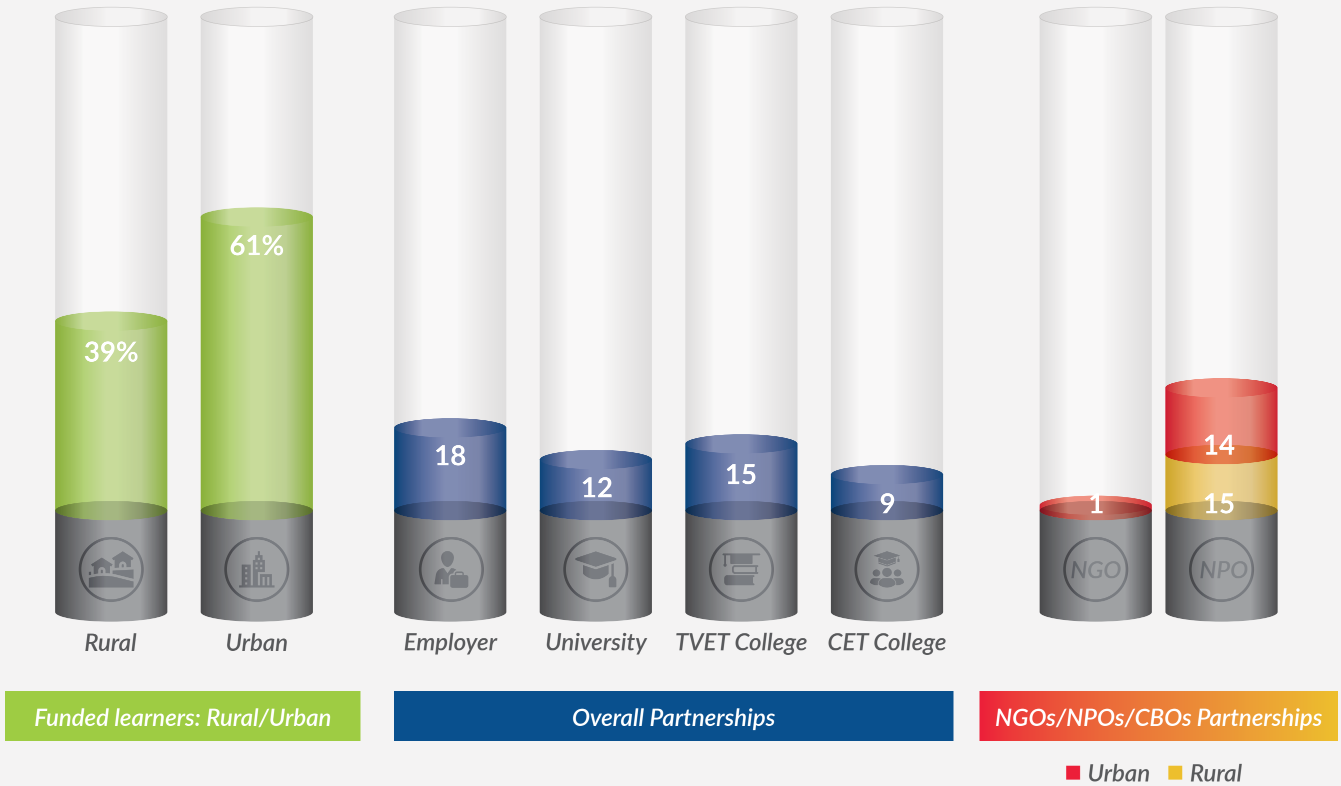
Number of learners funded

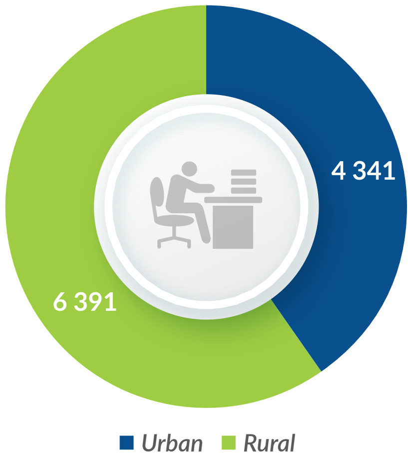
Artisans	Learnership	AET	Bursary	Internships	Skills Programmes	TVET Graduate Placements	University Graduate Placement	CET Internships
455	5 347	42	581	829	4 991	1 156	598	68

Gender

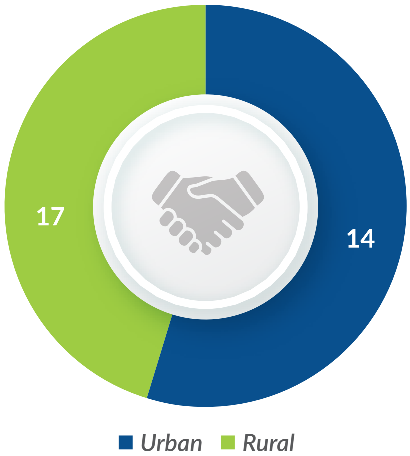


92% of those funded were Youth

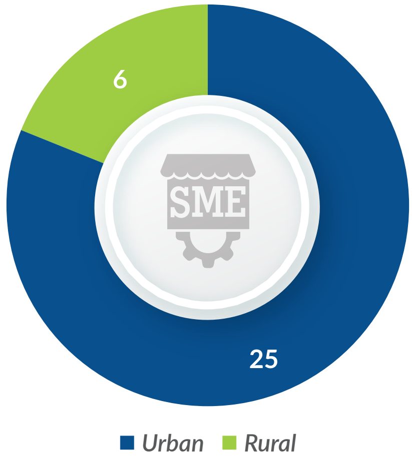




Number of learners reached through Career Guidance Events

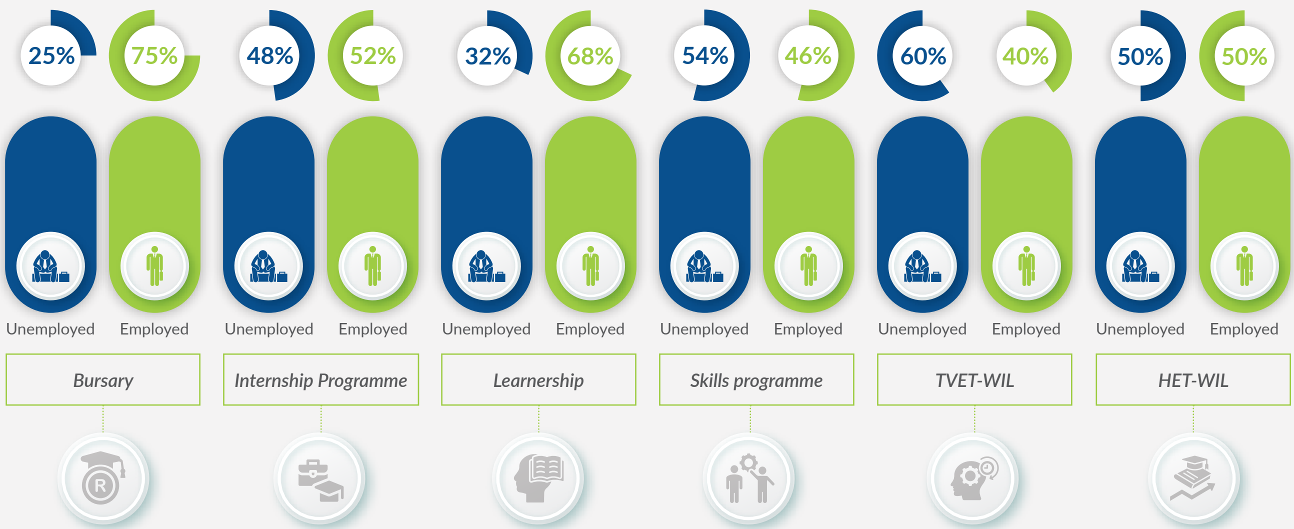


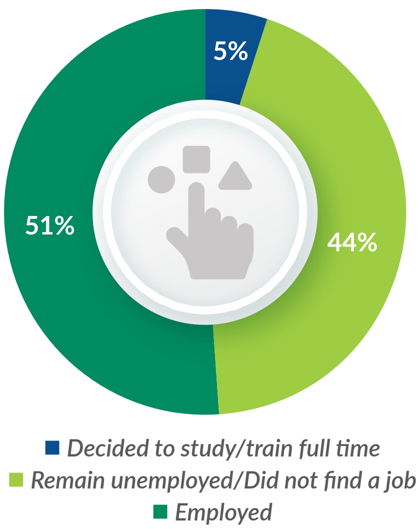
Cooperatives



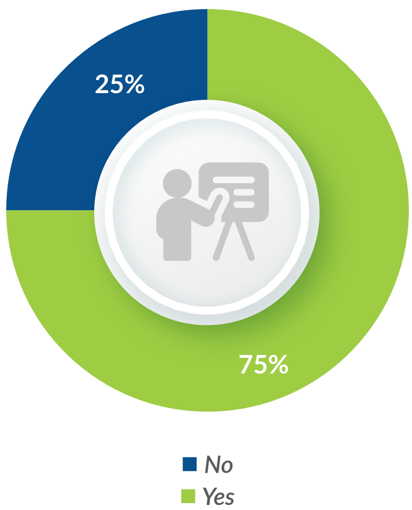
SMMEs

EMPLOYMENT OVERVIEW FROM THE 2024/25 TRACK AND TRACER STUDY FOR LEARNERS THAT COMPLETED IN THE 2023/24 FINANCIAL YEAR





Learner pathways after completion



Training Alignment

PART B PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT ON PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the management report, with material findings reported under the *Predetermined Objectives* heading **(refer to Part F of the report).**

2. OVERVIEW OF PERFORMANCE

2.1. SERVICE DELIVERY ENVIRONMENT

2.1.1. CATHSSETA's key outputs

2.1.1.1. Development of the Stakeholder Engagement Strategy

The SETA remains committed to enhancing partnerships and stakeholder engagements. During the year under review, the organisation developed and began rolling out the Stakeholder Engagement Strategy to improve collaboration with its stakeholders and strengthen its brand presence. Collaboration with various partners and key stakeholders within the six subsectors occurs when hosting major events in and around South Africa. Beyond these events, some partnerships that were deemed effective are being formalised through the conclusion of Memoranda of Agreement or Understanding, which outline all the expectations of each partner. They will also serve to share information about the CATHSSETA offerings, while building and strengthening relationships with new and existing stakeholders. CATHSSETA aims to add value to the communities where stakeholder engagements are held by targeting unemployed youth and providing them with training. This initiative is intended to increase their participation and enable them to receive stipends during the training period.

2.1.1.2. Partnership between CATHSSETA and Tshwane University of Technology (TUT) to implement the SMME Mentoring Programme

In alignment with the SMME and Entrepreneurship Strategy developed during the 2022/2023 financial year, which focuses on upskilling and enabling small, medium and micro enterprises (SMMEs), CATHSSETA, in partnership with the Tshwane University of Technology, implemented the SMME Mentoring Programme. This initiative supported nine (9) SMMEs by equipping them with the necessary skills to network effectively, create employment opportunities, and foster sustainable development.

In addition, a further 23 SMMEs benefited from strategic projects that leveraged external partnerships. These interventions contributed directly to workforce development, job creation and economic growth, all of which align with CATHSSETA's broader SMME strategy.

2.1.1.3. Partnership between CATHSSETA and Delicious Festival Trade Academy (DFTA) to implement the SMME Mentoring Programme

During the period under review, the SETA continued with the Delicious Festival Traders Academy (DFTA) partnership that commenced in the previous financial year, which aimed to equip SMMEs with the necessary skills to network efficiently, establish meaningful employment opportunities and support their development. A total of 50 SMMEs received training and development in Cook Convenience and New Venture Creation at NQF level 4, Digital Marketing, and Financial Literacy qualifications. This initiative aims to contribute towards workforce development, job creation, and economic growth in the sector, aligning with CATHSSETA's SMME strategy. In addition, 20 Technical Vocational and Education and Training Work Integrated Learning (TVET WIL) learners gained practical workplace experience and exposure as part of the DFTA during the Digital Satellite Television (DStv) Delicious Festival.

2.1.1.4. Partnership between CATHSSETA, TVET and CET colleges for the development and refurbishment of institutional infrastructure

One of the most pressing challenges in the continuing education system is the adequacy of infrastructure, including classrooms, workshops, administrative spaces, and ICT facilities. High-quality training requires modern, well-equipped learning environments that reflect current industry technologies and innovations. To address this, CATHSSETA has partnered with public CETs and TVETs to improve infrastructure and expand access to learning opportunities, particularly for previously disadvantaged communities, with the aim of enhancing the quality and relevance of training delivered.

2.1.1.5. Empowering cooperatives for economic inclusion

Cooperatives play a critical role in promoting employment and alleviating poverty, especially among rural communities, women, youth, and persons with disabilities. Although there are no direct instruments for employment creation within cooperatives, they contribute significantly to sustainable livelihoods and service provision. During the year under review, CATHSSETA partnered with 30 cooperatives across its six sub-sectors through strategic projects aimed at capacity building. These initiatives addressed core challenges commonly faced by cooperatives, including poor business planning, limited access to capital and markets, inadequate financial and governance skills, and institutional weaknesses.

2.1.1.6. Partnership between CATHSSETA and South African Masters Hockey

CATHSSETA entered into a partnership with South African Masters Hockey to host the Master Hockey World Cup, which was held in Cape Town in October 2024. The partnership involved the training of a motivated group of unemployed youth from Cape Town townships to serve as volunteers, assisting at various venues throughout the tournament.

The volunteers became the backbone of the tournament, taking on essential responsibilities such as airport meet-and-greet, field support, hospitality, and event setup. With over 113 teams from 27 countries participating in the tournament, the demand for committed individuals was substantial. CATHSSETA viewed this as an ideal platform to foster professional growth and strengthen community engagement. Through this partnership, CATHSSETA not only assisted in recruiting volunteers but also provided them with invaluable training that was engaging, interactive, and practical, designed to help the volunteers enhance their skills. During the training period, participants received stipends to cover transport and other essential needs.

2.1.1.7. Partnership between CATHSSETA and McDonald's South Africa to implement a Hospitality Learnership Programme

The SETA has maintained its partnership with McDonald's South Africa to implement a learnership programme leading to a *National Certificate in Fast Food Services*. The programme recruited 1 400 unemployed youth across different provinces.

As of 31 March 2025, a total of 1 059 were enrolled into the programme and 656 learners have since completed. The remaining learners are either pending verification or have terminated along the way due to various reasons, including:

- Loss of interest in continuing the programme;
- Pregnancy;
- Securing other employment or education opportunities; and
- Personal issues.

In line with the Memorandum of Understanding (MoU) between CATHSSETA and McDonald's South Africa, the learnership programme aims to ensure that 80% of learners who successfully complete the programme are absorbed into permanent employment within McDonald's. As the programme progresses, more learners are expected to complete their training and transition into formal employment.

For the remaining 20% of learners who are not absorbed, support mechanisms will be put in place to encourage them to explore alternative career opportunities, including entrepreneurship or employment in other sectors. This partnership not only creates immediate employment opportunities but also promotes long-term career development, underpinned by an accredited qualification that enhances employability within and beyond McDonald's.

Strategic partnerships play a vital role in ensuring the successful delivery of prioritised learning programmes within the sector. The performance of the SETA against its mandated targets is heavily dependent on the active collaboration and support of public and private education, training providers, community-based organisations, and sector employers.

This collective support is essential not only for achieving performance targets but also for ensuring that training interventions are relevant, impactful, and aligned with industry needs.

The intended outcomes of these partnerships are multifaceted. Primarily, they aim to address the critical challenge of youth unemployment by creating structured pathways for previously unemployed individuals to either enter the workforce or establish their own businesses. Secondly, these initiatives are designed to equip learners with the skills, knowledge, and accredited qualifications necessary to contribute meaningfully to both the growth of the sector and their own personal and professional development.

CATHSSETA does not only focus on outputs but also emphasises programme outcomes aimed at enhancing employment and entrepreneurship outcomes. The outcomes of the SETA interventions are evaluated on an annual basis through the track and tracer study as a tool to measure the outcomes of its funded interventions. The SETA conducted a track and tracer study during the 2024/25 financial year. The study focused on the tracking of learner pathways upon completion of the SETA programmes for learners who completed the programme during the 2023/24 financial year. The results have demonstrated that 50% of learners acquired employment upon completion of the various programmes. On the other hand, it is worth noting that fewer graduates explored entrepreneurship as an alternative to traditional job hunting. It is also encouraging to observe that a limited number of those who acquired employment, found jobs either immediately or within three (3) months, or in some cases, just a little bit above 12 months of their training. The findings indicated that despite the low employment rates, there is evidence that there are those acquiring employment upon completion of the programme. There was also a positive transition wherein candidates moved from contract/casual to full-time work, while others received promotions or salary increases.

CATHSSETA's Former Board Chairperson, Mr David Themba Ndhlovu, at the launch of the SMME Programme born out of the partnership between the CATHSSETA and the Delicious Festival Trader Academy (DFTA) aimed at empowering local entrepreneurs for success.

2.1.1.8. Quality assurance and accreditation of training providers

CATHSSETA, in accordance with Section 10 of the SDA, and its delegated authority from the Quality Council for Trades and Occupations (QCTO), continues to play a critical role in ensuring the quality of education and training within its sectors. This includes the design and quality assurance of training programmes, learner assessment, and accreditation of training providers.

During the year under review, CATHSSETA accredited eighty-five assessment centres for artisans, particularly within the chef trades. This accreditation ensures that these centres meet the QCTO standards for assessing artisan skills and competencies. Through accreditation, CATHSSETA upholds high standards of training and contributes to the credibility and effectiveness of skills development initiatives. This ensures that training remains relevant, aligned with industry needs, and capable of supporting workforce readiness.

2.1.1.9. Strengthening quality assurance mechanisms

CATHSSETA remains committed to promoting excellence in skills development and maintaining high standards in training provision. The organisation recognises that challenges may arise in areas such as accreditation processes, compliance with standards, and effective monitoring of providers. To mitigate these challenges, CATHSSETA has strengthened its quality assurance mechanisms by:

a) Conducting regular audits and inspections of training providers;
b) Offering capacity-building support to providers; and
c) Implementing corrective measures to address non-compliance.

CATHSSETA's Management and former Board members at the launch of the SMME Programme.

Mr Moses Motha, former CATHSSETA Board member, delivering closing remarks during the launch of the SMME Programme.

2.1.1.10. Improving stakeholder engagement through hosting a sector skills conference

CATHSSETA held its inaugural Sector Skills Conference on the 3rd and 4th of September 2024, which aimed to create a platform for itself and the stakeholders to come up with a coordinated approach for implementing the much-anticipated High Impact Project. The conference participants included, among others, SETAs, the private sector, organised labour, relevant public sector institutions, Higher Educational Institutions (HEIs), community-based organisations, and CATHSSETA beneficiaries. Furthermore, they focused on addressing the issues of growing unemployment. The resolutions adopted by the conference participants centred on improving skills development through enhanced stakeholder collaboration, innovative training methods and strengthening of Monitoring and Evaluation systems, amongst others. The conference also aimed to reinforce partnerships and deepen engagement with various stakeholders.

From the left, Mr Marota (CATHSSETA's CFO), Mr Ndhlovu (CATHSSETA's Board Chairperson), Dr Nkuna (Director-General, Department of Planning, Monitoring and Evaluation), Prof Phutsisi (Principal of Motheo TVET College), and Prof Hugo (University of KwaZulu-Natal).

Award-winning producer, social entrepreneur and lecturer, Dr Nobulali Dangazele from the Gordon's Institute of Business Science (GIBS) participated in the panel of discussion on implementing High Impact Projects (HIPs), focusing on institutional delivery, accountability, and future-aligned skills development for South Africa's global competitiveness.

CATHSSETA's CEO, Mr Marks Thibela

2.1.2. Challenges encountered by CATHSSETA during the year under review

A significant challenge the SETA faces is the dynamic nature of the industries it serves. These industries are continually evolving due to changes in technology, shifts in consumer preferences, and global trends. As a result, there is an ongoing need to ensure that skills development programmes remain relevant and up to date. CATHSSETA addresses this challenge by regularly conducting industry research, engaging with stakeholders, and updating its training curricula to align with current industry needs and trends.

CATHSSETA has recently completed the profiling of the Gaming and Lotteries sub-sector, examining the implications of the Fourth Industrial Revolution (4IR) for new and emerging occupations in the sub-sector. The study highlighted the growing need for employees to be multi-skilled and adaptable, with strong technology-based competencies in high demand.

Another challenge is the mismatch between the skills possessed by job seekers and those required by employers in the sector. This misalignment contributes to high unemployment rates and difficulties in sourcing qualified workers. To address this challenge, CATHSSETA focuses on raising awareness of sector-specific career opportunities, providing career guidance and counselling services, and partnering with industry stakeholders to implement targeted training programmes that bridge skill gaps and meet current and future industry demands.

