# ANNUAL REPORT 2019-2020

*Technological transformation into the future*

mineral resources & energy
Department:
Mineral Resources and Energy
REPUBLIC OF SOUTH AFRICA

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

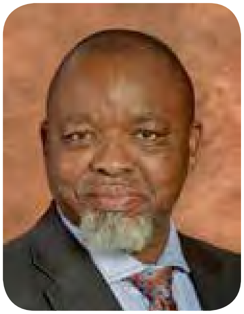
MQA

MINING QUALIFICATIONS AUTHORITY

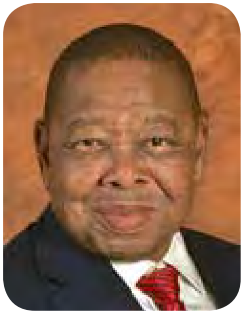
*Digging Skills with Knowledge*

# MINING QUALIFICATIONS AUTHORITY (MQA)
# ANNUAL REPORT
# 2019–2020

HONOURABLE MINISTERS, IT IS A PLEASURE TO PRESENT YOU WITH THE ANNUAL REPORT OF THE MINING QUALIFICATIONS AUTHORITY FOR THE FINANCIAL YEAR
1 APRIL 2019 TO 31 MARCH 2020



**Mr Gwede Mantashe**
**Minister of Mineral Resources and Energy**



**Dr Blade Nzimande**
**Minister of Higher Education, Science and Innovation**

**Mr David Msiza**
**Chairperson**

mineral resources & energy
Department:
Mineral Resources and Energy
REPUBLIC OF SOUTH AFRICA

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Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MINING QUALIFICATIONS AUTHORITY
*Digging with Skills and Knowledge*

## VISION

A competent health and safety-oriented mining and minerals workforce.

## MISSION

To ensure that the mining and minerals sector has sufficient competent people to improve health and safety, entrench employment equity and increase productivity standards.

## VALUES

- Professionalism
- Service Excellence
- Honesty and Mutual Respect
- Empowerment
- Continuous Learning

## STRATEGIC OBJECTIVES

## LEGISLATIVE AND OTHER MANDATES

The MQA is a Sector Education and Training Authority (SETA) that facilitates skills development under the Department of Higher Education and Training (DHET), and supports mine health and safety under the Department of Mineral Resources and Energy (DMRE) for the mining and minerals sector. There are various pieces of legislation that govern the operations of the MQA. These are listed below:

### THE MQA LEGISLATIVE MANDATE

| Ministry of Mineral Resources and Energy | Ministry of Higher Education, Science and Innovation | Ministry of Finance |
|---|---|---|
| • Mine Health and Safety Act (MHSA) 29 of 1996<br>• Minerals and Petroleum Resources Development Act (MPRDA) 8 of 2002, as amended<br>• Social and Labour Plan | • Skills Development Act (SDA) 97 of 1998<br>• South African Qualifications Authority Act (SAQA) 58 of 1995<br>• Higher Education Act (HEA) 101 of 1997, as amended<br>• National Financial Aid Scheme Act (NSFAS) 57 of 1999<br>• Adult Education and Training Act of 2000<br>• Adult Education and Training (AET) Colleges Act of 2006<br>• Further Education and Training Colleges Act 16 of 2006<br>• National Qualifications Framework Act 67 of 2008 | • Skills Development Levies Act 9 of 1999<br>• Income Tax Act 58 of 1962, Section 12H Learnership Allowances<br>• Public Finance Management Act (PFMA) 1 of 1999 |
| Relevant Regulations | Relevant Regulations | Relevant Regulations |

In addition to the legislation listed above, national policy documents guide the development of skills in the sector; namely the National Skills Development Strategy III that ended on 31 March 2020, and was replaced by the National Skills Development Plan (NSDP) 2020-2030, the New Growth Path, the National Skills Accord, the Mining and Minerals Sector Skills Plan (SSP), the King IV Report and the Code on Corporate Governance, the Protocol on Corporate Governance in the Public Sector (2002), the Companies Act 71 of 2008 and all the MQA policies and procedures.

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# SECTION 1

# GENERAL INFORMATION

## 1.1. STRATEGIC OVERVIEW BY THE CHAIRPERSON

**David Msiza**
MQA Chairperson

As the Chairperson of the Mining Qualifications Authority Board, it is both an honour and a privilege to present to you the Annual Report for the 01 April 2019 to 31 March 2020 financial year. I present this report on behalf of the governing MQA Board, to the Honourable Minister of Higher Education, Science and Innovation (DHESI), Dr Bonginkosi Nzimande, the Honourable Minister of Mineral Resources and Energy (DMRE), Mr Gwede Mantashe, various industry stakeholders, employees, organised business and labour as well as organisations in the mining and minerals sector.