2.1.3. Significant developments external to CATHSSETA

During the year under review, the SETA received a request from the DHET to increase certain performance targets outlined in the Annual Performance Plan (APP) for the 2024/25 financial year. These changes resulted in the amendment of the APP and SLA, which were subsequently submitted to the Honourable Minister for consideration but not approved.

2.2. ORGANISATIONAL ENVIRONMENT

Flowing from the recommendations contained in the SETA's mid-term review study conducted during the 2022/23 financial year, the entity undertook a review of its operating model to ensure that it operates efficiently while delivering on the legislative mandate. The review aimed to assess the effectiveness, efficiency, and strategic alignment of the mandate of the entity, business model, organisational structure, and processes. Due to time constraints, a draft report on the work done was presented to the Board at the end of the reporting period. The Board deliberated on the report and resolved to hand it over to the incoming Board for further consideration.

Furthermore, during the 2023/2024 financial year, the Auditor-General raised a finding regarding deficiencies in the Learner Management Information System (LMIS), where it was discovered that one learner received training support from more than one SETA simultaneously (i.e. "double dipping"). In addition to this, several limitations were identified in the current Enterprise Resource Planning (ERP) system, including functionalities that often require backend intervention.

To address these concerns, CATHSSETA resolved to sign a Memorandum of Understanding (MoU) with the Media, Information and Communication Technologies SETA (MICTSETA) to participate in the pilot phase of the Integrated Learner Management System, which is currently under development and is intended to be used by all 21 SETAs. It was anticipated that piloting would commence from 1 April 2025, starting with the Mandatory Grant module, with other modules to follow during the financial year.

In pursuit of continuous improvement of the ICT environment, which includes the maintenance of equipment, systems, processes and procedures, several important projects were completed, such as Microsoft SharePoint, Software Defined Network (SD-WAN), Laptop Refresh, the Learner Portal, the Recruitment Portal, and the development or revision of various policies, frameworks, and Standard Operating Procedures (SOPs).

Moreover, to mitigate the pressure of the 7,5% administration expenses and stay within the set threshold as per Grant Regulations of 2012, various measures were explored. The most viable solution identified was the reclassification of employee costs related to the Education and Training Quality Assurance (ETQA) Unit, which falls under Programme 3, to be covered under Discretionary Grant (DG) Project Administration costs. This was facilitated through an amendment to the Discretionary Grant Policy.

Lastly, the SETA has historically faced challenges in meeting the legislative requirement to pay invoices within 30 days. While improvements were noted in the previous year, full compliance had not yet been achieved. However, in the year under review, a significant improvement was recorded, with 99% of undisputed invoices paid within 30 days. This progress is attributed to the realignment of internal business processes and enhanced coordination between the Finance and Learning Programmes departments. It is anticipated that, with further enhancements to the SAGE system used for processing payments, the SETA will achieve full compliance in the next financial year.

2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

During the financial year under review, there were no key policy developments or legislative changes that impacted CATHSSETA's operations.

2.4. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The year under review marked the final year of implementing the 2020/21 - 2024/25 Strategic Plan (SP), which contained eight (8) Outcome Statements, measured through 48 outcome indicators and targets. Progress forwards achieving the five-year targets is assessed through evaluation studies.

During the 2024/25 financial year, 46 of the 48 indicators were achieved, resulting in a 96% audited performance rate. Performance against the eight (8) outcomes during the year under review is detailed below:

2.4.1. Outcome 1: An ethically sound, effective, and efficient institution that delivers on its mandate

This outcome is supported by three (3) performance targets, which were achieved, representing a 100% achievement rate. Notably, over the past three (3) years, the organisation has consistently obtained an unqualified audit opinion.

2.4.2. Outcome 2: Increased production of occupations in demand

This outcome is supported by five (5) performance targets, of which four (4) were achieved, representing 80% achievement rate. As part of this outcome, CATHSSETA approved 1 235 entities for the Mandatory Grant (MG) and allocated 94% of the DG budget toward the development of high-level, intermediary and elementary occupations that are in high demand.

2.4.3. Outcome 3: Improved capacity within the CATHSSETA sub-sectors

This outcome is supported by ten (10) performance targets, nine (9) of which were achieved, representing a 90% achievement rate. As part of this outcome, CATHSSETA supported 1 463 employed learners with various learning interventions. Furthermore, CATHSSETA supported ten (10) trade unions/federations with skills interventions.

2.4.4. Outcome 4: Increased access to occupationally directed programmes within the sector

This outcome is supported by eleven (11) performance targets, ten (10) of which were achieved, representing a 91% achievement rate. In line with this outcome, CATHSSETA supported 1 473 unemployed learners with various learning interventions.

2.4.5. Outcome 5: Increase in work-ready graduates

This outcome is supported by eleven (11) performance targets, all of which were achieved, representing a 100% achievement rate. Within the ambit of this outcome, CATHSSETA supported 11 838 learners through various learning interventions.

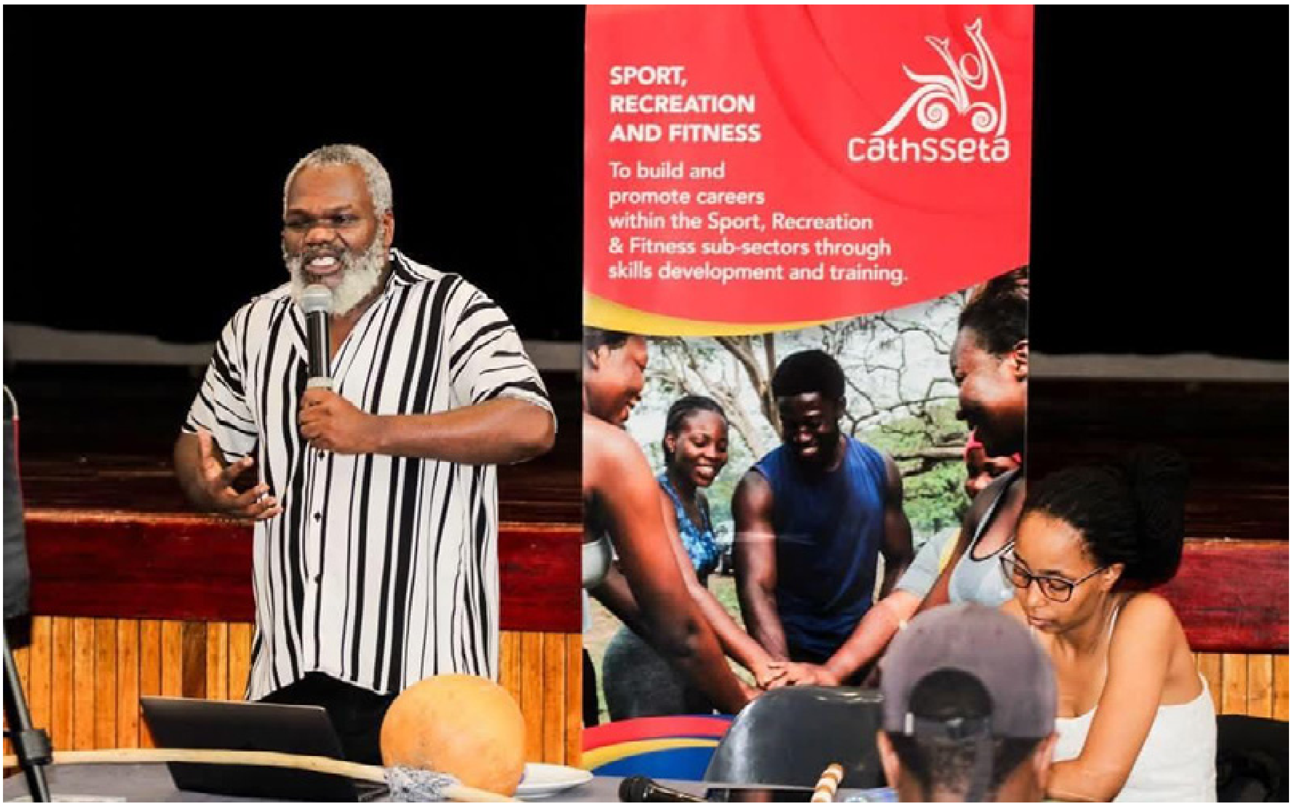
2.4.6. Outcome 6: Effectiveness of the public college system

This outcome is supported by three (3) performance targets, all of which were achieved, representing a 100% achievement rate. In support of this outcome, two CATHSSETA regional offices have been established and maintained, located at Northlink TVET College in the Western Cape and eThekwini TVET College in KwaZulu-Natal.

2.4.7. Outcome 7: Successful entrepreneurs and cooperative businesses within the CATHSSETA sub-sectors

This outcome is supported by three (3) performance targets, all of which were achieved, representing a 100% achievement rate. In line with this outcome, the SETA supported 31 small, medium and micro enterprises (SMMEs), 31 cooperatives, and 30 non-governmental organisations (NGOs), non-profit organisations (NPOs), and community-based organisations (CBOs) through targeted skills development initiatives.

Capacitating traditional leaders to champion river and nature conservation through the Izangoma Diaries initiative.



Renowned musician and storyteller, Mr Mbuso Khoza from the Mbuso.

The then Deputy Minister of Higher Education and Training, the Honourable Mr Buti Manamela addressing guests at the launch of the Hospitality Learnership Programme – a partnership between CATHSSETA and McDonald's South Africa.

2.4.8. Outcome 8: Improved brand visibility

This outcome is supported by two (2) performance targets, both of which were achieved, representing a 100% achievement rate. As part of this outcome, CATHSSETA conducted a total of 74 career guidance initiatives, with 30 implemented in urban areas and 44 in rural areas. These initiatives aimed to raise awareness of CATHSSETA's product offerings and available skills development opportunities, reaching a total of 10 732 learners during the reporting period.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1. DESCRIPTION OF EACH PROGRAMME

CATHSSETA is comprised of four (4) budget programmes, namely:

Programme 1: Administration
Programme 2: Skills Planning
Programme 3: Learning Programmes and Projects
Programme 4: Quality Assurance

The programmes are discussed in detail below:

3.1.1. Programme 1: Administration

This programme provides governance oversight, strategic management, sound financial and supply chain management capability, as well as corporate and administrative support. It comprises the following sub-programmes:

Sub-programme 1.1: Finance and Governance

To ensure the delivery of sound, efficient financial management and administrative support.

Table 4: Sub-programme 1.1: Outcomes, outputs, output indicators, targets and actual achievements

Outcome	Number	Output indicator	Actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from the planned target to actual achievement 2024/25	Reasons for deviation
An ethically sound, effective, and efficient institution that delivers on its mandate	1.1.1.1	Audit opinion received from the AGSA	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	None	N/A

Sub-programme 1.2: Governance

To promote good governance at CATHSSETA.

Table 5: Sub-programme: 1.2: Outcomes, outputs, output indicators, targets and actual achievements

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from the planned target to the actual achievement 2024/25	Reasons for deviation
An ethically sound, effective and efficient institution that delivers on its mandate	1.2.1.1	Achievement of risk maturity level in accordance with the Risk Management Framework	Level 4	Level 4	Level 4	0	N/A

3.1.2. Programme 2: Skills Planning

This programme ensures that research and evaluation activities are conducted to inform planning and provide information services that inform decision-making, ultimately leading to the achievement of the predetermined strategic objectives of CATHSSETA.

Sub-programme 2.1: Research, Planning and Performance

To have decision-making that is informed by research and develops a well-researched SSP in line with the SSP Framework.

Table 6: Sub-programme 2.1: Outcomes, outputs, output indicators, targets and actual achievements

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from the planned target to the actual achievement 2024/25	Reasons for deviation
Improved capacity within the CATHSSETA sub-sectors	2.1.1.1	Number of research and evaluation reports on skills capacity within the sector	7	4	4	0	N/A

3.1.3. Programme 3: Learning Programmes and Projects

This programme establishes partnerships and facilitates the delivery of skills development, while providing support services for the sector. It comprises three (3) sub-programmes, namely, Occupationally Directed Programmes, Strategic Projects, and the Mandatory and Discretionary Grants.

Sub-programme 3.1: Occupationally Directed Programmes

Flowing from the SSP, sub-programme 3.1 addresses the occupational shortages and skills gaps identified in the sector by enrolling learners in professional, vocational, technical, and academic learning programmes. The table below outlines the 2023/24 to 2024/25 CATHSSETA outcomes and outputs aimed at addressing the strategic priority occupations list identified in the current SSP.

Table 7: Sub-programme 3.1: Outcomes, outputs, output indicators, targets and actual achievements

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from the planned target to actual achievement 2024/25	Reasons for deviation
Increase in work-ready graduates	3.1.1.1	Number of unemployed learners entering learnership programmes	2 053	2 920	3 890	970	The overachievement is due to the strategic partnership project for Hospitality Learnership being implemented between the SETA and one of its partners.
	3.1.1.2	Number of unemployed learners entering skills programmes	500	2 748	3 223	475	The overachievement is due to the increased funding requests and proposals received from stakeholders in the various sub-sectors.
	3.1.1.3	Number of unemployed learners entering graduate internship programmes	452	526	526	0	N/A
	3.1.1.4	Number of unemployed learners entering TVET WIL (N - Diploma and NCV)	662	788	788	0	N/A
	3.1.1.5	Number of unemployed learners entering university placements (HET-WIL)	341	352	352	0	N/A

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from the planned target to actual achievement 2024/25	Reasons for deviation
	3.1.1.6	Number of unemployed learners completing learnership programmes	172	800	825	25	More learners met the completion requirements, which deemed them competent and enabled the entity to report accordingly.
	3.1.1.7	Number of unemployed learners completing skills programmes	191	84	1 249	1 165	More learners met the completion requirements, which deemed them competent and enabled the entity to report accordingly.
	3.1.1.8	Number of unemployed learners completing graduate internship programmes	226	220	303	83	More learners met the completion requirements, which deemed them competent and enabled the entity to report accordingly.
	3.1.1.9	Number of unemployed learners completing TVET WIL (N - N-N-Diploma and NCV)	357	278	368	90	More learners met the completion requirements, which deemed them competent and enabled the entity to report accordingly.
	3.1.1.10	Number of unemployed learners completing university placements (HET-WIL)	261	146	246	100	More learners met the completion requirements, which deemed them competent and enabled the entity to report accordingly.
	3.1.1.11	Number of persons completing CET internships	0	30	68	38	More learners met the completion requirements, which deemed them competent and enabled the entity to report accordingly.

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from the planned target to actual achievement 2024/25	Reasons for deviation
Improved capacity within the CATHSSETA's sub-sectors	3.1.2.1	Number of employed learners entering learnership programmes	341	360	360	0	N/A
	3.1.2.2	Number of employed learners entering skills programmes	235	189	329	140	The overachievement is due to the availability of surplus funds that were allocated to various stakeholders in the sector.
Improved capacity within the CATHSSETA's sub-sectors	3.1.2.3	Number of employed learners entering bursary programmes	133	177	177	0	N/A
	3.1.2.4	Number of employed learners completing LEARNERSHIP programmes	179	146	272	126	More learners met the completion requirements, which deemed them competent for completion reporting.
	3.1.2.5	Number of employed learners completing SKILLS programmes	185	135	190	55	More learners met the completion requirements, which deemed them competent for completion reporting.
	3.1.2.6	Number of employed learners completing BURSARY programmes	59	73	88	15	More learners met the completion requirements, which deemed them competent for completion reporting.
	3.1.2.7	Number of employed learners completing AET programmes	65	40	42	2	More learners met the completion requirements, which deemed them competent for completion reporting.
	3.1.2.8	Number of employed learners completing RPL programmes	66	35	0	-35	The underachievement is due to the non-availability of learners to be reported as part of completion.

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from the planned target to actual achievement 2024/25	Reasons for deviation
Increased access to occupationally directehd programmes within the sector	3.1.3.1	Number of learners on the artisan development programme, towards meeting the target of the NDP	382	396	396	0	N/A
	3.1.3.2	Number of learners completing the artisan development programme, towards meeting the target of the NDP	8	58	59	1	More learners met the completion requirements, which deemed them competent for completion reporting.
	3.1.3.3	Number of unemployed learners granted bursaries	186	188	188	0	N/A
	3.1.3.4	Number of unemployed learners granted bursaries for completing	129	100	128	28	More learners met the completion requirements, which deemed them competent for completion reporting.
	3.1.3.5	Number of university/ university of technology partnerships established	10	10	12	2	Overachievement is due to the extra number of applications received from universities and universities of technology.
	3.1.3.6	Number of SETA/ employer partnerships established	18	18	18	0	N/A
	3.1.3.7	Number of rural community partnerships established	10	11	11	0	N/A
Improved brand visibility	3.1.4.1	Number of urban priority career guidance initiatives	28	12	30	18	Overachievement is due to the high number of career guidance invitations received from various stakeholders.

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from the planned target to actual achievement 2024/25	Reasons for deviation
	3.1.4.2	Number of rural priority career guidance initiatives	27	13	44	31	Overachievement is due to of the high number of career guidance invitations received from various stakeholders.
Effectiveness of the public college system	3.1.5.1	Number of SETA offices operational and maintained in TVET colleges	2	2	2	0	N/A

Sub-programme 3.2: Strategic Projects

To ensure that projects targeting transformation in the sector are implemented.

Table 8: Sub-programme 3.2: Outcomes, outputs, output indicators, targets and actual achievements

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from planned target to actual achievement 2024/25	Reasons for deviation
Successful entrepreneurs and cooperative businesses within the CATHSSETA sub-sectors	3.2.1.1	Number of SMMEs supported through training interventions	12	30	31	1	Overachievement is due to the extra number of applications received from SMMEs.
	3.2.1.2	Number of cooperatives, supported through skills training	10	30	31	1	Overachievement is due to the extra number of applications received from cooperatives.
	3.2.1.3	Number of NGOs/NPOs/ CBOs supported through skills training	10	30	30	0	N/A

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from planned target to actual achievement 2024/25	Reasons for deviation
Improved capacity within the CATHSSETA sub-sectors	3.2.2.1	Number of trade unions/ federations supported with skills interventions through capacity-building interventions	5	10	10	0	N/A
Effectiveness of the public college system	3.2.3.1	Number of TVET partnerships established	11	15	15	0	N/A
	3.2.3.2	Number of CET partnerships established	6	9	9	0	N/A

Sub-programme 3.3: Mandatory Grant and Discretionary Grant

To collect reliable employer data used in updating sector plans and ensure grant allocations are targeted at addressing occupations in demand in the sector.

Table 9: Sub-programme 3.3: Outcomes, outputs, output indicators, targets and actual achievements

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from planned target to actual achievement 2024/25	Reasons for deviation
Increased production of occupations in demand	3.3.1.1	Number of Mandatory Grant (MG) applications approved for small employers	578	635	625	-10	Although employer approvals were finalised on time, payment processing was delayed due to challenges experienced with transactions on the DHET system. Refer to Circular 16 of 2024 and Circular 3 of 2025 issued by the DHET for further details on these system-related challenges.

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from planned target to actual achievement 2024/25	Reasons for deviation
	3.3.1.2	Number of MG applications approved for medium-sized employers	375	366	366	0	N/A
	3.3.1.3	Number of MG applications approved for large employers	212	210	244	34	The SETA provided continuous support to large employers, resulting in an increased number of approvals than the planned target.
	3.3.1.4	% of Discretionary Grant budget allocated to developing high-level, intermediary and elementary occupations in high demand	100% of the Pivotal Budget committed in signed contracts	90% of the Pivotal Budget committed in signed contracts	94%	4%	Improved internal processes and controls within the Finance and Learning Programmes Departments

3.1.4. Programme 4: Quality Assurance

This programme ensures successful quality assurance delivery of skills development learning interventions and results, through monitoring and evaluation, to improve and transform the sector.

Sub-programme 4.1: Quality Assurance

To provide quality assurance support services.

Table 10: Sub-programme 4.1: Outcomes, outputs, output indicators, targets and actual achievements

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from planned target to actual achievement 2024/25	Reasons for Deviation
Increased access to occupationally directed programmes within the sector	4.1.1.1	Number of learner completion achievement reports	4	4	4	0	N/A
	4.1.1.2	Number of reports on registered ETD practitioners	4	4	4	0	N/A
	4.1.1.3	Number of reports on learning programme evaluation	4	4	4	0	N/A
	4.1.1.4	Number of learnerships submitted for occupational qualifications	3	3	3	0	N/A

Sub-programme 4.2: Qualification Development

To provide current and futuristic qualifications development support to the sector.

Table 11: Sub-programme 4.2: Outcomes, outputs, output indicators, targets and actual achievements

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from planned target to actual achievement 2024/25	Reasons for deviation
Increased production of occupations in demand	4.2.1.1	Number of occupational part or full qualifications reviewed or developed, or registered skills programmes	5	6	6	0	N/A

Sub-programme 4.3: Monitoring and Evaluation

To put in place monitoring, evaluation, reporting and learning plans, to measure progress towards the achievement of planned targets, and to use monitoring findings to improve performance, future planning and budgeting.

Table 12: Sub-programme 4.3: Outcomes, outputs, output indicators, targets and actual achievements

Outcome	Number	Output indicator	Audited actual achievement 2023/24	Planned target 2024/25	Actual achievement 2024/25	Deviation from planned target to actual achievement 2024/25	Reasons for deviation
An ethically sound, effective and efficient institution that delivers on its mandate	4.3.1.1	Number of quarterly monitoring reports submitted to DHET	4	4	4	0	N/A

4. LINKING PERFORMANCE WITH BUDGET

Table 13: Programme 1: Administration

Programme/ activity/ objective	2024/25			2023/24		
	Budget	Actual expenditure	(Over-) / underfunded expenditure	Budget	Actual expenditure	(Over-) / underfunded expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme 1.1: Corporate Services	34 824	32 014	2 810	33 174	26 417	6 757
Sub-programme 1.2: Finance	69 907	84 225	(14 318)	43 340	51 936	(8 596)
Sub-programme 1.3: Office of the CEO and Governance	22 750	22 047	703	22 750	20 342	2 408
Total	**127 481**	**138 286**	**(10 805)**	**99 264**	**98 695**	**569**

Table 14: Programme 2: Skills Planning

Programme/ activity/ objective	2024/25			2023/24		
	Budget	Actual expenditure	(Over-) / underfunded expenditure	Budget	Actual expenditure	(Over-) / underfunded expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme 2.1: Research, Planning and Performance	8 612	5 492	3 120	8 612	7 644	968
Total	**8 612**	**5 492**	**3 120**	**8 612**	**7 644**	**968**

Table 15: Programme 3: Learning Programmes and Projects

Programme/ activity/ objective	2024/25			2023/24		
	Budget	Actual expenditure	(Over-) / underfunded expenditure	Budget	Actual expenditure	(Over-) / underfunded expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme 3.1: Discretionary Grant	1 090 162	466 958	623 204	936 646	188 426	748 220
Sub-programme 3.2: Special Projects	80 000	70 437	9 563	20 948	12 968	7 984
Sub-programme 3.3: Mandatory Grant	119 455	73 583	45 872	96 499	64 870	31 629
Total	**1 289 617**	**610 978**	**678 639**	**1 054 093**	**266 264**	**787 829**

Table 16: Programme 4: Quality Assurance

Programme/ activity/ objective	2024/25			2023/24		
	Budget	Actual expenditure	(Over-) / underfunded expenditure	Budget	Actual expenditure	(Over-) / underfunded expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme 4.1: Quality Assurance, Qualification Development	10 210	8 843	1 367	6 278	6 568	(290)
Total	**10 210**	**8 843**	**1 367**	**6 278**	**6 568**	**(290)**

5. STRATEGIES TO OVERCOME AREAS OF UNDERPERFORMANCE

5.1. TO ADDRESS SHORTCOMINGS, THE FOLLOWING STRATEGIES WILL BE IMPLEMENTED: `

5.1.1. The Mandatory Grant target

A significant number of levy-paying employers have not contributed their levies, which has negatively affected CATHSSETA's ability to meet its Mandatory Grant targets as outlined in the APP. This shortfall impacts both sector development and the delivery of critical skills interventions. To address this challenge, the SETA will implement the following initiatives:

a) Identify and track non-contributing entities:
   (i) Collaborate with South African Revenue Services (SARS) and DHET to access updated lists of registered levy-paying employers;
   (ii) Perform regular reconciliations between CATHSSETA records and SARS data to identify non-compliant entities; and
   (iii) Develop a database of non-contributors and monitor their payment history and grant participation.

b) Engage directly with non-compliant employers:
   (i) Conduct outreach campaigns via emails, phone calls, and site visits to educate employers on their levy obligations;
   (ii) Issue formal notices to non-compliant entities, outlining the consequences of non-payment, including ineligibility for grant participation; and
   (iii) Establish a dedicated helpdesk or support channel to address employer concerns and provide guidance on the levy payment process.

c) Raise awareness about the benefits of compliance:
   (i) Highlight the value of participating in mandatory and discretionary grants through targeted communication platforms;
   (ii) Share success stories and case studies of employers who have benefited from SETA grants; and
   (iii) Host information sessions and webinars to explain how levy contributions support sector development and benefit employers.

6. REVENUE COLLECTION

Table 17: Revenue Collection

Sources of revenue	2024/25			2023/24		
	Estimate	Actual collected	(Over-) / under collecting	Estimate	Actual collected	(Over-) / under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Mandatory grant	119 455	125 974	(6 519)	96 499	112 177	(15 678)
Discretionary grant	295 502	311 693	(16 191)	238 553	275 220	(36 667)
Administration grant	62 690	66 121	(3 431)	50 627	58 710	(8 083)
Government levies	-	19 561	(19 561)	-	18 527	(18 527)
SDL penalties and interest	-	2 635	(2 635)	-	4 009	(4 009)
Interest received	75 926	67 518	8 408	48 637	64 795	(16 158)
Other income	-	1 452	(1 452)	-	1 137	(1 137)
Total	**553 573**	**594 954**	**(41 381)**	**434 316**	**534 575**	**(100 259)**

7. CAPITAL INVESTMENT

7.1. CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Table 18: Capital investment and asset management plan

Assets	2024/25			2023/24		
	Budget	Actual expenditure	(Over-) / under expenditure	Budget	Actual expenditure	(Over-) / under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Purchase of IT equipment	2 548	2 548	-	5 448	5 448	-
Furniture	203	203	-	71	71	-
Office Equipment	51	51	-	-	-	-
Infrastructure under construction	-	-		3 270	3 270	
Total	2 802	2 802	-	8 789	8 789	-

Bringing stakeholders together for growth and success at the 2024 CATHSSETA AGM and Appreciation Ceremony.

PART C GOVERNANCE

1. INTRODUCTION

CATHSSETA is established in terms of the SDA, which outlines its powers, functions, composition, and the process for appointing its Board of Directors. In addition to the SDA, several other pieces of legislation govern the operations of the SETA and prescribe corporate governance requirements that must be upheld. The entity is classified as a Schedule 3A public entity in terms of the PFMA. In accordance with Section 49 of this Act, the Board or other functionary is designated as the AA of the SETA and it is accountable to the Minister and Parliament for ensuring the efficient, effective and economic use of the entity's resources.

2. PORTFOLIO COMMITTEES

The SETA primarily accounts to the National Assembly through the Portfolio Committee on Higher Education and Training. However, given the diverse nature of the sector it serves, the SETA may also be invited to appear before other Portfolio Committees, such as those on Tourism, and Sport, Arts and Culture. Additionally, as with all public entities, the SETA may be summoned to appear before the Standing Committee on Public Accounts (SCOPA) and some select Committees of the National Council of Provinces (NCOP).

3. EXECUTIVE AUTHORITY

The Executive Authority (EA) of the CATHSSETA is the Minister of Higher Education and Training, who is empowered in terms of the SDA to appoint the members of the Board and determine their remuneration and benefits.

4. ACCOUNTING AUTHORITY

In terms of Section 11 of the SDA, CATHSSETA is governed by a Board comprising 15 non-executive members appointed by the Minister. The Board includes a Chairperson, appointed by the Minister following a public call for nominations published in the Government Gazette, and members representing various constituencies. These include six (6) from the organised labour constituency, six (6) from the organised employer constituency, and two (2) from community organisations, professional bodies, or government departments with a vested interest in the sector.

As at 31 March 2025, only 10 members remained active on the Board, with a shortfall of five (5) from the 15 prescribed in the SETA's approved Constitution. This was due to the resignations of Ms Sumayya Khan (effective 31 May 2024) and Mr Thulaganyo Gaoshubelwe (effective 1 May 2024), both of whom stepped down due to retirement or resignation from their respective workplaces. These departures were in addition to other resignations and terminations that occurred in the previous financial year (2023/24), where replacement appointments had not yet been finalised by DHET.

In line with the approved Constitution of the SETA, read in conjunction with the SDA, the AA fulfils the following responsibilities:

- Governing and managing the CATHSSETA in accordance with the PFMA, the SDA and any other applicable legislation;
- Ensuring that CATHSSETA achieves its stated outcomes and outputs contemplated in item 5 and performs the functions contemplated in item 6 of its Constitution;
- Providing effective leadership and guiding the implementation of the NSDP;
- Setting the strategic direction of CATHSSETA;
- Engaging and liaising with stakeholders;
- Ensuring compliance with statutory and requirements of the Constitution;
- Exercising utmost care to safeguard the assets and records of CATHSSETA;
- Acting with fidelity, honesty, integrity, and in the best interests of CATHSSETA in managing its financial affairs;
- Disclosing, upon request, all material and reasonably discoverable facts to the Minister that may influence decisions or actions;
- Managing institutional risk;
- Monitoring the performance of CATHSSETA; and
- Ensuring that all Board and committee members adhere to the Code of Conduct as set out in Annexure 2 of its Constitution.

4.1. BOARD CHARTER

The Board conducts an annual review and approval of its Charter, which outlines its composition, roles and responsibilities, as well as the procedures governing meeting attendance and proceedings. The Charter is derived from the SETA's Constitution, which was approved by the Minister on 24 May 2019.

4.2 COMPOSITION OF THE BOARD

The table below provides information about the members of the Board.

Table 19: Members of the Board, their names, qualifications, areas of expertise and roles

Name of member	Designation (in terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended*
1. Mr David Themba Ndhlovu	Non-Executive Director and Board Chairperson	1 April 2020	N/A	Master of Education, Bachelor of Education, BA Arts, International Executive Leadership Programme	Business Planning, Marketing, Insurance, Business Administration	Board Member of the Dube Trade Port Corporation	Executive Committee	15
2. Mr Moses Motha	Non-Executive Director and ordinary member	26 March 2019 (re-appointed)	N/A	Master of Linguistics, Bachelor of Education and Bachelor of Arts in Education	Human Resources Development, Education and Training Skills Development	None	Executive Committee, Governance and Strategy Committee	15
3. Mr Solomon Zawempi Mhlanga	Non-Executive Director and ordinary member	1 April 2020	N/A	Certificate in Skills Development Facilitation Certificate in Labour Relations	Labour law, Human Resources Governance and Skills Development	None	Executive Committee, Finance and Remuneration Committee	15
4. Mr Kenilworth Itumeleng Dichabe	Non-Executive Director and ordinary member	1 April 2020	N/A	B-Proc degree, Diploma in Advanced Banking	Law, Banking, Business Development, Marketing and Communications	None	Executive Committee (EXCO)	6

Name of member	Designation (in terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended*
5. Ms Edith Margaret Tukakgomo	Non-Executive Director and ordinary member		N/A	Master of Town and Regional Planning, Master of Environmental Development (only completed coursework), Bachelor of Social Science, several certificates in Executive and Finance Management	Corporate Governance, Policy development, and financial management	Board member at uTshani Fund from 2005	Executive Committee, Finance and Remuneration Committee	14
6. Ms Shanita Sumayya Khan**	Non-Executive Director and ordinary member	26 March 2018 (re-appointed)	N/A	Postgraduate Diploma in Education, Diploma in Sport Management, Certificate in Executive Development	Governance, strategy development, and financial management	None	Governance and Strategy Committee	1

Name of member	Designation (in terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended*
7. Mr Thulaganyo Gaoshubelwe***	Non-Executive Director and ordinary member	1 April 2020	N/A	Global Master of Sport Management, Diploma in Law, Certificate in Executive Programme in Sport Arbitration, Bachelor of Commerce, majoring in Economics and Management, Certificate in Sport Law and Certificate in Project Management	Labour Relations Negotiation	Pholo Bokamoso, Masibambisane Foundation TBT Trading	Governance and Strategy Committee	4
8. Ms Lesiroha Matshediso Lesutu	Non-Executive Director and ordinary member	1 April 2020	N/A	Certificate in Executive Development Programme, Certificate Programme in Purchasing Management and Certificate in Advanced Public Relations	Small Business Development, Organisational Development, Training (Supplier Development), Socio-Economic Development, Skills Development, Supply Chain Management	Board member of the Ilembe Consortium	Finance and Remuneration Committee	15
9. Ms Rachel Phiri	Non-Executive Director and ordinary member	20 June 2022	N/A	Master of Business Administration, Postgraduate Certificate in Management, Bridging Certificate in Theory of Accounting	Financial Management Travel Management	None	Audit and Risk Committee, Governance and Strategy Committee	15

Name of member	Designation (in terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	Number of meetings attended*
10. Mr Nkanyezi Joseph Ntuli	Non-Executive Director and ordinary member	20 June 2022	N/A	Bachelor of Commerce in HR (still in progress) and Certificate of Completion in Labour Law	Labour Relations	Deputy Chairperson: Bargaining Council for Restaurants and Catering Johannesburg, Deputy Chairperson: Bargaining Council for Restaurants, Catering and Allied Trades, Director: BK and Nkanyezi Construction Projects	Finance and Remuneration Committee	15
11. Mr Manene Tabane	Non-Executive Director and ordinary member	20 June 2022	N/A	Diploma in Law, Diploma in Local Government, LLB degree, still in progress	Law	Steering Committee Member: NEDLAC	Governance and Strategy Committee	15
12. Mr Brett Peter Tungay	Non-Executive Director and ordinary member	7 September 2023	N/A	Mechanical Engineering completing 1st year, completed Private Pilots and Microlight Pilot Licenses, National Diploma in Mechanical Engineering, completed 1st year B Com, Helicopter Commercial Pilots License, Flight Safety Management and Matric	Hospitality	Director of Mount Champagne Share Block (timeshare resort) • Director: FEDHASA East Coast 2007 to present • Chairperson: FEDHASA East Coast 2017 to present • Director: FEDHASA National 2017 to present	Governance and Strategy Committee	9

** The meetings indicated above include the Board Strategic Planning Session, Sector Skills Summit and the Annual General meeting.*
*** Ms Sumayya Khan resigned from the Board on 31 May 2024 as she left due to normal retirement.*
**** Mr Thulaganyo Gashubelwe's membership was terminated on 1 May 2024 as he resigned.*

5. COMMITTEES

The Board is supported in the execution of its functions and duties by several committees established in accordance with the approved Constitution of the SETA. These include the Executive Committee (EXCO), the Finance and Remuneration Committee, the Audit and Risk Committee and the Governance and Strategy Committee.

5.1. EXECUTIVE COMMITTEE

The functions of the Executive Committee include:

- Overseeing the overall management of the SETA;
- Supervising the proper management of all financial matters;
- Coordinating and supervising the implementation of the SETA's policies;
- Monitoring national policy issues and developments and making recommendations regarding their adoption by the SETA;
- Monitoring the relations and interactions between the SETA, other SETAs, and relevant agencies on matters related to skills development;
- Coordinating the functioning of committees, chambers and structures of the SETA, and monitoring their activities to ensure that they act within the terms of any powers delegated to them by the Accounting Authority;
- Overseeing staff employment matters; and
- Determining budgets and business plans.

Table 20: Members of the Executive Committee

Name of member	Role in the Committee	Number of meetings held	Number of meetings attended
1. Mr David Themba Ndhlovu	Chairperson	6	5
2. Mr Moses Motha	Member	6	6
3. Ms Edith Margaret Tukakgomo	Member	6	5
4. Mr Kenilworth Itumeleng Dichabe	Member	6	4
5. Mr Solomon Zawempi Mhlanga	Member	6	6

****The meetings indicated above include the Board Strategic Planning Session and the Annual General Meeting.***

5.2. GOVERNANCE AND STRATEGY COMMITTEE

The Governance and Strategy Committee performs the following functions:

- Developing policies, principles, criteria and guidelines that are necessary for the governance and strategy functions of the SETA;
- Promoting good governance within the SETA;
- Developing the skills development strategy for the Sector; and
- Overseeing the implementation of good social and ethical practices in the organisation.

Table 21: Members of the Governance and Strategy Committee

Name of member	Role in the Committee	Date appointed	Date resigned	Number of meetings held	Number of meetings attended
1. Mr Thulaganyo Gaoshubelwe	Chairperson	4 May 2020	1 May 2024	8	1
2. Ms Shanita Sumayya Khan	Member	4 May 2020	31 May 2024	8	2
3. Mr Moses Motha	Member Appointed Chairperson from July 2024	4 May 2020	N/A	8	7
4. Mr Manene Tabane	Member	15 July 2022	N/A	8	8
5. Mr Brett Peter Tungay	Member	30 October 2023	N/A	8	6
6. Ms Rachel Phiri	Member	30 May 2024	N/A	8	6
7. Mr Nkanyezi Joseph Ntuli	Member	30 May 2024	N/A	8	5

*****The meetings indicated above include the Board Strategic Planning Session and the Annual General Meeting.***

5.3. FINANCE AND REMUNERATION COMMITTEE

The Finance and Remuneration Committee performs the following functions:

- Advising the Accounting Authority on remuneration matters to ensure the development and implementation of consistent, fair, and impartial strategies, policies and procedures that attract, motivate, and retain skilled personnel;
- Evaluating and making recommendations to the AA on all aspects of staff and CEO remuneration, including:
  - (i) Developing guidelines and reviewing the compensation and performance frameworks for staff;
  - (ii) Reviewing and approving corporate goals relevant to the CEO's compensation;
  - (iii) Determining the CEO's remuneration in line with applicable rules and regulations, and assessing performance against established goals and objectives;
  - (iv) Annually reviewing the adequacy of the SETA's remuneration policy and recommending amendments, if necessary, to the Accounting Authority for approval; and
  - (v) Ensuring that the remuneration of Board and committee members complies with the PFMA and National Treasury regulations applicable to finance and governance.

Table 22: Members of the Finance and Remuneration Committee

Name of member	Role in the Committee	Date appointed	Date resigned	Number of meetings held	Number of meetings attended
1. Ms Lesiroha Matshediso Lesutu	Chairperson	4 May 2020	N/A	17	17
2. Ms Bonani Portia Masenya*	Member	29 May 2020	N/A	17	17
3. Dr Azwitamisi Shadrack Nthangeni*	Member	29 May 2020	N/A	17	15
4. Ms Edith Margaret Tukakgomo	Member	14 April 2022	N/A	17	16
5. Mr Zawempi Solomon Mhlanga	Member	14 April 2022	N/A	17	17
6. Mr Nkanyezi Joseph Ntuli	Member	15 July 2022	N/A	17	16

** Ms Masenya and Dr Nthangeni are independent members and not members of the Board.*
*** The meetings indicated above include the Board Strategic Session and the CATHSSETA's AGM.*

5.4. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is established to strengthen the effectiveness of the SETA's risk management, internal control, and governance frameworks. The Audit and Risk Committee performs the following functions in accordance with the PFMA:

5.4.1. Monitoring and reinforcing the effectiveness of both the internal control environment and the internal audit function; and

5.4.2. Reviewing and making recommendations in respect of the following matters:

(i) The functioning, efficiency, and overall effectiveness of the internal control system;
(ii) The operations and effectiveness of the Internal Audit and Risk Management Unit;
(iii) Identification and oversight of key risk areas of the SETA to be included in the scope of internal and external audits;
(iv) Adequacy, reliability and accuracy of the financial information submitted to the AA;
(v) Scope, results, cost-effectiveness, independence and objectivity of the external auditors;
(vi) Coordination and collaboration between the internal and external audit functions, especially regarding the management of the SETA;
(vii) Accounting or auditing concerns identified through internal and external audits, including findings of the Auditor-General;
(viii) Adequacy and effectiveness of the risk management processes, including the development, maintenance and enhancement of fraud prevention plans;
(ix) Effectiveness of compliance monitoring systems, including management's investigation and resolution (and where applicable, disciplinary action) in response to instances of non-compliance; and
(x) SETA's compliance with relevant legal and regulatory requirements, the Code of Conduct, and actions taken to address any violations.

Table 23: Members of the Audit and Risk Committee

Name of member	Role in the Committee	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	Number of meetings held	Number of meetings attended
1. Ms Noziphiwo Phumeza Lubanga	Independent Chairperson	MBA; Postgraduate Diploma in General Management; Diploma in Chef in Culinary Arts, Postgraduate Diploma in Internal Auditing; Certificate Programme in Executive Development; BCom in Internal Auditing; Diploma: Internal Auditing; PIA; QAR; Matric	External	N/A	Re-appointed 1 October 2020	N/A	9	9
2. Mr Skhalo Welcome Matomela	Independent Member	Bachelor of Science (Honours) in Engineering and Technology Management; Master of Technology, and Innovation Management	External	N/A	01 October 2020	N/A	9	9
3. Ms Rachel Phiri	Board Member	Master of Business Administration; Postgraduate Certificate in Management; Bridging Certificate in Theory of Accounting	Internal (Board Member)	N/A	15 July 2022	N/A	9	9
4. Adv. Oliver Josie	Independent Member	BA (Police Science); Bachelor of Laws (LLB), LLM (Master of Laws); MBL (Master of Business Leadership), Matric	External	N/A	02 August 2023	N/A	9	9
5. Mr Madumetja Thabo Frans Kekana	Independent Member	Chartered Accountant South Africa CA (SA); IRBA PPE Exam (QE 2 Auditing); Auditing Specialist Course (APT) Diploma; SAICA Board Exam (QE 1 Accounting); BCom Accounting Honours/Certificate in the Theory of Accounting; Matric	External	N/A	18 September 2023	N/A	9	4

The meetings indicated above include the Board Strategic Planning Session, Sector Skills Conference and the CATHSSETA Annual General Meeting.