It gives me great comfort to be part of a well-managed organisation, that continues to deliver favourably on its mandate of achieving the goal of a representative and transformed sector.

The MQA Board welcomed the decision to merge the Department of Mineral Resources and the Department of Energy into the Department of Mineral Resources and Energy (DMRE), under the skilful stewardship of the Honourable Minister Mr Mantashe. This has been long hoped-for in terms of integrating the two departments into one comprehensive portfolio, particularly in light of the current economic climate where energy and mining pursuits are growing increasingly interdependent. It is our expectation that the new department, will benefit the mutual interests of stakeholders in the mining, minerals, as well as the energy, sectors.

The MQA has maintained good corporate governance practices in its business operations during the year under review. This has been ably demonstrated by the unqualified audit opinion obtained for the 2019-2020 financial year as per the audit report by the office of the Auditor-General of South Africa (AGSA). The achievement this year displays the commitment of the MQA leadership and team, to ensure a well-oiled machine that is run on good governance principles.

The members of the MQA Board continue to provide strong direction to the MQA management by steering the organisation towards furthering the tenets of the newly established National Skills Development Plan (NSDP) which addresses key national and strategic issues. The merging of the Departments of Higher Education and Training, and the Department of Science and Innovation under the Ministry of Higher Education, Science and Innovation also creates great opportunities for the MQA and Sector Education and Training Authorities (SETAs) as a whole.

The MQA as a public entity is guided by National Treasury in terms of the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999). To this end, the Board sustained sufficient control over the core functions of the MQA, to ensure that plausible measures were in place to uphold adequate, effective and efficient processes that guard against any potential risks to the MQA. Furthermore, the Board and supporting committees are fully functional and support the strategic mandate of the MQA in their respective operational and technical capacities.

The MQA Audit and Risk Committee exercised their fiduciary charge over amongst others, risk management, financial mangement and performance information. The committee's focus highlighted good corporate governance principles in the pursuit of sound financial management practices. The MQA's risk strategy and fraud prevention campaign, and the MQA toll-free hotline, where the public and stakeholders can report fraudulent activities in absolute confidentiality, continues to ensure sound monitoring of MQA activities.

During the two preceding financial years (2018-2019 and 2017-2018), the MQA assumed the responsibility to reconcile the challenge of commitments through the appointment of internal project accountants. To date, the MQA has reported success in this endeavour where previously unclaimed monies were accounted for and duly recompensed to the relevant companies. The project is still ongoing and is supported by the MQA Board, as it serves to mitigate against any further risks of undisbursed funds.

The Board held its strategic planning sessions from 13-14 August 2019. The focus was to infuse good corporate governance practices and strategically position the MQA currently and beyond 31 March 2022, following the extension of MQA's licence as a SETA for the next two years. While this has been a welcome development for the SETA, the MQA Board has formalised and is participating in robust discussions with the DMRE as well as the DHET, to ensure the necessary requirements that will result in the MQA's licence being extended to 31 March 2030 are met and in line with the NSDP 2020-2030.

The MQA continues to support the following six strategic objectives that are aligned to its legislative mandate:

1. Promote efficient and effective governance and administration.
2. Improve skills development planning and decision-making through research.
3. Promote work-based skills development to support transformation in the mining and mineral sector.
4. Facilitate access to occupationally directed learning programmes for the unemployed.
5. Support mine community training initiatives to access economic opportunities.
6. Ensure the delivery of quality learning programmes in the mining and mineral sector.

The focus of the strategic objectives may require re-exploration following the announcement made by the Honourable President of the Republic of South Africa, Mr Cyril Ramaphosa, on 15 March 2020 when he proclaimed a state of national disaster as a response to the health, economic and social threat posed by the coronavirus (Covid-19) pandemic. The ramifications of this unprecedented global event on the delivery of key training and learning interventions in the mining and minerals sector have been noted, although it is still inconclusive what these implications might be.

During the year under review, there are notable strides that were achieved within various skills development related targets.

## Highlights

Following the promulgation of the National Skills Development Plan (NSDP) 2020 to 2030, 06 February 2019, the role of the MQA Board continues to underpin the principles inherent in the new strategy and is satisfied the organisation's strategic objectives will be aligned accordingly. As the new SETA landscape, aimed at refining skills development in the country, becomes formalised with effect from 01 April 2020, the MQA is cognisant that its mandate will support the following eight (8) outcomes:

- Identify and increase production of occupations in high demand;
- Linking education and the workplace;
- Improving the level of skills in the South African workforce;
- Increase access to occupationally directed programmes;
- Support the growth of the public college system;
- Skills development support for entrepreneurship and co-operative development;
- Encourage and support worker-initiated training; and
- Support career development services

The MQA once again formed part of the delegates that showcased their services at the 26th Investing in Africa Mining Indaba, in partnership with the newly merged Department of Mineral Resources and Energy (DMRE) and its other entities from 03 to 06 February 2020. This flagship event provided the MQA with an opportunity to reinforce its position as an ardent advocate of progressive skills development initiatives within South Africa's mining and minerals sector. The event attracted over 6 000 delegates from different countries.