6. REMUNERATION OF BOARD MEMBERS

The Members of the Board are remunerated for their attendance at meetings and events convened by CATHSSETA. In addition to meeting fees, members are reimbursed for subsistence and travel costs incurred while performing official duties on behalf of the SETA. The remuneration and allowances payable to members are aligned to Category "S" as determined by the Executive Authority of CATHSSETA, with the concurrence of the Minister of Finance. The remuneration details are presented in the table below.

Table 24: Remuneration of Board Members

Name	Audit & Risk Committee	FIN REMCO	Risk Management Committee	Governance & Strategy Committee	ICT Committee	Board Executive Committee	Board	Subsistence & Reimbursable Travel	Total
Mr. D.T. Ndhlovu	-	-	-	-	-	60 769	95 960	1 179	157 908
Ms. N.P. Lubanga	255 117	-	-	-	-	-	-	1 148	256 265
Mr. M. Motha	-	-	-	25 841	-	44 730	93 215	2 037	165 823
Ms E.M. Tukakgomo	-	61 044	-	-	-	49 158	103 101	1 625	214 928
Ms. L.M. Lesutu	-	87 876	-	-	-	-	103 743	4 166	195 785
Mr. Z.S. Mhlanga	-	46 398	-	-	-	30 442	109 249	1 563	187 652
Mr. T. Gaoshubelwe	-	-	-	27 306	-	-	64 688	1 023	93 017
Ms. B. Masenya	-	91 090	-	-	-	-	-	515	91 605
Dr. S. Nthangeni	-	74 429	-	-	-	-	-	606	75 035
Mr. S. Matomela	106 154	-	-	-	22 893	-	-	1 227	130 274
Mr. R. Phiri	48 342	-	-	12 850	-	-	103 946	798	165 936
Mr. J. Ntuli	-	61 044	-	-	-	-	101 629	4 666	167 339
Mr. M. Tabane	-	-	-	29 530	-	-	99 245	930	129 705
Adv. O. Josie	24 560	-	-	-	-	-	-	-	24 560
Mr. M. Kekana	52 404	-	-	-	-	-	-	3 155	55 559
Dr. L. Konar	-	-	10 676	-	-	-	-	-	10 676
Mr. B. Tungay	-	-	-	7 144	-	-	31 871	-	39 015
Total	**558 874**	**508 724**	**10 676**	**120 691**	**22 893**	**185 099**	**1 051 959**	**27 983**	**2 486 899**

7. RISK MANAGEMENT

CATHSSETA has embedded risk management techniques into the day-to-day operations to proactively identify events that could hinder the achievement of its outcomes and outputs, which are fundamental in the realisation of the vision. In line with the National Treasury's Risk Management Framework and guided by its own Risk Management Policy and Strategy, the entity conducts ongoing risk assessments to identify new and emerging risks.

Based on these assessments, risk registers are compiled detailing the nature and categorisation of each risk, existing controls, and mitigation plans aimed at reducing the risks to an acceptable level. Each departmental head is designated as a risk owner and is accountable for managing risks within their respective areas of responsibility, thereby fostering a culture of risk awareness and ownership across the entity. Furthermore, risk management responsibilities have been incorporated into the performance agreements of managers at all levels.

To strengthen institutional capacity, risk champions have been appointed and capacitated in risk management methodologies, strategies, and policies. These champions play a crucial role in institutionalising risk management practices within their departments and intervening in cases where implementation is hindered due to a lack of cooperation or expertise. The entity has an active Risk Management Committee (RMC), chaired by an independent chairperson, who reports to the Audit and Risk Committee (ARC) every quarter. The ARC provides independent and objective oversight of the effectiveness of the risk management function, including monitoring the effectiveness of mitigating strategies, reviewing the nature and types of risks facing the entity and evaluating the organisation's overall risk maturity and response mechanisms.

8. INTERNAL CONTROL UNIT

It is the responsibility of Management to ensure that adequate internal controls are implemented and function effectively throughout the financial year. Management is also accountable for identifying control weaknesses and implementing corrective measures to strengthen controls. As a result, each department within the organisation has developed and implemented Standard Operating Procedures (SOPs) relevant to their functional areas. Furthermore, these SOPs serve to guide consistent and compliant operational processes. In addition, mitigation strategies to address identified weaknesses in internal controls have been incorporated as part of the broader risk assessment process, ensuring continuous improvement in the organisation's internal control framework.

9. INTERNAL AUDIT AND AUDIT COMMITTEES

CATHSSETA's internal audit function is outsourced to an independent service provider appointed for a fixed period of three (3) years. In line with the PFMA and the International Standards for the Professional Practice of Internal Auditing, as issued by the Institute of Internal Auditors (IIA), the internal audit function is mandated to provide independent, objective assurance and consulting services. The Internal Auditors submit quarterly reports to both the ARC and Management, in line with the approved annual and three-year rolling internal audit plans. The primary objective of the internal audit function is to enhance and improve the effectiveness of CATHSSETA's governance, risk management and control processes through the provision of value-adding assurance services.

9.1. KEY ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

- Developing and implementing a rolling three-year annual audit plan based on CATHSSETA's key areas of risks, including any risks or control concerns identified by management, and submit the plan to the Audit and Risk Committee for review and approval as well as periodic updates;
- Considering the scope of work by the external auditors and other assurance providers, to ensure comprehensive and efficient audit coverage;
- Executing audits in an effective and proactive manner, using suitably qualified and experienced personnel to ensure timely and value-adding outcomes;
- Conducting independent compliance tests and reviews to assess the effectiveness of internal controls across all divisions, and reporting on the results of these reviews; and
- Issuing timely audit reports and conducting regular internal audit follow-ups on the implementation of corrective actions to control weaknesses identified in previous reviews.

9.2. SUMMARY OF AUDIT WORK DONE

The three-year Internal Audit Plan was duly reviewed and approved by the Audit and Risk Committee and the following audits were conducted during the financial year under review:

- Review of finance operating controls;
- Review of Discretionary and Mandatory Grant processes;
- Review of interim financial statements;
- IT general controls review;
- IT governance audit;
- Cyber security review;
- IT applications control review;
- Project management and site visits review;
- Budget process review;
- Compliance review;
- Audit of Predetermined Objectives (AOPO);
- Review of supply chain and contract management processes; and
- Asset management review.

9.3. KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT AND RISK COMMITTEE

Please refer to section 5.4 above.

9.4. ATTENDANCE OF MEETINGS

Please refer to Tables 19 and 23 above.

10. COMPLIANCE WITH LAWS AND REGULATIONS

CATHSSETA remains committed to ensuring full compliance with all applicable legislative prescripts and endeavours to operate in accordance with best practices and recognised standards. The entity periodically reports to both the Board and the ARC on its compliance status in relation to various legislative and policy frameworks. The entity operates in accordance with existing and approved policies and standard operating procedures to guide the effective and efficient management of operations. These policies are developed, reviewed, and amended in line with the Policy Framework for the Development of Policies, which guides the policy formulation process within the entity.

11. FRAUD AND CORRUPTION

CATHSSETA has implemented a Fraud Prevention Strategy as well as a Fraud Prevention and Anti-Corruption Policy to proactively mitigate the risk of fraud and corruption. As part of its risk management approach, the entity conducts regular fraud risk assessments to identify potential vulnerabilities and strengthen internal controls accordingly.

Fraud awareness workshops were conducted to educate staff on all forms of fraudulent and corruption-related activities that can take place and encouraged them to follow existing processes should they encounter similar incidents.

The entity has a Fraud Hotline, which is outsourced to a service provider that enables whistleblowers to report suspected fraud or corruption. When employees of the entity, members of the public and/or service providers report such incidents, the type of action to be taken by the entity is dependent on the nature and merits of the case and guided by the process outlined below:

- Screening and assessment of the reported incident to determine credibility;
- Internal investigation, where necessary, for straightforward cases; and
- External investigation, where the matter is complex, to ensure impartiality and credibility through the use of specialised external expertise.

12. MINIMISING CONFLICT OF INTEREST

CATHSSETA is committed to upholding principles of ethical governance and transparency. All Board members are required to declare any potential and actual conflicts of interest at the commencement of their term of office and at the beginning of each meeting. Where a member feels that there is a potential conflict of interest relating to a specific agenda item, he/she is expected to recuse himself/herself from the discussion and any associated decision-making processes.

Staff members submit an Annual Declaration of Interest in terms of existing policies, which is administered by the Human Capital Management and Development Unit. Additionally, and in compliance with the PFMA and its regulations, staff within the Supply Chain Management (SCM) function are required to complete a separate Annual Declaration of Business Interest relevant to their duties. These practices are designed to safeguard the integrity and credibility of organisational decisions.

13. CODE OF CONDUCT

The entity has an approved Code of Conduct that regulates the conduct of staff members. The SETA's Approved Constitution, read in conjunction with the Standard Constitution promulgated in terms of Section 13 of the SDA, provides for a code of conduct that governs the behaviour of members of the Board and its Committees. All new members joining the Board undergo an induction.

14. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The CATHSSETA is committed to fulfilling the requirements stipulated in the Occupational Health and Safety Act, 1993 (Act 85 of 1993). To this end, a Health and Safety Committee was established in March 2023 to monitor the health and safety of employees and their work environment. However, no training has yet been conducted for the Committee to effectively discharge its responsibilities. This training, along with the development of a Health and Safety Plan, will be undertaken in the next financial year.

15. BOARD SECRETARY

The SETA is a Schedule 3A public entity and is not classified as a State-Owned Company (SOC), which falls under Schedule 2 or 3B in terms of the Companies Act No. 71 of 2008, as amended. Therefore, it is not required to comply with Section 86 of this Act, which compels SOCs to appoint a Company Secretary who is accountable through the annual report on the governance arrangements in the entity. However, the Board Secretary of a Schedule 3A entity provides only secretarial and administrative support to the Board.

16. SOCIAL RESPONSIBILITY

In commemoration of the 67 minutes of Mandela Day, the CATHSSETA team, accompanied by Chief Executive Officer Mr Marks Thibela, visited Katha Day Care Centre in Katlehong, Gauteng, to hand over fleece blankets donated by staff members. The centre provides care for 75 children from the local community and also functions as an afternoon care facility. CATHSSETA is honoured to have played a role in supporting the centre's efforts by helping keep the children warm during the winter season.

17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Table 25: B-BBEE compliance

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regard to the following:		
Criteria	**Response Yes / No**	**Discussion**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	CATHSSETA does not issue licences.
Developing and implementing a preferential procurement policy?	Yes	CATHSSETA developed and implemented a Preferential Procurement Policy, which is aligned with the Preferential Procurement Regulations of 2022.
Determining qualification criteria for the sale of state-owned enterprises?	No	CATHSSETA is not involved in the sale of State-owned enterprises.
Developing criteria for entering into partnerships with the private sector?	Yes	CATHSSETA has developed and implements a Strategic Projects and Partnerships Policy that regulates partnerships with the private sector.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	Yes	CATHSSETA has established criteria for awarding skills development grants to employers seeking funding, as outlined in its Discretionary Grant Policy.

CATHSSETA geared up for Africa's Travel Indaba 2024 – strengthening partnerships for tourism growth.

18. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ending 31 March 2025.

In accordance with Section 51(1)(a)(ii) of the Public Finance Management Act (PFMA) and Treasury Regulation 27.1.8, the Committee confirms that it fulfilled its statutory obligations. The Committee operated under formally adopted Terms of Reference, outlined in the Audit and Risk Committee Charter, and conducted its affairs in full compliance with this Charter. All responsibilities defined in the Charter were discharged.

RISK MANAGEMENT

The Committee is satisfied with the risk management processes implemented within CATHSSETA. The organisation has an approved Risk Management Strategy and Framework, which was adopted by both the Audit and Risk Committee and the Board.

Key highlights include the following:

- A functioning Risk Management Committee, chaired by an independent member, who reports directly to the Audit and Risk Committee;
- Quarterly monitoring of strategic risks reports;
- A comprehensive risk management review was conducted during the year, which confirmed the successful implementation of the Enterprise Risk Management Framework;
- Combined Assurance Framework;
- Approved Risk Appetite and Tolerance and Statements; and
- Review of Risk Management and Fraud Prevention and Anticorruption Polices.

EFFECTIVENESS OF INTERNAL CONTROLS

Aligned with PFMA requirements, the Internal Audit function provided assurance to both management and the Committee regarding the adequacy and effectiveness of internal controls. This was accomplished through risk assessments and the recommendation of corrective and enhancement measures.

While reports from Internal Audit, the Auditor-General (AGSA), and management revealed instances of control weaknesses, the Committee is encouraged by significant improvements in general controls. Management proactively addressed these findings through targeted mechanisms and action plans.

The Internal Audit function continued to offer robust support to the Committee, reporting regularly to the Board and maintaining transparency. In addition, the Committee held independent meetings with both Internal Audit and AGSA to raise any sensitive concerns outside of management discussions.

Reports from the approved Annual Operational Internal Audit Plan highlighted areas requiring improvement and identified some shortcomings communicated by Internal Auditors. Follow-up audits on prior findings from AGSA and Internal Audit indicated steady progress.

While some remedial actions remain outstanding, AGSA will assess these during the next audit cycle. Overall, the effectiveness of the internal control environment was rigorously reviewed based on the results and conclusions drawn by Internal Audit.

The effectiveness of the internal control environment was assessed in relation to the results and conclusions made by Internal Audit.

#	Audit Activities	Audit Opinion
1	Institutional Compliance	Good
2	IT General Controls Review	Partially Adequate/ Partially Effective
3	IT Governance Audits	Needs Improvement
4	Cybersecurity Review	Partially Adequate/ Partially Effective
5	IT Application Control Review	Needs Improvement
6	Review of Draft AFS 2024-2025	Good
7	Interim Draft AFS 2024-2025	Needs Improvement
8	Discretionary and Mandatory Grants	Good
9	Financial Audit Reviews	Needs Improvement
10	Supply Chain Management and procurement	Good
11	Leave Management	Needs Improvement
12	Budget Process Review	Good
13	Asset Management review	Needs Improvement
14	Project Management and Site Visits Review	Good
15	Performance Reviews	Good
16	Review APP Indicators	Good

FOLLOW-UP ON PRIOR AUDIT FINDINGS

The Audit and Risk Committee reviewed feedback from follow-up audits conducted in response to findings raised by the Auditor-General of South Africa (AGSA) and Internal Audit in the previous financial year. We are pleased to report that significant progress has been made in addressing these issues. Eighty per cent of the concerns outlined in the prior Management Letter have been resolved; however, a few remedial actions remain under review and will be assessed by AGSA during the current audit cycle.

MANAGEMENT AND MONTHLY/QUARTERLY REPORTS

Management of CATHSSETA submitted monthly and quarterly reports to the Accounting Authority throughout the year. The Audit and Risk Committee is satisfied with the quality, consistency, and completeness of these reports. The following reports were submitted quarterly:

- Risk Management Reports;
- Quarterly Financial Reports;
- Expenditure Reports;
- Contracts/Commitment Register Updates;
- Progress on the Procurement Plan;
- Investment Reports;
- Information and Communication Technology Reports;
- Legal and Compliance Reports;
- Quarterly Performance Information Reports; and
- Internal Audit Review.

These reports provided valuable insights into the organisation’s operational and financial performance and supported effective oversight by the Committee.

PERFORMANCE MANAGEMENT

The Committee received quarterly reports on performance information, which included assessments by management and Internal Audit regarding the achievement of set objectives and the adequacy of supporting evidence.

While the Committee acknowledges a general improvement in control measures compared to previous reporting periods and an astonishing 96% achievement, it noted a repeat finding within Programme 3: Learning Programme, specifically on one performance target regarding the usefulness and measurability of this finding. These shortcomings need to be addressed in order to strengthen performance management processes and more rigorous documentation practices and reviewing of information to ensure alignment between reported results and measurable outcomes.

EVALUATION OF FINANCIAL STATEMENTS

The Committee met with management to discuss the 2024/25 Annual Financial Statements and reviewed the high-level assessment report submitted by Internal Audit. Further engagement with AGSA took place on 28 July 2025, during which the Committee deliberated on the external audit report.

AUDITOR'S REPORT

We welcome the audit opinion expressed by AGSA in the 2024/25 Annual Financial Statements and Performance Information, and the committee concurs with the external auditor's conclusions. These financial statements should be read in conjunction with the Auditor's Report.

CONCLUSION

The Audit and Risk Committee remains committed to promoting sound governance, effective risk management, and strong internal controls. We acknowledge and commend the efforts of management and Internal Audit in driving continuous improvement and maintaining accountability across the organisation.

Ms Noziphiwo Lubanga
Chairperson of the Audit and Risk Committee

PART D
HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

1.1. OVERVIEW OF HUMAN RESOURCE MATTERS AT THE PUBLIC ENTITY

The main objective of Human Capital Management and Development (HCM & D) is to ensure that people with the required knowledge and competencies are recruited, efficiently and optimally utilised, and developed. Secondly, the Unit is responsible for the development of sound human resources policies and practices, as well as ensuring efficient recruitment processes. The unit is also responsible for providing employee health and wellness programmes. The approved organisational structure of CATHSSETA comprises 77 positions. As of year-end, two (2) positions were vacant, as the incumbents left the entity in January and February 2025.

1.2. SET HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

In the year under review, the organisation prioritised the review of 11 human resources policies and the development of two (2) new policies, the training and development of all employees through bursaries, short courses, and mentoring, and the improvement of employee engagement by conducting a climate survey. Secondly, the organisation prioritised compliance with human resources-related legislation by establishing and training the Employment Equity Committee, approving the Employment Equity Plan, and establishing and training the Health and Safety Committee, which monitors the implementation of the health and safety programme. Lastly, the organisation embarked on a project to review its operating model to ensure alignment with its business model and organisational structure. This project will be finalised in the next financial year. The impact of implementing these priorities has been a reduction in staff turnover.

1.3. WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

The organisation has developed an online application titled *e-Recruit*, which digitises the recruitment process, replacing what was previously a manual, cumbersome, and inefficient system. Secondly, the organisation has approved an Employee Engagement Policy which makes provision for the implementation of several strategies to attract, recruit, and retain employees. Among these are the continued implementation of the Remote Work Policy, performance recognition and rewards, training and development of staff, and the implementation of the health and wellness programme. A climate survey was conducted to assess employee engagement levels, with its recommendations used to help create a positive work environment as part of the organisation's Employee Value Proposition (EVP). There has been commendable progress, as some of the recommendations from this initiative have already been implemented.

1.4. EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The Employee Performance Management Framework is critical to the organisation as it provides a structured approach to setting performance goals, measuring progress, and providing feedback to relevant stakeholders. In the year under review, the Performance Management Policy was reviewed. This review introduced a new dimension to the assessment of Executives and Managers, who are now evaluated not only on Key Performance Areas, but also on Key Competencies. The performance of the organisation is measured based on the achievement of targets set out in the APP, which constitutes one of the three factors used to determine the overall performance of Executives and Managers.

1.5. EMPLOYEE WELLNESS PROGRAMMES

CATHSSETA recognises the importance of the health and wellness of its employees and the impact it has on performance and productivity. As such, it continually invests in the Employee Health and Wellness Programme (EHWP), which supports employees and their families in dealing with personal life challenges such as trauma, grief, substance abuse, and mental wellness, among others. Various wellness events were held, focusing on cancer awareness, mental health awareness, and information on monkeypox. These initiatives aimed to equip employees with coping mechanisms and empower them to realise their full potential. As part of the health and wellness services, counselling services are provided 24/7 to employees and their immediate family members.

1.6. POLICY DEVELOPMENT

The organisation reviews policies on a biennial basis or as required by legislative changes, in accordance with the Policy Framework for the Development of Policies. This process ensures that policies remain relevant and responsive to the changing internal and external environment. Eleven policies were reviewed during the year. It is important to note that the review and development of policies were undertaken in consultation with all relevant stakeholders.

1.7. HIGHLIGHTS AND ACHIEVEMENTS

Despite a series of internal challenges experienced during the period, the entity remained functional. The entity recorded a low staff turnover, with a vacancy rate of 2,6% at the end of the period under review. The entity finalised the Climate Survey project, which identified both areas of strength and those requiring improvement, in comparison to the previous survey conducted in 2018. Towards the end of the financial year, the entity automated the Performance Management System to enable the online submission of performance agreements and reviews. Implementation of the system will take place in the next financial year. To improve operational efficiency, various policies and Standard Operating Procedures (SOPs) were developed, revised, and implemented. In addition, the organisation automated the recruitment process to enhance efficiency and improve the turnaround time for filling vacancies.

1.8. CHALLENGES FACED BY THE PUBLIC ENTITY

The entity is unable to remain within the 10,5% administration cost limit, as compensation of employees remains the main cost driver. This makes it difficult to increase the number of positions in the organisational structure.

1.9. FUTURE HR PLANS/GOALS

Future goals include the review of and update of selected policies, the development of Standard Operating Procedures (SOPs) to guide the performance of various functions within Human Capital Management and Development (HCMD), and the phased implementation of the automated performance management system. Lastly, the organisation aims to finalise the review of its operating model.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Table 26: 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 expenditure (R'000)	Number of employees	Average personnel cost per employee R'000
Administration	138 286	69 983	51%	77	909
TOTAL	**138 286**	**69 983**	**51%**	**77**	**909**

Table 27: Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	Number of employees	Average personnel cost per employee (R'000)
Top management	3 059	4%	1	3 059
Senior management	9 098	13%	4	2 275
Professional qualified	26 607	38%	23	1 157
Skilled	15 856	23%	22	721
Semi-skilled	14 344	20%	24	598
Unskilled	1 019	1%	3	340
TOTAL	**69 983**	**100%**	**77**	**8 148**

Table 28: Performance rewards

Programme/activity/objective	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total Personnel cost
Top management	364	3 059	1%
Senior management	948	9 098	1%
Professional qualified	3 342	26 607	5%
Skilled	2 100	15 846	3%
Semi-skilled	2 153	14 344	3%
Unskilled	182	1 019	0%
TOTAL	**9 089**	**69 983**	**13%**

Table 29: Training costs

Programme/activity/objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	Number of employees trained	Average training cost per employee (R'000)
Administration	69 983	1 562	2%	72	22
TOTAL	**69 983**	**1 562**	**2%**	**72**	**22**

Table 30: Employment and vacancies

Programme/ activity/ objective	2024/25 Number of employees	2024/25 Approved posts	Percentage of vacancies
Administration	75	77	2,6%

Table 31: Employment and vacancy rate by personnel category

Programme/activity/objective	2024/25 Number of employees	2024/25 Approved posts	2024/25 Number of employees	2024/25 Vacancies	Percentage of vacancies
Top management	1	1	1	-	-
Senior management	4	4	4	-	-
Professional qualified	22	23	22	1	-
Skilled	22	22	22	-	-
Semi-skilled	23	24	23	1	-
Unskilled	3	3	3	-	-
TOTAL	**75**	**77**	**75**	**2**	**2,6%**

Table 32: Employment changes

Salary band	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Top management	1	-	-	1
Senior management	4	-	-	4
Professional qualified	23	-	1	22
Skilled	22	1	1	22
Semi-skilled	24	1	2	23
Unskilled	3	-	-	3
TOTAL	**77**	**2**	**4**	**75**

Table 33: Reasons for staff leaving

Reason	Number	Percentage of total number of staff leaving
Death	-	-
Resignation	4	5,2%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
TOTAL	**4**	**5,2%**

Table 34: Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	1
Written warning	2
Final written warning	-
Dismissal	-
Precautionary suspensions	-
TOTAL	**3**

Table 35: Employment target and employment equity (male)

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	-	-	-	-	-	-	-
Senior management	1	-	-	-	-	-	-	-
Professional qualified	8	-	-	-	-	-	-	-
Skilled	5	-	-	-	-	-	-	-
Semi-skilled	8	-	-	-	-	-	-	-
Unskilled	1	-	-	-	-	-	-	-
TOTAL	**24**	-	-	-	-	-	-	-

Table 36: Employment target and employment equity (female)

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	-	-	-	-	-	-	-	-
Senior management	3	-	-	-	-	-	-	-
Professional qualified	14	-	-		-	-	1	
Skilled	14	-	1	-	2	-	-	-
Semi-skilled	13	-	-	-	1		-	-
Unskilled	2	-	-	-	-	-	-	-
TOTAL	**46**	-	**1**	-	**3**	-	**1**	-

Table 37: Employment target and employment equity (persons with disability)

Levels	Staff With Disabilities			
	Male		Female	
	Current	Target	Current	Target
Top management	-	-	-	-
Senior management	-	-	-	-
Professional qualified	-	-	-	-
Skilled	-	-	-	-
Semi-skilled	-	1	-	-
Unskilled	-	-	-	1
TOTAL	-	1	-	1

The Learning Programmes Department Team, seated from left to right are Management Team, Mr Tebogo Modise, Ms Lungile Dlamini, Ms Lebogang Mpye, Ms Martha Collett and the rest of the team.

The Eastern Cape, Northern Cape, and Western Cape Regional Office Team with the Executive Manager for Learning Programmes, Ms Lebogang Mpye. From left to right: Ms Nomvumeko Senti, Ms Namhla Mdyeshana, Ms Lebogang Mpye, Ms Martha Collett, and Ms Thandile Salaze.

The Learning Programmes Management from left to right, Mr Tebogo Modise (Manager: Administration and Management), Ms Lungile Dlamini (Regional Manager: KwaZulu-Natal and Free State Provinces), Ms Lebogang Mpye (Executive Manager: Learning Programmes) and Ms Martha Collett (Eastern Cape, Northern Cape and Western Cape Provinces).

The Gauteng, North West, Mpumalanga, and Limpopo Regional Office Team with the Executive Manager for Learning Programmes, Ms Lebogang Mpye. From left to right: Ms Keabetswe Matolong, Mr Sizani Mbambo, Ms Lebogang Mpye, and Ms Pulane Mothobeki.

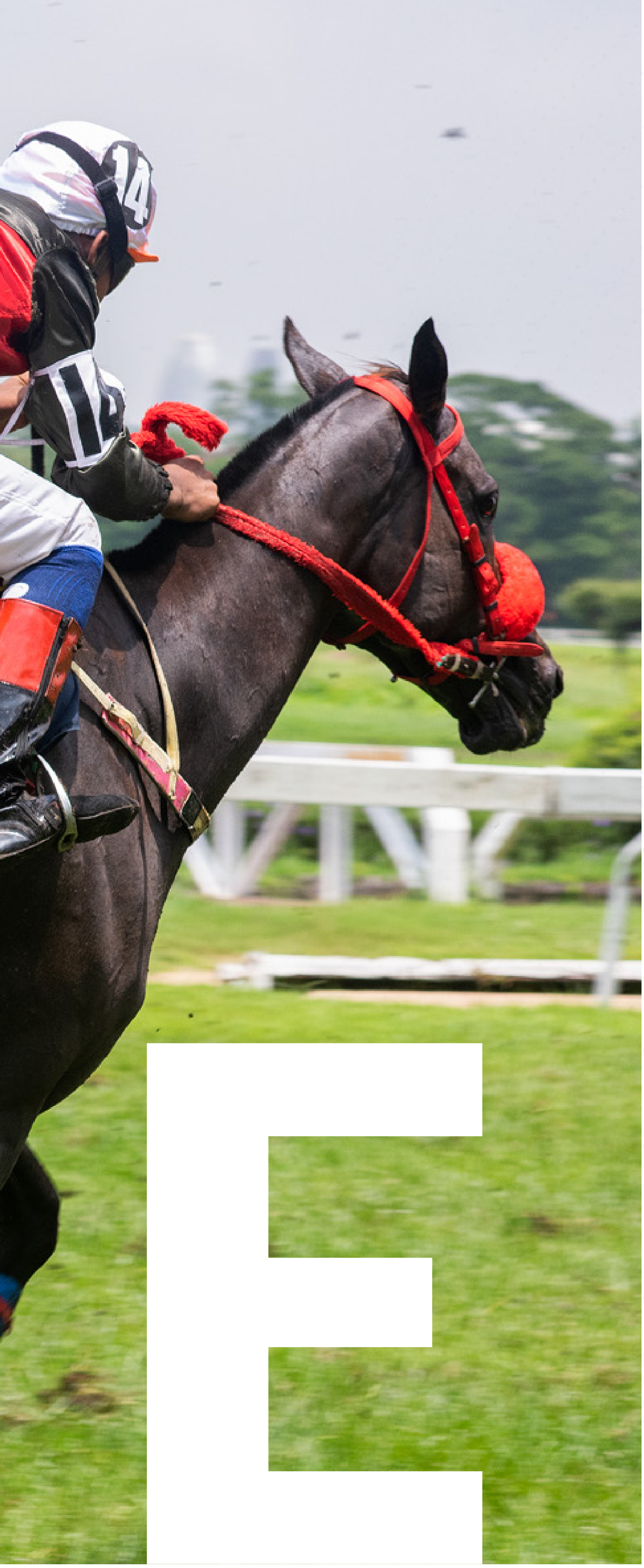
The KwaZulu-Natal and Free State Regional Office Team with the Executive Manager for Learning Programmes, Ms Lebogang Mpye. From left to right, Ms Yooshika Naicker, Ms Lungile Dlamini, Ms Lebogang Mpye and Mr Lehlohonolo Paleli.

Office of the CEO Team, from left to right, Ms Zodwa Mabengu, Ms Elisa Khumalo, Ms Johanna Motaung, Mr Marks Thibela, Mr Jerry Mokadikwa and Ms Ntombizodwa Rikhotso.

Executive Management Team, from left to right, is Dr Tebogo Umanah (Executive Manager: Research, Monitoring and Evaluation), Ms Hellen Shube (Executive Manager: Corporate Services), Mr Marks Thibela (CEO) and Ms Lebogang Mpye (Executive Manager: Learning Programmes).

Corporate Services Management Team, from left to right, Mr Luthando Njovane, Ms Hellen Shube, Ms Nosipho Damane and Mr Samuel Lebepe.

Administration and Management Team, from the left to right, Ms Nolwazi Lebepe, Ms Thokozile Kgasoane, Mr Zwakele Langa, Mr Tebogo Modise, Ms Thabi Dlamini and Ms Tshegofatso Aphane.



PART E
PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening balance	**36 029**	**36 029**
Add: Irregular expenditure confirmed	44	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	(25 367)	-
Less: Irregular expenditure recoverable[1]	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	**10 707**	**36 029**

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure that was under determination	-	13 517
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	44	-
Total	**44**	**13 517**

b) Details of irregular expenditure removed - (not condoned)

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure NOT condoned and removed	25 367	-
Total	**25 367**	-

1.2. FRUITLESS AND WASTEFUL EXPENDITURE

a) Reconciliation of fruitless and wasteful expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening balance	**5 493**	**5 474**
Add: Fruitless and wasteful expenditure confirmed	55	19
Less: Fruitless and wasteful expenditure recoverable[2]	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	(358)	-
Closing balance	**5 190**	**5 493**

Three cases of fruitless and wasteful expenditure related to the following:

- *Traffic fines;*
- *Interest and penalties on late payments to the Retirement Fund; and*
- *Travel and accommodation that were cancelled for reasons beyond the SETA's control.*

Reconciling notes

1 Transfer to receivables

2 Transfer to receivables

Description	2024/25	2023/24
	R'000	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	55	19
Total	**55**	**19**

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

Description[3]	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	19
Total	**-**	**19**

c) Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
Fruitless and wasteful expenditure was investigated, and no culpability was found in respect of staff. Therefore, no disciplinary steps were taken.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	7 546	499 948
Invoices paid **within** 30 days or the agreed period	7 416	473 602
Invoices paid **after** 30 days or the agreed period	117	25 136
Invoices older than 30 days or the agreed period (***unpaid and without dispute***)	2	17
Invoices older than 30 days or the agreed period (***unpaid and in dispute***)	11	1 193

Internal controls failed to detect all invoices submitted to the Finance Department for processing. To address this, Management plans to upgrade the SAGE system during the 2025/26 financial year and include a workflow feature to track all invoices submitted to the Finance Department ensuring that payments are processed in a timely manner.

3 Group similar items

3. SUPPLY CHAIN MANAGEMENT

3.1. PROCUREMENT BY OTHER MEANS

Project description	Name of supplier	Type of procurement by other means	Value of contract R'000
Research Conference	North-West University	Single source	14
Africa Travel Indaba exhibition stand	Synergy Business Events	Sole source	141
Supply and delivery of twenty thousand (20 000) litres of diesel	City Properties	Single source	461
OHS Committee training	NOSA (Pty) Ltd	Single source	18
CaseWare licence renewal	Adapt IT	Single source	126
Sage licence renewal	SAGE SA	Single source	69
ESG Africa Conference 2024	ESG Africa Events (Pty) Ltd	Single source	7
Catering services for the Hockey World Cup volunteer programme	Langley's Catering Services	Single source	30
Caseware training for Finance	Adapt IT	Single source	74
Catering services for the Hockey World Cup volunteer programme	Langley's Catering Services	Single source	50
Induction workshop for Board members	National School of Government	Single source	78
Sage 300 people payroll and HR training	Sage SA	Single source	50
Sign language interpretation services	Deaf Federation South Africa	Single source	7
Sage payroll annual licence renewal from 1 March 2025 to 28 February 2026	Sage SA	Single source	96

3.2. 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
There were no variations above 15%.						

Corporate Services Department Team, from left to right, Mr Donald Seshoka, Mr Luthando Njovane, Mr Felix Ngcaweni, Ms Mpho Matamela, Ms Noxolo Xhalabile, Ms Nosipho Damane, Mr Kagiso Gaelesiwe, Ms Bonisile Shandu, Ms Portia Vukea, Ms Leela Alexander, Ms Hellen Shube, Mr Itumeleng Senatle, Ms Bikwaphi Dephney Mahlangu, Ms Qaqamba Marareni and Mr Samuel Lebepe.

Finance Team, from left to right, Mr Mphodisa Aphane, Ms Nthabi Maluleka, Mr Mongenzi Nhlapo, Ms Lebogang Nhlapo, Mr Sadwiel Manganyi and Ms Khosi Kunene.

Research, Monitoring and Evaluation Team, from left to right, Ms Happy Gobuapelo, Mr Alpheus Kganyago, Dr Tebogo Umanah, Mr Keabetswe Mabale and Dr Siviwe Tywabi.

PART F
FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL TO ACCOUNTING AUTHORITY ON THE CULTURE, ARTS, TOURISM, HOSPITALITY, AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Culture, Arts, Tourism, Hospitality, and Sport Sector Education and Training Authority set out on pages 98 to 145, which comprise the statement of financial position as at 31 March 2025, the statement of financial performance, statement of changes in net assets and 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, the financial statements present fairly, in all material respects, the financial position of the Culture, Arts, Tourism, Hospitality, and Sport Sector Education and Training Authority 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for Opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Prior period errors

7. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2025.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and the SDA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 92, forms part of my auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

12. 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.

13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected the programmes that measures 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 – Skills planning	36	This programme ensures that research is conducted to inform planning, in order to provide information services that inform decision-making, leading to the achievement of the predetermined strategic objectives of CATHSSETA.
Programme 3 – Learning programmes and projects	36 - 43	This programme establishes partnerships and facilitates the delivery of skills development, and to provide support services for the sector. This programme comprises: Occupationally Directed Programmes, Special Projects and Mandatory Grant and Discretionary Grant.
Programme 4 – Quality assurance	43 - 45	This programme ensures successful quality assurance delivery of skills development learning interventions and results, through monitoring and evaluation, in order to improve and transform the sector.

14. 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.

15. 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
- 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 taken to improve performance.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

17. I did not identify any material findings on the reported performance information of Programme 2: Skills planning and Programme 4: Quality assurance.

18. The material findings on the reported performance information for the selected programme are as follows:

Programme 3: Learning programmes and projects

3.3.1.4 % of Discretionary Grant budget allocated at developing high-level, intermediary and elementary occupations in high demand

19. An achievement of 100% of the pivotal budget committed in signed contracts was reported against a target of 90% of the pivotal budget allocated in signed contracts. I could not determine whether the reported achievement was correct as adequate supporting evidence to clarify the methods and processes used to measure the achievement were not provided. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target has been achieved.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.

22. The table that follows provides information on the achievement of planned targets and lists the key 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 39 and 42 respectively.

Programme 3: Learning programmes and projects

Targets achieved: 96%

Budget spent: 48%

Key indicators not achieved	Planned target	Reported achievement
Number of employed learners completing RPL programmes	35	0
Number of Mandatory Grant (MG) applications approved for small employers	635	624

Material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 3: learning programme and projects. Management did not correct all the misstatements and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

24. 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.

25. 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.

26. 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, 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.

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

follows:

Annual financial statements

28. The annual financial statements submitted for audit were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA.

29. Material misstatements of in the receivables from non-exchange transactions, debt impairment and related parties identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

OTHER INFORMATION IN THE ANNUAL REPORT

30. 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 in this auditor's report.

31. My opinion on the financial statements, and my reports on the audit of the annual performance report and 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.

32. 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.

33. I did not receive the other information prior to the date of this audit report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

34. 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.

35. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

36. Management did not implement adequate internal controls to ensure the preparation of accurate financial statements, and annual performance report as material misstatements were identified in the submitted financial statements and annual performance report.

37. Management did not adequately review and monitor compliance with applicable laws and regulations as a material non-compliance was identified.

38. Management did not exercise effective review processes to ensure that the annual financial statements are adequately reviewed prior to submission for audit, resulting in incomplete disclosure.

Auditor - General

Pretoria
31 July 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entities' 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 entities' 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 the 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:

Legislation	Sections or regulations
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
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); Section 45(4); 46(1)(a); 46(1)(b); 46(1)(c); Section 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction note. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction note. 5 of 202/21	Paragraph 2
National Treasury instruction note 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury instruction note 1 of 2021/22	Paragraph 4.1
National Treasury instruction note 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction note 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction note 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 note 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM instruction note 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)
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)

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	To facilitate skills development within our sub-sectors through the disbursement of grants for learning programmes and monitoring of education and training as outlined in the National Skills Development Strategy (NSDS). We operate in the following sub-sectors: Arts, Culture and Heritage, Conservation, Gaming and Lotteries, Hospitality, Sport, Recreation and Fitness, Tourism and Travel Services.
REGISTERED OFFICE	270 George Road Midrand, Johannesburg 1685
POSTAL ADDRESS	P.O. Box 1329, Rivonia, 2128
AUDITORS	Auditor-General of South Africa
REGISTRATION NUMBER	25/CATHSSETA/1/04/20

CONTENTS

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is charged by the Public Finance Management Act (Act 1 of 1999) (PFMA) with the responsibility to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information in this report. It is the Accounting Authority's responsibility to ensure that the annual financial statements fairly represent the state of affairs for the CATHSSETA as at the end of the financial year and the results of its operations and cash flow for the period then ended, in conformity with South African Standards of Generally Recognised Accounting Practice (Standards of GRAP) including any interpretations of such statements by the Accounting Standards Board. The external auditors are engaged to express an independent opinion on these annual financial statements.

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provided a reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements. However, any system of internal control can provide only reasonable and not absolute assurance against material misstatement or losses.

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

The annual financial statements set out on pages 98 - 145, which have been prepared on the basis of accounting policies applicable to a going concern, were approved by the accounting authority on 31 May 2025 and were signed on its behalf by:

Mr Marks Thibela
Accounting Authority

Statement of Financial Position as at 31 March 2025

	Note(s)	March 2025 R '000	March 2024 Restated* R '000
Assets			
Current Assets			
Inventories	3	174	270
Receivables from exchange transactions	4	1 821	962
Receivables from non-exchange transactions	5	34 023	48 356
Cash and cash equivalents	6	840 921	885 573
		876 939	**935 161**
Non-Current Assets			
Property, plant and equipment	7	11 781	10 903
Intangible assets	8	1 900	3 499
Infrastructure - under construction	9	20 520	20 520
		34 201	34 922
Total Assets		**911 140**	**970 083**
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	5 014	4 460
Payables from non-exchange	11	63 430	15 993
Provisions	12	135 769	73 898
Finance lease obligation	13	92	211
		204 305	**94 562**
Non-Current Liabilities			
Finance lease obligation	13	-	43
Total Liabilities		**204 305**	**94 605**
Net Assets		**706 835**	**875 478**
Reserves			
Administration reserve		6 594	6 594
Discretionary reserve		700 241	868 884
Total Net Assets		**706 835**	**875 478**

Statement of Financial Performance

	Note(s)	2025 R '000	2024 R '000
Revenue			
Revenue from exchange transactions			
Other income	14	426	154
Interest received	15	67 518	64 795
Total revenue from exchange transactions		**67 944**	**64 949**
Revenue from non-exchange transactions			
Transfer revenue			
Government levies	16	19 561	18 527
Skills Development Levies: Income	17	503 788	446 107
Skills Development Levies: Fines and Penalties	18	2 635	4 009
Service in kind	19	1 026	983
Total revenue from non-exchange transactions		**527 010**	**469 626**
Total revenue		**594 954**	**534 575**
Expenditure			
Employee related costs	20	(69 983)	(66 650)
Depreciation and amortisation	21	(3 187)	(2 864)
Finance costs	22	(17)	(47)
Lease rentals on operating lease	23	(4 493)	(4 475)
Debt Impairment	24	(30 641)	-
Employer grant and project expenses	25	(625 313)	(322 206)
Loss on disposal of assets	26	(315)	(315)
General Expenses	27	(29 650)	(24 344)
Total expenditure		**(763 599)**	**(420 901)**
(Deficit) surplus for the year		**(168 645)**	**113 674**

Statement of Changes in Net Assets

	Administration reserve R '000	Employer grant reserve R '000	Discretionary grant reserve R '000	Total net assets R '000
Opening balance as previously reported	8 093	-	755 207	763 300
Prior period adjustments 33	(1 500)	-	-	(1 500)
Restated*Balance at 01 April 2023	**6 593**	**-**	**755 207**	**761 800**
Prior period adjustments 32	-	-	(40 518)	(40 518)
Surplus as per Statement of Financial Performance	(39 985)	47 307	106 352	113 674
Appropriation of reserves	39 985	(47 306)	47 743	40 422
Restated*Balance at 01 April 2024	**6 593**	**-**	**868 884**	**875 478**
Surplus as per Statement of Financial Performance	(72 165)	52 391	(148 871)	(168 645)
Appropriation of reserves	72 165	(52 391)	(19 772)	2
Balance at 31 March 2025	**6 593**	**-**	**700 241**	**706 835**

Note(s)

Cash Flow Statement

	Note(s)	2025 R '000	2024 R '000
Cash flows from operating activities			
Receipts			
Other income		161	154
Levies, interest, and penalties received		507 180	456 017
Interest income	15	66 881	64 501
		574 222	**520 672**
Payments			
Employer, Discretionary grants and project payments		(509 459)	(283 393)
Finance costs		(17)	(47)
Payments to suppliers and employees		(106 434)	(91 180)
		(615 910)	**(374 620)**
Net cash flows from operating activities	**28**	**(41 688)**	**146 052**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2 802)	(5 519)
Purchase of infrastructure - under construction	9	-	(3 270)
Net cash flows from investing activities		**(2 802)**	**(8 789)**
Cash flows from financing activities			
Finance lease		(162)	(133)
Net increase/(decrease) in cash and cash equivalents		**(44 652)**	**137 130**
Cash and cash equivalents at the beginning of the year		885 573	748 443
Cash and cash equivalents at the end of the year	6	**840 921**	**885 573**

Statement of Comparison of Budget and Actual Amounts

Budget 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
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions	-	-	-	**426**	**426**	**36.1**
Other income						
Interest received	28 120	47 806	**75 926**	67 518	**(8 408)**	36.2
Revenue from non-exchange transactions						
Transfer revenue						
Levies	433 503	44 144	**477 647**	503 788	**26 141**	36.3
Government grants and subsidies	-	-	-	19 561	**19 561**	36.4
Fines and Penalties	-	-	-	2 635	**2 635**	36.5
Service in kind	-	-	-	1 026	**1 026**	
Total revenue	**461 623**	91 950	553 573	594 954	41 381	
Expenditure						
Administration expenses)	(95 623	(31 858)	**(127 481)**	(137 954)	**(10 473)**	36.6
Finance costs	-	-	-	(17)	**(17)**	
Employer grants and project expenses	**(623 326)**	(685 114)	**(1 308 440)**	(625 313)	**683 127**	36.7
Total expenditure	**(718 949)**	**(716 972)**	**(1 435 921)**	**(763 284)**	672 637	
Operating deficit	**(257 326)**	**(625 022)**	**(882 348)**	**(168 330)**	714 018	
Loss on disposal of assets	-	-	-	(315)	**(315)**	
Surplus/(deficit) for the period	**(257 326)**	**(625 022)**	**(882 348)**	**(168 645)**	713 703	

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), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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, which is the functional currency of the CATHSSETA. All amounts are rounded to R'000.

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

1.1 Going concern assumption

The CATHSSETA remains solvent and liquid to be able to continue operations within the foreseeable 12 months and therefore these annual financial statements have been prepared based on the expectation that the CATHSSETA will continue to operate as a going concern.

1.2 Significant judgements and sources of estimation uncertainty

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

Trade receivables / Held to maturity investments and/or loans and receivables

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

Allowance for slow moving, damaged and obsolete stock

An allowance has been made for stock to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the notes to the Financial Statements as per Inventory Note 3.

Fair value estimation

The fair value of financial instruments is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the CATHSSETA is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the CATHSSETA for similar financial instruments.

Impairment testing

The recoverable amounts and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The CATHSSETA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

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

Useful lives of assets

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

Effective interest rate

The CATHSSETA used the prime interest rate to discount future cash flows.

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.

1.3 Property, plant and equipment

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

Initial Recognition

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 CATHSSETA; and
- the cost of the item can be measured reliably.

Initial Measurement

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 asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the CATHSSETA is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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.

Assets under construction (Work in Progress) represents capital expenditure incurred on projects not yet completed nor ready for use at period end. On completion of the project, they are derecognised on transfer to the relevant beneficiary.

Subsequent Measurement

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	5 - 20 years
Motor vehicles	Straight-line	5 - 15 years
Office equipment	Straight-line	8 - 15 years
IT equipment	Straight-line	2 - 10 years

The CATHSSETA acquires and maintains assets to provide, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined for all the CATHSSETA assets.

The useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the CATHSSETA to amend the previous estimate unless expectations differ from the previous estimate.

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

De-recognition

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 and will be classified as revenue. 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.

Review of Useful Lives

At each reporting period, the pattern of expected use and remaining useful lives of the assets are assessed. Whilst the asset management policy includes depreciation rates, the depreciation rates each year are assessed based on the pattern of use and management's intended use of the asset. Adjustments are made in the fixed asset register in line with GRAP 17.

1.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identified as an intangible asset when it:

- is capable of being separated or divided from the CATHSSETA and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, or
- arises from contractual rights or other legal rights, regardless of whether those rights are transferable or separable from the CATHSSETA or from other rights and obligations. An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably. Intangible assets are initially recognised at cost.

When an intangible asset is acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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.

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 intangible assets	Straight-line	3 - 6 years

The CATHSSETA discloses relevant information relating to intangible assets in the notes to the financial statements (see note 8).

Intangible assets are derecognised:

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

1.5 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.

Initial recognition

The CATHSSETA recognises a financial asset or a financial liability in its statement of financial position when the CATHSSETA becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The CATHSSETA measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The CATHSSETA measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value;
- Financial instruments at amortised cost; and
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Classification

The CATHSSETA has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

The CATHSSETA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

Reclassification

The CATHSSETA does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the CATHSSETA cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the CATHSSETA reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the CATHSSETA reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The CATHSSETA assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the CATHSSETA currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for de-recognition, the CATHSSETA does not offset the transferred asset and the associated liability.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

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 required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.7 Inventories

The CATHSSETA's inventories constitutes of consumable goods held for distribution in day-to-day operations.

Initial Measurement

Inventories are initially measured at cost, except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition. Costs of inventories include all costs incurred in getting inventory into place of use as intended by management.

Subsequent Measurement

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

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

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

Write-downs

The amount of any write downs of inventories are recognised as an expense in the period the write down occurs. The amount of any reversal of write downs of inventory, arising from an increase in net realisable value or current replacement cost, are recognised as an income in the period in which the reversal occurs.

De-recognition

When inventories are distributed, the carrying amounts of those inventories are recognised as an expense in the period in which the inventory is used.

1.8 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

1.9 Impairment of non-cash-generating assets

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

At each reporting date a review is carried out to determine whether there are any indications that any assets and non-cash generating units may be impaired. If such indications exist, the recoverable amounts of the affected assets are determined.

Where the recoverable amount of an asset or non-cash-generating unit is lower than its carrying amount, an impairment loss is recognised in surplus or deficit in respect of assets at historic cost, and recognised in the revaluation reserve in respect of assets at revalued amounts.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Employee benefits

Employee benefits are all forms of consideration given by the CATHSSETA in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve 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 twelve 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 twelve 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 CATHSSETA during a reporting period, the CATHSSETA recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the CATHSSETA 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 CATHSSETA measures the expected cost of accumulating compensated absences as the additional amount that the CATHSSETA expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The CATHSSETA recognises the expected cost of performance bonus, incentive and performance related payments when the CATHSSETA 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 CATHSSETA has no realistic alternative but to make the payments.When an employee has rendered service to the CATHSSETA during a reporting period, the CATHSSETA recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

1.11 Provisions and contingencies

Provisions are recognised when:

- the CATHSSETA 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.

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity.

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 CATHSSETA 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 35.

Project Provision

CATHSSETA allocates funding to stakeholders for Learning Programmes in terms of its legislated mandate. The Learning Programmes includes Learnership, Bursaries, Apprenticeships, Work Intergrate Learning, Skills programmes, Recognition of prior of Learning, Adult Education and Training as well as non-pivotal programmes such as research, short courses etc.

Contracts are concluded with stakeholders for these programmes and tranche payments are made when certain deliverables are met. As at year end, a provision is recognised for payments where the amount, the timing and the number of learners is uncertain. Payments that are due after year end are recognised as commitments.

1.12 Commitments

Items are classified as commitments when the CATHSSETA has committed itself to future transactions that will normally result in the outflow of cash. A commitment is disclosed to the extent that it has not already been recognised elsewhere in the financial statements.

At the end of each financial period the CATHSSETA determines commitments in respect of expenditure that has been approved and contracted for which is then disclosed as a note in the annual financial statements (Refer to note 30 and 31).

Operating Commitments

Transactions are classified as commitments when the SETA has committed itself to future transactions that will normally result in the outflow of cash. Operating commitments are disclosed in a note to the financial statements in respect of unrecognised contractual commitments.

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 something other than the routine, steady, state business of the CATHSSETA – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Discretionary grant commitments

Discretionary grant commitments are recorded when the grant application has been approved and contracted through an approval letter and a signed contract by the employer and CATHSSETA. Commitments are included in the disclosure note to the financial statements. Commitments are derecognised when:

- Employers/grant recipients fail to register enrolments within the stipulated time lines or cancel before registration
- The grant programmes are terminated through a signed termination agreement; or
- When employers/grant recipients submit grant claim forms together with all the supporting documents as required by the Grant Funding Policy.

To achieve a fair presentation the SETA also discloses grant commitments that are out of contract as the SETA usually receives claims for these programmes after year end due to delays in the submission of completion reports and grant claim forms.

1.13 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 CATHSSETA 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.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

Revenue arising from the use by others of CATHSSETA assets yielding interest or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.14 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.

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.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the CATHSSETA satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the CATHSSETA.

When, as a result of a non-exchange transaction, the CATHSSETA recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue. The CATHSSETA has the following types of revenue from non-exchange transaction.

Skills Development Levy (SDL) Income

On a monthly basis, employers operating in the Culture, Arts, Tourism, Hospitality and Sports Sector collects 1% SDL levy from all their employees, to fund skills development intervention. The total value of each employers' contribution is dependent on the number of employees employed by that particular SDL Contributor.

SDL Interest and Penalties

This revenue relates to inflows emanating from interest and penalties charged for incorrect and/or late payments by SDL Contributors.

Government Levies

These levies arise from payments made from National and Provincial Departments in accordance with the Department of Public Service and Administration (DPSA) circular, Circular No: Human Resource Development (HRD) 1 of 2013.

Adjustments to revenue already recognised, arise from the completion of a South African Revenue Services (SARS) internal review process, and/or the outcome of an external appeal or objection process undertaken by employer companies. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process.

Refunds are recovered directly from monthly revenues by SARS, and CATHSSETA recognises revenue on net basis as and when it becomes receivable. The SETA has no access to or control to the appeal or review process carried on by SARS, and hence could not reasonably be expected to have access to reliable information at the initial stage of recognition. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process are therefore accounted for as a change in accounting estimate, and not as a correction of an error.

In instances where SARS has made adjustments to revenue and CATHSSETA has made payments to employer companies with regards to mandatory grants and the adjustments results in a recovery of mandatory grants paid, CATHSSETA raises a receivable and revenue for the difference between the revised mandatory grant amount and amount paid.

Services in-kind

Except for financial guarantee contracts, the CATHSSETA 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.

1.15 Statutory receivables Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another CATHSSETA 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.

Recognition

The CATHSSETA recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the CATHSSETA and the transaction amount can be measured reliably.

The CATHSSETA initially measures statutory receivables at their transaction amount.

Subsequent measurement

The CATHSSETA measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Impairment losses

The CATHSSETA assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent;
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation;
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied); and
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the CATHSSETA measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, the CATHSSETA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the CATHSSETA discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The CATHSSETA derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the CATHSSETA:
    - derecognise the receivable; and
    - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The CATHSSETA considers whether any newly created rights and obligations are within the scope of the Standard of Generally Recognised Accounting Practice (GRAP) on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.16 Mandatory and Discretionary Grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form, within the agreed upon cut-off period, and the application has been approved as the payment then becomes probable. The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period.

Discretionary Grant

The CATHSSETA 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 conditions are complied with.

Project expenditure comprises:

- Costs that relate directly to the specific contract;
- Costs that are attributable to contract activity in general and can be allocated to the project;
- General administration costs for the use of facilities and other services rendered to or on behalf of SETA;
- Such other costs are as specifically chargeable to the SETA under the terms of the contract; and Employee costs for the Education, Training and Quality Assurance (ETQA) unit.

Project costs means costs payable for an approved project funded through a discretionary grant. Therefore, project administration costs to be covered by a maximum of 7.5% relates to employee costs, rent, water and lights, legal fees, postage, stationery, advertising, travel expenses, cleaning, security, and information systems as well as the maintenance thereof. Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics. Project costs are recognised as expenses in the period in which they are incurred.

1.17 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred.

The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements is recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end is recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements is updated with the amount condoned.

Irregular expenditure that was incurred and identified 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.

If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be 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 such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly.

If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.19 Change in accounting policies, estimates and errors Change in estimate

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of a period consumption of an asset, the results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities.

Change in accounting estimate result from new information and new developments and are not correction of errors. The effect of a change in accounting estimate shall be recognised prospectively by including it in surplus or deficit in:

- The period of the change, if the change affects that period only; or
- The period of the change and future periods, if the change affects both.
- To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of net assets, it shall be recognised by adjusting the carrying amount of the related asset, liability or item of net assets in the period of the change.

Prior period errors

Prior period errors are omissions from, and misstatements in the CATHSSETA's financial statements for one or more prior periods arising from a failure to use or misuse of, reliable information that:

- Was available when the annual financial statements for those period was authorised for issue; and
- Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Prior period error shall be corrected by retrospective restatement 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.

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period specific effects or the cumulative effect of the error.

When it is impracticable to determine the period specific effects of the error on comparative information for one or more prior periods presented, the CATHSSETA shall restate the opening balances of the assets, liabilities and net assets for the earliest period for which retrospective restatements practicable (which may be the current period).

When it is impracticable to determine the cumulative effect, at the beginning of the current period, the CATHSSETA shall restate the comparative information to correct the error prospectively from the earliest date practicable.

Changes in Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the CATHSSETA in preparing and presenting financial statements. The CATHSSETA shall change an accounting policy only if the change:

- Is required by a standard of GRAP; or
- Results in the annual financial statements providing reliable and more relevant information about the effects of the transactions, other events or conditions on the CATHSSETA's financial position, financial performance or cash flows.

A change in accounting policy shall be applied retrospectively, except to the extent that it is impracticable to determine either the period specific effects or the cumulative effect of the change.

When is it impracticable to determine the period specific effects of changing an accounting policy on comparative information of one or more prior periods presented, the CATHSSETA shall apply the new accounting policy to the carrying amounts of the assets and liabilities as at the beginning of the earliest period of which retrospective application is practicable, which may be the current period, and shall make a corresponding adjustment to the opening balance of each affected component of net assets for that period.

When it is impracticable to determine the cumulative effect, at the beginning of the current period, of applying a new accounting policy to all prior periods, the CATHSSETA shall adjust the comparative information to apply the new accounting policy prospectively from the earliest date practicable.

1.20 Reserves

Reserves are sub-classified in the statement of financial position as following reserves:

Administration reserve

The balance of this reserve is equal to/or less than net carrying value of property, plant and equipment and Intangible assets. All net income is transferred to the Discretionary Reserve, net deficit is transferred from the Discretionary Reserve. These transfers are done in compliance with the Skills Development Act and Regulations.

Employer grant reserve

This reserve is for the payment of newly registered levy payers whose registration date still allows the completion of a WSP. Submission of the Workplace Skills Plan (WSP) will result in Grant payments. All reserves of levy payers who did not complete and submit WSP's are transferred to the Discretionary Reserve.

Discretionary Grant Reserve

This reserve is for the purpose of Discretionary Grants and Projects in compliance with the Skills Development Act and Regulations.This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act,1998 (Act No. 97 of 1998) as amended.

Member employer company levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act; for the purpose of the following: Administration costs of the SETA, Mandatory Workplace Skills Planning/ Implementation Grant, and Discretionary grants and projects.

In addition, 10% of contributions received from public service employers in the national or provincial spheres of government may be used to pay for its administration costs.

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received are utilised for discretionary grants.

The net surplus/deficit is allocated to the administration reserve and the discretionary fund reserve in terms of the Grant Regulations based on the above. The administration reserve comprises of the future depreciation of all property, plant and equipment plus the 5% of uncommitted discretionary grant funds at the end of the year.

	2025	2024
Administration	**10.50 %**	10.50 %
Mandatory grants	20.00 %	20.00 %
Discretionary grant	49.50 %	49.50 %
Received by SETA	80.00 %	80.00 %
Contribution to the National Skills Fund	20.00 %	20.00 %
	100.00 %	**100.00 %**

1.21 Budget information

Entity are 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 CATHSSETA shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31. Comparative information is not required.

Differences between budget and actual amounts are regarded as material differences when a 10% difference exists. All material differences are explained in the Statement of Comparison of Budget and Actual Amounts to the annual financial statements.

1.22 Related parties

A related party is a natural or juristic person with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or the CATHSSETA that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of the CATHSSETA so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting CATHSSETA and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of the CATHSSETA, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The CATHSSETA is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual CATHSSETA or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting CATHSSETA's legal mandate.

Where the CATHSSETA is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the CATHSSETA's financial statements to understand the effect of related party transactions on its annual financial statements.

1.23 Events after reporting date

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

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

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

The CATHSSETA 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.

1.24 New Standards and Interpretations

Standard and interpretations issued, but not yet effective	Effective date	Expected impact
Improvements to Standards of GRAP	01 April 2025	Impact is currently being assessed
GRAP 1: Presentation on Financial Statements	01 April 2025	Impact is currently being assessed
GRAP 104: Financial Instruments	01 April 2025	Impact is currently being assessed

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Allocation of the net surplus for the year to reserves

31 March 2025	Administration reserve	Employer grant reserves	Discretionary grant reserve	Total statement of financial performance
Administration levy income	66 121	-	-	66 121
Grant levy income	-	125 974	311 693	437 667
Service in kind	-	-	1 026	1 026
SDL: Penalties & Interest	-	-	2 635	2 635
Interest income	-	-	67 518	67 518
Other income	-	-	426	426
Government levies	-	-	19 561	19 561
Total revenue	66 121	125 974	402 859	594 954
Administration expenses	(138 286)	-	-	(138 286)
Grants and project expenses	-	(73 583)	(551 730)	(625 313)
Net deficit per Statement of Financial Performance	**(72 165)**	**52 391**	**(148 871)**	**(168 645)**

31 March 2024	Administration reserve	Employer grant reserves	Discretionary grant reserve	Total statement of financial performance
Administration levy income	58 710	-	-	58 710
Grant levy income	-	112 177	275 220	387 397
Service in kind	-	-	983	983
SDL: Penalties & Interest	-	-	4 009	4 009
Interest income	-	-	64 795	64 795
Other income	-	-	154	154
Government levies	-	-	18 527	18 527
Total revenue	58 710	112 177	363 688	534 575
Administration expenses	(98 695)	-	-	(98 695)
Grants and project expenses	-	(64 870)	(257 336)	(322 206)
Net surplus per Statement of Financial Performance	**(39 985)**	**47 307**	**106 352**	**113 674**

3. Inventories

	2025 R '000	2024 R '000
Inventories	270	174

Inventory consists of stationery on hand and consumables at the end of the financial year. Inventory is not pledged as security.

4. Receivables from exchange transactions

	2025 R '000	2024 R '000
Prepayments	306	83
Sundry debtors	1 515	879
	1 821	**962**
Receivables from exchange age analysis		
Current (0-30 days)	1 819	960
Over 180 days	2	2
	1 821	**962**

5. Receivables from non-exchange transactions

	2025 R '000	2024 R '000
Statutory receivables	62 583	47 140
Allowance for impairment	(30 641)	-
Inter-SETA receivables	299	35
Sundry debtors - discretionary and mandatory grants	1 782	1 181
	34 023	**48 356**
Receivables from non-exchange age analysis		
Current (0-30 days)	15 707	13 830
90 days	-	241
150 days	-	8
Over 180 days	18 315	34 277
	34 022	**48 356**

Statutory receivables

The Minister of Public Service and Administration issued a Directive in March 2012 in terms of Part IX, Sections A and B.4 of the Public Service Regulations, 2001 as amended. In terms of this Directive, per annum each government department shall set aside a minimum amount of one percent (1%) of the total department's annual personnel budget for training and development of its personnel.

Per annum the 1% of the total personnel budget shall be apportioned as follows:
- Thirty percent (30%) of this amount shall be paid to the SETA in which the department is affiliated.

The Statutory Receivables have been recognised in terms of this Directive. No interest has been charged on the statutory receivables. Management assess statutory receivables annually for indicators of impairment in accordance with GRAP 108, considering historical payments trends, inter-governmental relations, expected recoveries, and legal enforceability.

Statutory receivables past due but not impaired

Statutory receivables which are less than 12 months past due are not considered to be impaired. At 31 March 2025, R15 442 240 (March 2024: R-) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2025 R '000	2024 R '000
12 months past due	15 442	-

Factors the entity considered in assessing statutory receivables past due but not impaired

No impairment is recognised for receivables raised in the current financial year (less than 12 months), as they are considered not yet due for payment based on historical trends.

Statutory receivables impaired

As of 31 March 2025, Statutory receivables of R62 582 585 (March 2024: R-) were impaired and provided for. The amount of the provision was R30 641 224 as of 31 March 2025 (March 2024: R-).

The ageing is as follows:

	2025 R '000	2024 R '000
Over 12 months	30 641	-

Factors the entity considered in assessing statutory receivables impaired

In assessing impairment, the entity considers:

- The legislative obligation of government departments to contribute to training and development;
- The financial capacity of government departments, which are funded by the national fiscus and generally not at risk of insolvency; and
- Historical payment patterns and average payment delays exceeding 365 days.

Reconciliation of provision for impairment for statutory receivables

	2025 R '000	2024 R '000
Provision for impairment	30 641	-

6. Cash and cash equivalents

Cash and cash equivalents consist of:	2025 R '000	2024 R '000
Cash on hand	14	8
Bank balances	50 764	11 378
Short-term deposits	790 143	874 187
	840 921	**885 573**

Bank balances		
First National Bank: Current	3 143	10 054
First National Bank: Salary	487	288
Nedbank: Current	47 134	1 036
	50 764	**11 378**

Short-term investments		
Notice account: Investec	-	228 899
Notice account: Nedbank	206 157	86 144
Notice account: South African Reserve Bank	532 659	559 144
Notice account: First National Bank	51 328	-
	790 144	**874 187**

The First National Bank: Current Account is the main transacting account. Short-term investments are held and earn an interest at an average of 7.6% per annum.

Credit quality of cash at bank and short term deposits, excluding cash on hand

Management considers that all the above cash and cash equivalents categories are of good credit quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of cash and cash equivalents mentioned above. During the year cash and cash equivalents were kept in an investment and current account. The cash and cash equivalents were not pledged as security for any financial liabilities.

7. Property, plant and equipment

Figures in Rand thousand	March 2025 R'000			March 2024 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	3 138	(1 223)	1 915	2 973	(1 094)	1 879
Motor vehicles	2 418	(1 288)	1 130	2 418	(1 127)	1 291
Office equipment	167	(73)	94	129	(63)	66
IT equipment	11 810	(3 168)	8 642	9 912	(2 245)	7 667
Total	**17 533**	**(5 752)**	**11 781**	**15 432**	**(4 529)**	**10 903**

Reconciliation of property, plant and equipment - March 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and Fittings	1 879	203	(16)	(151)	1 915
Motor Vehicles	1 291	-	-	(161)	1 130
Office Equipment	66	51	(13)	(10)	94
IT Equipment	7 667	2 548	(308)	(1 265)	8 642
	10 903	**2 802**	**(337)**	**(1 587)**	**11 781**

Reconciliation of property, plant and equipment - March 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 997	71	(39)	(150)	1 879
Motor vehicles	1 452	-	-	(161)	1 291
Office equipment	76	-	(1)	(9)	66
IT equipment	3 434	5 448	(270)	(945)	7 667
	6 959	**5 519**	**(310)**	**(1 265)**	**10 903**

Pledged as security

There are no items of Property, Plant and Equipment that have been pledged as security.

8. Intangible assets

Figures in Rand thousand	March 2025 R'000			March 2024 R'000		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	9 591	(7 691)	1 900	9 591	(6 092)	3 499

Reconciliation of intangible assets - March 2025

	Opening balance	Amortisation	Total
Computer software	3 499	(1 599)	1 900

Reconciliation of intangible assets - March 2024

	Opening balance	Amortisation	Total
Computer software	5 098	(1 599)	3 499

9. Infrastructure - under construction

Figures in Rand thousand	March 2025 R'000			March 2024 R'000		
	Cost / Accumulated	Valuation depreciation and accumulated impairment	Carrying value	Cost / Accumulated	Valuation depreciation and accumulated impairment	Carrying value
Infrastructure - under construction	20 520	-	20 520	20 520	-	20 520

Reconciliation of infrastructure - under construction - March 2025

	Opening balance	Total
Infrastructure - under construction	20 520	20 520

Reconciliation of Infrastructure under construction - March 2024

	Opening balance	Additions	Total
Infrastructure - under construction	17 250	3 270	20 520

During the 2019/20 financial year, CATHSSETA concluded a Memorandum of Understanding (MoU) with the Independent Development Trust (IDT) for the management of the construction of two (2) industrial kitchens and related hospitality facilities at the King Dalindyebo TVET College in Mapunzi and the King Hintsa TVET College in Centane, Eastern Cape Province. IDT is an entity under the National Department of Public Works and Infrastructure (NDPWI). The costs relating to these infrastructure facilities amounted to R20 000 000.00 split equally between the TVET Colleges. Due to the effluxion of time and increase in prices of construction material, during the prior financial year, the costs were revised to R23 270 087.36 split equally between the TVET Colleges. The costs are inclusive of the IDT's management fee. In terms of the MoU, CATHSSETA funds the infrastructure facilities whilst IDT is the Project Manager. Project Management by the IDT included the following key responsibilities amongst others:

- Procurement of professional service providers including the contractor;
- Development of project designs and related plans;
- Development and implementation of the projects in terms of a Project Implementation Plan;
- Making tranche payments to service providers; and
- Handover of the completed facilities to the NDPWI who in turn will handover to CATHSSETA.

As at 31 March 2025, the work on the facilities was still in progress and It is expected that they would be completed and handed over during the 2025/26 financial year.

10. Payables from exchange transactions

	2025 R '000	2024 R '000
Trade payables	3 399	1 719
Other payables	726	726
Admin accrual	504	1 489
Operating lease payables	385	526
	5 014	**4 460**
Payables from exchange age anlysis		
Current (0-30 days)	4 202	3 676
31-60 days	-	3
Over 180 days	811	781
	5 013	**4 460**

11. Payables from non-exchange transactions

	2025 R '000	2024 R '000
Project accrual	33 688	11 570
Project administration accrued expenses	962	614
Discretionary and mandatory levy creditors	28 780	3 808
InterSETA	-	1
	63 430	**15 993**

The carrying amount of payables approximate their fair value.

Payables from non exchange age analysis		
Current (0 - 30 days)	63 031	15 816
Over 180 days	399	177
	63 430	**15 993**

12. Provisions

Reconciliation of provisions - March 2025

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Project provision	**41 731**	**110 148**	**-**	**(41 731)**	**110 148**
SMME provision - below R500K	17 623	4 726	-	(8 092)	14 257
Employee bonus provision	11 310	7 988	(9 089)	(2 221)	7 988
Leave provision	3 234	309	(167)	-	3 376
	73 898	**123 171**	**(9 256)**	**(52 044)**	**135 769**

Reconciliation of provisions - March 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Project provision	-	41 731	-	-	41 731
SMME provision - below R500K	15 033	4 846	-	(2 256)	17 623
Employee bonus provision	8 925	11 310	(6 025)	(2 900)	11 310
Leave provision	2 001	1 442	(209)	-	3 234
	25 959	**59 329**	**(6 234)**	**(5 156)**	**73 898**

Project Provision

CATHSSETA allocates grants to stakeholders for Learning Programmes in terms of its legislated mandate. The Learning Programmes includes Learnership, Bursaries, Apprenticeships, Work Intergrate Learning, Skills programmes, Recognition of prior of Learning, Adult Education Training and Special projects.

Contracts are concluded with stakeholders for these programmes and tranche payments are made when certain deliverables are met. As at year end a provision is recognised for payments where the amount, the timing and the number of learners is uncertain. Payments that are due after year end are recognised as commitments.

SMME Provision

Employers whose payroll bill is below R500 000 are not liable to pay the Skills Development Levy. However, sometimes such employers make contributions even though they are not required to do so. Contributions made by such employers are refundable if employers claim such contribution within five years. This provision represents contributions made by such employers, for the period not exceeding five years in line with the skills development circular no.09/2013.

Bonus provision

Employees sign performance agreements as part of their conditions of service at the beginning of each financial year. Employees are assessed bi-annually, and a performance bonus is paid upon approval by the Board and in terms of the Performance Management Policy (PM Policy). The amount payable is dependent on the outcome of individual performance evaluation, score, which is informed by the PM Policy. The provision is based on a flat rate based on Management's best estimate of annual performance.

Leave provision

Leave pay provision represents the potential liability in respect of leave outstanding at year end.

13. Finance lease obligation

	2025 R '000	2024 R '000
Minimum lease payments due		
- within one year	96	226
- in second to fifth year inclusive	-	44
	96	270
less: future finance charges	(4)	(16)
Present value of minimum lease payments	**92**	**254**
Present value of minimum lease payments due		
- within one year	92	211
- in second to fifth year inclusive	-	43
	96	**254**

Finance leases relates to the lease of 57 mobile devices from MTN for a total period of two (2) years commencing October 2022 and 5 tables were procured in September and 5 cellphones were bought in March.

14. Other Income

Other income	426	154

15. Interest

Interest revenue		
Investment interest	67 029	64 281
Bank interest	489	514
	67 518	**64 795**

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 67.5 million (PY: R 64.7 million).

16. Government levies

	2025 R '000	2024 R '000
Discretionary Grant reserve		
Limpopo Tourism Agency	-	130
Department of Sport, Arts and Culture - National	129	-
Department of Sport, Arts and Culture - Free State	730	730
Department of Sport, Arts and Culture - KwaZulu-Natal	998	962
Department of Sport, Arts and Culture - Eastern Cape	1 335	1 393
Eastern Cape Parks and Tourism Agency (ECPTA)	166	122
Department of Sport, Arts and Culture - Limpopo	468	457
Department of Agriculture - Gauteng	827	805
Department of Arts, Culture and Traditional Affairs - North West	103	130
Department of Tourism - National	203	194
Department of Tourism and Environment - Northern Cape	275	263
Department of Arts and Culture - Gauteng	-	104
Department of Economic Development, Environmental Affairs and Tourism - EC	751	713
Department of Co-operative Governance and Traditional Affairs - KwaZulu Natal	1 981	1 904
Department of Co-operative Governance and Traditional Affairs - Mpumalanga	1 202	1 144
Department of Environmental Affairs - Gauteng	1 799	1 739
Department of Economic, Small Business Development and Tourism - Free State	808	773
Department of Sport, Arts, Culture and Recreation - Northern Cape	530	498
Department of Economic, Small Business Development and Tourism - Mpumalanga	400	379
Department of Sport, Arts, Culture and Recreation - Mpumalanga	586	554
Department of Environment and Nature Conservation - Northern Cape	925	492
The National Heritage Council - Gauteng	87	85
Department of Co-operative Governance and Traditional Affairs - Northern Cape	759	718
Department of Environmental Affairs and Development Planning - Western Cape	629	616
Department of Sport, Arts, Culture and Recreation - Gauteng	787	680
Department of Co-operative Governance and Traditional Affairs - Gauteng	980	880
Department of Cultural Affairs and Sport - Western Cape	581	569
Department of Economic Development, Tourism and Environmental Affairs - KwaZulu Natal	158	139
Department of Economic Development, Tourism and Environmental Affairs - Limpopo	1 364	1 354
	19 561	**18 527**

17. Levies

	2025 R '000	2024 R '000
Administration	66 121	58 710
Discretionary Grant	311 693	275 220
Employer Grant	125 974	112 177
	503 788	**446 107**

18. Penalty and Interest

Penalties received	1 681	2 508
Interest received	954	1 501
	2 635	**4 009**

19. Services in kind

Services in Kind	1 026	983

With effect from October 2021, the Northlink TVET College has provided the CATHSSETA with office accommodation for its regional office at no cost. There is no market related value of the accommodation as the property is within the college campus. However, management has determined its best estimate for the accommodation for recognition as a receivable and related revenue in terms of GRAP23.

20. Employee related costs

Basic	57 985	52 158
Bonus	5 681	7 732
Medical aid - company contributions	593	628
UIF	160	154
WCA	93	312
SDL	636	554
Leave pay provision charge	246	1 377
Long-term benefits - Pension, disability and funeral	4 589	3 735
	69 983	**66 650**

	2025 R '000	2024 R '000

21. Depreciation and amortisation

	2025 R '000	2024 R '000
Property, plant and equipment	1 588	1 265
Amortisation - Intangible assets	1 599	1 599
	3 187	**2 864**

22. Finance costs

	2025 R '000	2024 R '000
Finance lease	17	47

23. Operating Lease - as lessee

	2025 R '000	2024 R '000
Operating lease - Building	2 992	2 992
Operating lease - Equipment	475	500
Operating lease - Service in Kind	1 026	983
	4 493	**4 475**

24. Debt impairment

	2025 R '000	2024 R '000
Debt impairment	30 641	-

25. Employer and DG grant expenditure

	2025 R '000	2024 R '000
Employer grant	73 583	64 870
Discretionary grant	533 407	244 844
Discretionary grant project admin cost	18 323	12 492
	625 313	**322 206**

During the financial year, the CATHSSETA revised its Annual Performance Plan (APP) by increasing targets as required by the Department of Higher Education and Training (DHET).

26. Loss on sale of assets

	2025 R '000	2024 R '000
Property, plant and equipment	(315)	(315)

Certain office equipment were scrapped as they were damaged and no longer in use.

27. General expenses

	2025 R '000	2024 R '000
Advertising	2 381	1 258
Auditors remuneration	4 775	3 584
Bank charges	177	78
Cleaning	657	571
Computer expenses	731	445
Consulting and professional fees	1 725	686
Consumables	67	49
Legal fees	753	941
Insurance	520	450
Motor vehicle expenses	18	23
Placement fees	21	126
Postage and courier	-	42
Printing and stationery	180	138
Repairs and maintenance	55	146
Security fees	1 135	1 085
Staff welfare	129	300

27. General expenses (continued)

	2025 R '000	2024 R '000
Subscriptions and membership fees	44	45
Telephone and fax	1 747	1 574
Training	1 562	1 181
Travel - local	1 932	1 012
Travel - overseas	111	169
Water and electricity	877	659
QCTO	2 921	2 348
AGM	526	265
Catering	34	30
System costs	2 282	3 417
Board fees and administration	2 391	2 714
Other expenses	1 899	1 008
	29 650	**24 344**
27.1. Auditors' remuneration		
Fees - External Auditors	4 110	3 181
Fees - Internal Auditors	665	403
	4 775	**3 584**
27.2. Repairs and maintenance		
Repairs and maintenance - Office equipment	10	-
Repairs and maintenance - Building	38	52
Repairs and Maintenance - General	7	94
	55	**146**

28. Cash (used in) generated from operations

	2025 R '000	2024 R '000
(Deficit) surplus	(168 645)	113 674
Adjustments for:		
Depreciation and amortisation	3 187	2 864
Loss on disposal of assets	315	315
Finance costs	17	47
Debt impairment	30 641	-
Movements in provisions	61 871	47 939
Changes in working capital:		
Inventories	96	(67)
Receivables from exchange transactions	(859)	(306)
Receivables from non-exchange transactions	(16 308)	(12 415)
Payables from exchange transactions	560	415
Payables from non-exchange transactions	47 437	(6 414)
	(R41 688)	**R146 052**

29. Risk management

Financial risk management

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

Liquidity risk

Ultimate responsibility for the liquidity risk management rests with the CATHSSETA Board, who has built an appropriate liquidity risk management framework for the management of CATHSSETA's short, medium and long term funding and liquidity management requirements. CATHSSETA manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows.

Credit risk

Financial instrument	2025 R '000	2024 R '000
Account receivables	2 265	1 506
Cash and cash equivalents	50 764	11 378
Cash and cash equivalents - short term deposits	790 143	874 187

March - 2025	**0 - 30 days**	**Over 90 days**	**Over 180 days**	**Total**
Receivables from exchange transactions	1 819	-	2	1 821
Receivables from non-exchange transactions	-	-	444	444
	1 819	**-**	**446**	**2 265**

March - 2024	**0 - 30 days**	**Over 180 days**	**Total**
Receivables from exchange transactions	960	2	962
Receivables from non-exchange transactions	-	544	544
	960	**546**	**1 506**

Market risk

Interest rate risk

CATHSSETA is exposed to interest rate risk as all surplus funds are invested in short-term cash investments. Although changes in the current interest rate affects the income from these investments, all income received from these investments is deemed to be income to the Discretionary Reserve and would not affect the productivity or existence of CATHSSETA directly. Further, the bulk of the surplus funds are invested in short-term fixed rate investments and are therefore not sensitive to interest rate changes.

Sensitivity analysis

	Change in investments	Increase/(decrease) in net surplus for the year upward change	Increase/(decrease) in net surplus for the year downward change
Cash and cash equivalent (March 2025)	1.0 %	8 409	8 409
Cash and cash equivalent (March 2024)	1.0 %	8 855	8 855

A change in the market interest rate at the reporting date would have increased/ (decreased) the surplus for the year by the amounts above.

Foreign exchange risk

The CATHSSETA does not hedge foreign exchange fluctuations. CATHSSETA has no exposure to foreign currency.

Price risk

As CATHSSETA has no investments in any form of equity, there is no exposure to price risk.

Capital risk management

CATHSSETA manages its capital to ensure that the projects of the organisation will be able to continue as a going concern while maximising the return on investments of surplus funds and ensuring continuous benefits for all stakeholders. CATHSSETA's overall strategy remains unchanged from the previous financial years.

Quality of credit

All accounts receivable are with organisations well known to CATHSSETA and in the same industry as CATHSSETA. The accounting authority has full trust in the quality of these accounts and did not deem it necessary to apply any further evaluation of credit quality.

Fair value of accounts receivable

The fair value of accounts receivable approximates the carrying amount due to the relative short term maturity of these assets. The effect of discounting was considered and found to be immaterial.

Accounts receivable, defaults, security and pledges

No accounts receivable has defaulted during the year and no alternative arrangements has been made with any accounts receivable during the year.

No security is held for receivables

No portion of accounts receivable was pledged as security for any financial liabilities.

29. Risk management (continued)

Cash and cash equivalents

The SETA management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by the National Treasury through the approval of the investment policy in terms of Treasury Regulations. The CATHSSETA's exposure is continuously monitored by the Accounting Authority. Further, the organisation has adopted a policy of only dealing with creditworthy counterparts. CATHSSETA only transacts with the registered banks in South Africa and which are approved by the National Treasury as per the PFMA. The credit and investment ratings of the above-mentioned banks are monitored on a continuous basis with international credit rating agencies to ensure the mitigation of any risks involved. CATHSSETA has developed a comprehensive Investment Policy in compliance with the PFMA which ensures that all the surplus funds are invested between fixed deposits and call accounts.

The amount disclosed for cash and cash equivalents represents the maximum exposure that credit poses to the CATHSSETA.

Maximum exposure

The amount disclosed for accounts receivable represents the maximum exposure that credit risk poses to the CATHSSETA.

Default

The CATHSSETA have never defaulted an any of the accounts payable nor were any of the terms attached to the accounts payable ever re-negotiated.

Fair value

Financial instruments recognised in the CATHSSETA Statement of Financial Position includes cash and cash equivalents, trade and other receivables, trade and other payables. The particular recognition methods adopted are disclosed in Note 1 of these annual financial statements.

Categories of financial instruments

March 2025

Financial Assets	Interest Bearing	Non-Interest Bearing	Total
Cash (interest @ 7.6%)	**840 907**	14	840 921
Accounts Receivable	-	2 265	2 265
	840 907	**2 279**	**843 186**

Financial Liabilities	Interest Bearing	Non-Interest Bearing	Total
Accounts payable	5 976	62 468	68 444

March 2024

Financial Assets	Interest Bearing	Non-Interest Bearing	Total
Cash (interest @ 7.6%)	885 565	8	885 573
Accounts Receivable	-	1 506	1 506
Accounts Payable	5 074	15 379	20 453

	2025 R '000	2024 R '000
30. Irregular, Fruitless and Wasteful Expenditure		
30.1. Irregular Expenditure and Fruitless and Wasteful Expenditure		
Irregular Expenditure	44	-
Fruitless & Wasteful Expenditure	55	19
Closing balance	**99**	**19**
31. Commitments on Discretionary Grant		
Opening balance	569 631	126 596
Additions	277 975	718 983
Movement	(600 973)	(275 948)
	246 633	**569 631**

Commitments on Discretionary Grant are disclosed reflecting only balances with details being on the commitment register. The CATHSSETA recognised project provision for Discretionary Grant allocated as disclosed in Note 12. The impact of the project provision resulted in the restatement of the additions and the movement of commitments. Resultantly, the closing balance was restated to R569,6 million.

Grant Regulations of 2012 defines a commitment as a contractual obligation (an agreement (written) with specific terms between the SETA and a third party whereby the third party undertakes to perform something in relation to a discretionary project for which a SETA will be obliged to make a payment against the discretionary grant) that will obligate the SETA to make a payment in the ensuing year.

32. Commitment on Operating Lease

Operating lease		
Minimum lease payments due		
- within one year	3 166	3 308
- in second to fifth year inclusive	249	3 802
	3 415	**7 110**

The operating lease relates to the new premises used for CATHSSETA office accomodation. The current lease agreement has been signed for a period of five (5) years from 01 May 2021. As at 31 March 2025, a commitment existed between CATHSSETA and City Properties regarding the continuation of the office accomodation lease as the five-year lease has not lapsed.

CATHSSETA leases 17 printing and photo copy machinery from Altron as from 01 May 2024 for 36 months. The monthly payable amount is fixed for the duration of the contract.

CATHSSETA leases a walk through scanner as at 01 June 2023 for 36 months.

33. Prior period errors

Prior period errors are due to correcting various accounting transactions in prior financial years. The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

Note		As previously reported	Correction of error	Restated
Receivables from exchange transactions	4	2 379	(1 500)	879
Project Provision	12	-	(41 731)	(41 731)
Receivables from non-exchange transactions	5	45 927	1 213	47 140
Administrative reserve		(8 093)	1 500	(6 593)
		40 213	**(40 518)**	**(305)**

Statement of Financial Performance

	Note	As previously reported	Correction of error	Restated
Government levies	16	17 313	1 213	18 526
Discretionary grant	25	(203 113)	(41 731)	(244 844)
		(185 800)	**(40 518)**	**(226 318)**

Statement of Financial Position

Receivables from exchange transactions and administration reserve

During the 2020/21 financial year, the South African Revenue Service (SARS) debited R1,499,513.22 from CATHSSETA's FNB bank account. At the time, it was unknown why the direct debit was effected by SARS and therefore, the amount was allocated to a suspense account as a receivable.

Subsequently, a consultation with SARS was undertaken and they provided records of outstanding amounts from prior years. This was in relation to outstanding Pay As you Earn (PAYE), Skills Development Levies (SDL) and Unemployment Insurance Fund (UIF). Therefore, the suspense account was cleared and the R1,499,513.22 has been taken directly to Equity.

- **Project Provision**

GRAP19 defines a provision as a liability of uncertain timing or amount. The CATHSSETA allocates Discretionary Grants to various stakeholders for learning interventions as disclosed in Note 12. Contracts are concluded and tranche payments are made when certain deliverables are met. At year-end, there is uncertainty on the tranche payments in terms of the amount, the timing and the number of learners and as a result a provision was recognised. This provision was not recognised in the prior year in error as it was uncertain that it meets the definition in terms of GRAP 19. The net impact to provisions amounted to R41 730 905.83.

- **Receivables from non-exchange transactions**

Statutory Receivables are recognised in terms of the Minister of Public Service and Administration Directive issued in March 2012 as disclosed in Note 5. An accrual for the Department of Forestry, Fisheries and Environment was previously not recognised in error. These error has been corrected with the net impact on Receivables from non-exchange transactions amounted to R1 213 308.70

- **Government Levies**

An accrual for the Department of Forestry, Fisheries and Environment was previously not recognised in error. These error has been corrected with the net impact on Government Levies amounted to R1 213 308.70.

• **Discretionary Grant**

GRAP1 defines the Accrual Basis as a basis of accounting under which transactions, other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets, revenue and expenses. The Discretionary Grant Provision contra account is Employer Grants and Project Expenses which has been recognised in terms of the accrual principle. The net impact to Employer Grants and Project Expenses amounted to R41 730 905.83.

34. Related parties

34.1. Controlling entity

Department of Higher Education and Training (DHET):

CATHSSETA has been established by the Department of Higher Education and Training (DHET) in terms of the Skills Development Act no. 97 of 1998. The Minister of Higher Education and Training is the Executive Authority of CATHSSETA. CATHSSETA is ultimately controlled by the DHET. It is therefore related to all other entities within the DHET. CATHSSETA is funded by levies collected by SARS. SARS transfers all levies collected to the DHET, and DHET then split and distributes the levies to each respective SETA and the National Skills Fund (NSF). Outstanding balances at year-end amounted to R nil (2024/25: R nil).

34.2. Entities under common control

All TVET Colleges and Universities are under the common control of the DHET and are therefore related parties. The transactions are within normal operating relationships between entities and are undertaken on terms and conditions that are normal for such transactions. Transactions with TVET Colleges and Universities relates mainly to expenses paid with regard to the Discretionary Grant. The Discretionary Grant Commitment balances with TVET Colleges and Universities are R105,658,545.68 (PY: R 152,840,689.63).

All SETA's are under common control of the DHET and all transactions between the SETA's are disclosed. Interest transactions and balances arise due to movement of employers from one SETA to another. The necessary notifications between the transacting SETA's have therefore been exchanged and where applicable, the necessary payments have been made. No other transactions occurred during the year with other SETA's. All transactions are at arms length.

Service in Kind - With effect from October 2021, the Northlink TVET College has provided the CATHSSETA with office accommodation for its regional office at no cost. There is no market related value of the accommodation as the property is within the college campus. However, management has determined its best estimate for the accommodation for recognition as a receivable and related revenue in terms of GRAP23.

34.3. Other departments with significant influence

The CATHSSETA implement policies mandated by the National Executive and therefore related to all other entities within the national government.

	2025 R '000	2024 R '000
34. Related parties (continued)		
Related party balances		
TVET Colleges	91 898	140 278
Universities	13 760	12 563
InterSETA	(299)	(33)
NSFAS	-	6 000
	105 359	**158 808**
Related party transactions		
TVET Colleges	111 596	55 013
Universities	38 509	28 303
QCTO	2 921	2 348
National and provincial departments - various (Note 16)	19 395	18 275
Provincial public entities - various (Note 16)	166	252
Education, Training and Development Practices Sector Education and Training Authority (ETDP SETA)	75	134
	172 662	**104 325**

The CATHSSETA recognised project provision for Discretionary Grants allocated as disclosed in Note 12. The impact of the project provision resulted in the restatement of related party balances and transactions.

34.4 Remuneration of Governance Structures March 2025

Name	Audit & Risk	FINREMCO	EXCO	Governance & Strategy	Board	Risk Management	Subsistence & eimbursable Travel	Total
Ms N. Lubanga	43 186	-	30 836	-	100 635	11 264	2 343	188 264
Mr M. Motha	-	-	31 832	14 406	105 551	-	3 863	155 652
Mr T. Ndhlovu	-	-	33 342	-	137 816	-	2 616	173 774
Ms E. Tukakgomo	-	41 200	23 576	-	72 096	-	1 815	138 687
Ms L. Lesutu	-	47 592	14 210	-	134 216	-	6 223	202 241
Mr S. Mhlanga	-	47 592	35 086	-	105 640	-	6 834	195 152
Mr T. Gaoshubelwe	-	-	-	4 366	12 702	-	676	17 744
Ms B. Masenya	-	44 814	7 620	-	36 780	-	2 164	91 378
Dr S. Nthangeni	-	47 592	7 620	-	16 036	-	717	71 965
Mr S. Matomela	22 918	-	8 708	-	45 946	15 813	2 363	95 748
Mr R. Phiri	21 908	-	12 622	14 764	81 037	-	1 503	131 834
Mr J. Ntuli	7 144	38 780	13 098	14 764	91 210	-	4 491	169 487
Mr M. Tabane	-	-	4 366	14 764	94 524	-	1 092	114 746
Adv O. Josie	30 023	-	8 708	-	45 946	8 708	2 733	96 118
Mr M. Kekana	14 210	-	8 708	-	-	8 708	-	31 626
Dr L. Konar	14 288	-	-	-	-	33 894	-	48 182
Mr B. Tungay	-	-	4 366	11 986	32 270	-	338	48 960
Mr S. Ndaba *	21 432	-	-	-	17 068	-	523	39 023
	175 109	**267 570**	**244 698**	**75 050**	**1 129 473**	**78 387**	**40 294**	**2 010 581**

* Mr Sandile Ndaba was appointed on the 15 March 2024
** Ms Sumayya Khan resigned July 2024
*** Mr Kenny Dichabe is not remunerated because he is an employee in Public Service.

March 2024

Name	Audit & Risk	FINREMCO	EXCO	Governance & Strategy	Board	ICT	Risk Management	Subsistence & eimbursable Travel	Total
Ms N Lubanga	255 117	-	-	-	-	-	-	1 148	256 265
Mr M Motha	-	-	44 730	25 841	93 215	-	-	2 037	165 823
Mr T Ndhlovu	-	-	60 769	-	95 960	-	-	1 179	157 908
Ms E Tukakgomo	-	61 044	49 158	-	103 101	-	-	1 625	214 928
Ms L Lesutu	-	87 876	-	-	103 743	-	-	4 166	195 785
Ms N Nzuza	26 353	44 533	-	-	51 560	-	-	566	123 012
Mr S Mhlanga	-	46 398	30 442	-	109 249	-	-	1 563	187 652
Mr T Gaoshubelwe	-	-	-	27 306	64 688	-	-	1 023	93 017
Mr V Maumela*	-	42 310	-	-	29 966	-	-	839	73 115
Mr B Masenya	-	91 090	-	-	-	-	-	515	91 605
Dr S Nthangeni	-	74 429	-	-	-	-	-	606	75 035
Mr S Matomela	106 154	-	-	-	-	22 893	-	1 227	130 274
Mr A Mashifane**	45 944	-	-	-	-	-	-	697	46 641
Mr R Phiri	48 342	-	-	12 850	103 946	-	-	798	165 936
Mr J Ntuli	-	61 044	-	-	101 629	-	-	4 666	167 339
Mr R Aphane	-	-	-	18 020	63 786	-	-	1 243	83 049
Mr M Tabane	-	-	-	29 530	99 245	-	-	930	129 705
Adv O Josie***	24 560	-	-	-	-	-	-	-	24 560
Mr M Kekana****	52 404	-	-	-	-	-	-	3 155	55 559
Dr L Konar*****	-	-	-	-	-	-	10 676	-	10 676
Mr B Tungay******	-	-	-	7 144	31 871	-	-	-	39 015
	558 874	**508 724**	**185 099**	**120 691**	**1 051 959**	**22 893**	**10 676**	**27 983**	**2 486 899**

* Mr Vincent Maumela resigned on the 08 September 2023.

** Mr Andrew Mashifane resigned on the 31 July 2023.

*** Adv Oliver Josie was appointed on the 02 August 2023.

**** Mr Madumetja Kekana was appointed on the 18 September 2023.

***** Dr Konar was appointed on the 01 November 2023.

****** Mr Brett Tungay was appointed on the 07 September 2023.

******* Mr Kenny Dichabe and Ms Sumayya Khan are not remunerated because they are employees in Public Service

34.5 Remuneration of Executive Management

March 2025

Name	Basic salary	Performance bonus	Allowances	Contribution- pension fund	Contribution- other schemes	Total
Mr M. Thibela - Chief Executive Officer	2 394	364	83	175	43	3 059
Ms L. Mpye - Executive Manager: Learning Programmes	1 779	384	146	139	35	2 483
Dr T. Umanah - Executive Manager: Research, Monitoring and Evaluation	1 818	277	20	133	33	2 281
Mr N. Marota - Chief Financial Officer	1 881	287	46	138	34	2 386
Ms H. Shube - Executive Manager: Corporate Services	1 781	-	8	130	29	1 948
	9 653	**1 312**	**303**	**715**	**174**	**12 157**

March 2024

Name	Basic salary	Performance bonus	Allowances	Contribution- pension fund	Contribution- other schemes	Termination benefits	Total
Mr M. Thibela - Chief Executive Officer	2 124	311	247	156	39	-	2 877
Ms L. Mpye - Executive Manager: Learning Programmes	1 620	339	285	125	32	-	2 401
Dr T. Umanah - Executive Manager: Research, Monitoring and Evaluation	1 703	220	160	114	31	-	2 228
Mr N. Marota - Chief Financial Officer	1 680	252	214	124	31	-	2 301
Mr F. Mphako - Executive Manager: Corporate Services *	496	-	47	34	9	86	672
Ms H. Shube - Executive Manager: Corporate Services **	563	-	45	41	10	-	659
	8 186	**1 122**	**998**	**594**	**152**	**86**	**11 138**

* Mr F Mphako resigned as Executive Manager: Corporate on the 12 July 2023.
** Ms H Shube was appointed as Executive Manager: Corporate on the 01 December 2023.

35. Contingencies

35.1. Case No: JR 1110/13 – Matter between Business Unity South Africa and the Minister of Higher Education and Training, National Skills Authority and the National skills Refund.

In October 2019,BUSA won a court case against DHET where the department's decision to decrease the mandatory grant levies and grants percentage was decreased 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 made the decision in regard to the mandatory grant percentage. DHET continued to show the mandatory levies portion as 20% in 2021/22 year in the levy download information. The CATHSSETA continued to pay and accrue mandatory grants at 20% in the 2022/23 financial year in the absence of a revised percentage which is aligned to the approved annual performance plan. The mandatory grant expenditure in Note 24 as well as the mandatory grant liability in Note 11 were calculated using mandatory grant percentage of 20%.

The CATHSSETA therefore discloses a contingent liability. This is disclosed as a contingent liability as the intention of the litigants, BUSA, was to increase the mandatory grant percentage from 20%. The timing and amount of this contingent liability is uncertain and no reasonable estimate can be made at this point. Currently, DHET is still in discussions with BUSA in regard to the mandatory grant percentage and effective date of implementation of the ruling. No new information has emerged which changes the status of this disclosure from the prior year.

35.2. Matter between CATHSSETA and former employees.

- A former employee instituted a review in the Labour Court of an Arbitration award from the CCMA for unfair labour practice. The CATHSSETA is awaiting the notice of set down for the hearing in the Labour Court. The former employee is claiming R1 502 535.00. The CATHSSETA is awaiting the notice of set down for the hearing in the Labour Court. The CATHSSETA is of the view that it has good prospects of success in the review application and the probability of the settlement being in CATHSSETA's favour is high.
- The CATHSSETA instituted summons amounting to R238 921.30 against a former employee for monies owed whilst in the organisations' employment. The Parties are awaiting a trial date. The CATHSSETA is of the view that it has good prospects of success in the review application and the probability of the settlement being in CATHSSETA's favour is high.

35.3. Matter between CATHSSETA and a former service provider

A former service provider has referred the termination of the Service Level Agreement by the CATHSSETA to Arbitration for a material breach. An Arbitrator was appointed and CATHSSETA awaits the arbitration date. The CATHSSETA is of the view that it has good prospects of success in the review application and the probability of the settlement being in CATHSSETA's favour is high.

35.4. Retention of surpluses

In terms of Section 53(3) of the PFMA, public entities listed in Schedules 3A and 3C of the PFMA may not accumulate surpluses that are realised in the previous financial year without obtaining prior written approval of the relevant Treasury. The National Treasury Instruction Note No.2 of 2020/21 revised the definition of surplus. According to this instruction note, a surplus is based on "Cash and Cash Equivalents at the end of the year" plus "Receivables" less "Current Liabilities".

	2025 R '000	2024 R '000
The calculated surplus as at 31 March 2025 is as per the table below:		
Cash and cash equivalent at the end of the year	840 921	885 573
Add: Receivables	35 844	49 318
Less: Current Liabilities	(204 305)	(94 562)
	672 460	**840 329**

The CATHSSETA recognised project provision for Discretionary Grants allocated as disclosed in Note 12. The impact of the project provision resulted in the restatement of current liabilities. Resultantly, the closing balance was restated to R840,3 million.

36. Budget differences

Differences between budget and actual amounts:

36.1 Other income

Other income is made up of mostly insurance , sale of assets and ETDP SETA income. No budget is set for other income.

36.2 Interest received

Interest income is lower than budgeted due to the usage of invested funds during the financial year.

36.3 Skill development levy: Income

The levies received are higher than budgeted, due to a conseravative budget and entry of new levy payers.

36.4 Government levies

Levy accruals from provincial and national departments within the sector in terms of GRAP 108 and are not budgeted for.

36.5 Fines and Penalties

Actual income received from fines and penalties are above budgeted amounts due to conservative budgeting on this line as it is not a main source of revenue, and it is difficult to estimate future revenues with certainty.

36.6 Administration expenses

The administration expenditure was below budget due to cost containment measures on the procurement of goods and services.

36.7. Employer grants and project expenses

The underspending in grant expenses emanates mainly from the approval of the revised budget during the last month of the financial year. As a result, management could not implement all of the planned projects.

37. Going concern

The financial statements have been prepared on the going concern basis, as CATHSSETA does not see any reason to significantly curtail its operations in the foreseeable future and the CATHSSETA will continue to operate as a going concern for the next 12 months. The current licence period of CATHSSETA expires on 31 March 2030 based on the gazetted NSDP 2030. The future existence and landscape of the SETAs after the above date will be based on the proclamation by the Minister of Higher Education and Training.

38. Segment information

General information

Identification of segments

A segment is a CATHSSETA activity

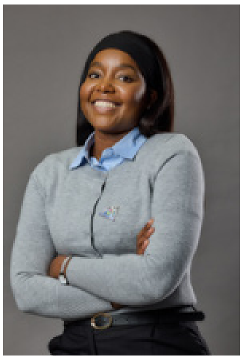
- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same CATHSSETA) ;
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

All three (3) requirements listed above must be met in order to disclose a segment, however, the CATHSSETA does not meet all three requirements as separate financial information is not available for all activities. As a result of this, the CATHSSETA does not disclose segment reporting as per GRAP 18.









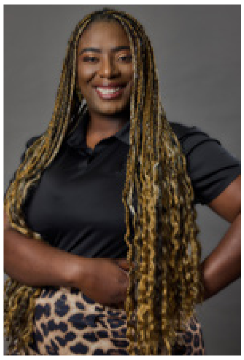


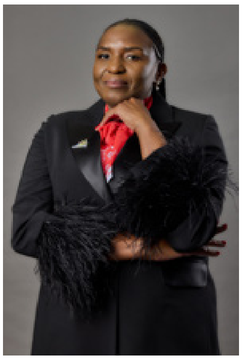


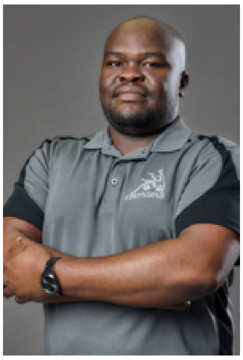


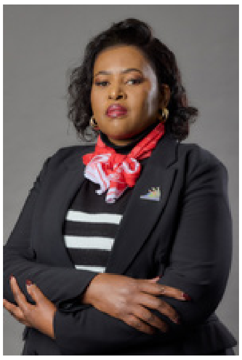


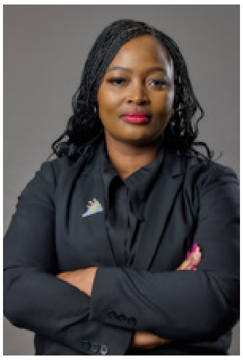
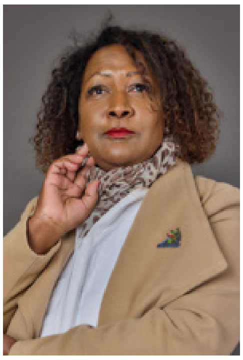




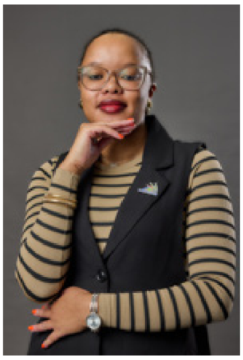


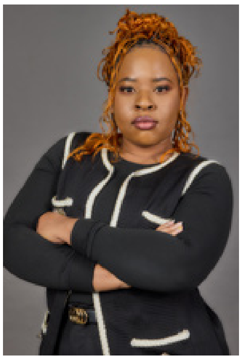




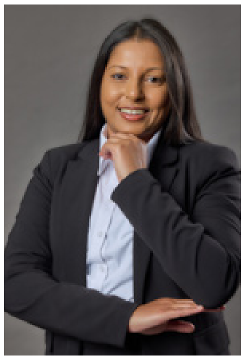


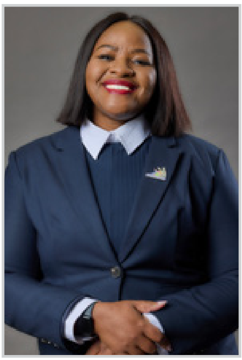








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