The world is slowly adopting innovative methods of conducting business that incorporate novel practices and processes. It is undeniable that these new competences will have a great impact on every aspect of both social and economic systems. While the next wave of industrialisation promises compelling advances, it is imperative that the mining and minerals sector remains invested in people as facilitators of the imminent economic wave.

This sentiment was also echoed by Dr Blade Nzimande, the Honourable Minister of Higher Education, Science and Innovation, during the National Artisan Development Conference which was held from 05 to 06 December 2019 at the Durban Exhibition Centre. The MQA was one of the exhibitors at this event, alongside other notable role-players in the skills development arena. During his address, the Minister highlighted the technical advancements and various business innovations in the economy, noting how staying abreast of these changes still posed a challenge. He added that new occupations were continuously emerging and replacing others; and within each occupation, the required skills and competencies were evolving as the knowledge content of production rises.

For the MQA, the formulation of the National Artisan and Apprenticeship Development Strategy, aimed at providing clear policy direction in relation to quality apprenticeship training, is a welcome response to artisan development of the future, one that is harnessed within the parameters of the Fourth Industrial Revolution.

It is of importance to note, that the MQA achieved a total expenditure of **84%**, which is a plausible milestone for the MQA. I applaud the various departments for the concerted effort made in this regard.

## Transformation

The priorities of the Mining Charter form part of the MQA's focus. In the year under review the organisation saw a steady increase in the number of beneficiaries from mining communities, who gained technical and non-technical skills from participating in various training programmes. This will support the availability of sustained human capital that will also contribute towards an improved employment rate within mining communities.

The MQA is encouraged by the number of employers who have opened their work spaces to enable more learners to undergo training for the work environment and attract discretionary grants.

## Mandatory Grants

As a demonstration of their commitment towards skills development training, mining companies, irrespective of size, are required by legislation to annually submit their workplace skills plans (WSPs) and annual training reports (ATRs). The mandatory deadline date for the submission of WSP-ATRs is 30 April annually. During the year under review, employers in the sector responded positively by the deadline set.

Out of a target of 750**,** a total of **807** companies submitted their WSP-ATRs, with **755** being approved.

This demonstrates the sector's assurance that a culture of continuous learning is sustained and an informed profile of critical skills required within the sector is always available.

The MQA received **R282 811 000** from the mandatory levy income, where a total of **R247 881 000** was disbursed for mandatory grant payments during the last financial year.
As the MQA continues to review the skills needs of the sector, the organisation remains committed towards implementing various, suitable projects that address the evolving interventions required within the sector.

## Discretionary Grants

The Minister of Higher Education and Training approved a total budget of **R654 227 000** for discretionary projects, with a total spend of **R503 779 000.** These projects are established with a focus of addressing the skills gaps identified in the Sector Skills Plan, to fulfil the strategic goals of the MQA that were informed by the deliverables outlined in the National Development Skills Strategy III that ended on 31 March 2020. The projects include various artisan and non-artisan learning programmes, the occupational health and safety skills programme, bursary, work experience, internships as well as other projects to support historically disadvantaged individuals in their career progression within the sector.

## Artisan Development, Support for Artisan Aides

The MQA remains devoted to the objectives of artisan development. We continue to urge employers in the sector to register learners in artisan and non-artisan learnerships. In line with the objectives of "Decade of the Artisan" campaign that is spearheaded by the DHET. We remain committed to increasing the number of young learners pursuing artisanship as worthy of providing essential skills that promote gainful employment, while also contributing towards the country's economic growth.

The MQA also participated in the National Artisan Development Project for Centres of Specialisation with **71** learners enrolled in various artisan programmes.

## Technical Vocational Education and Training College Support

The MQA continued to position itself as a partner in supporting the skills development goals of Technical Vocational Education and Training (TVET) colleges in different regions to foster improved artisan skills.

During the year under review, TVET college lecturers were provided with workplace exposure to enhance the learning experience of TVET learners and advance their skills in artisan and non-artisan trades.

## Occupational Health and Safety

The values of health and safety in the workspace and amongst employees of the mining and minerals sector is of paramount importance, with the MQA firmly committed to the principle of “Zero Harm”. For the year under review the DMRE statistics reveal a marked decrease in fatalities and injuries across the mining and minerals sector. With a significant decrease in the number of mining-related fatalities within the mining and mineral sector, where 51 fatalities in 2019 compared with 81 fatalities reported in 2018. The gold and platinum sectors experienced the highest number of fatalities, with each sector reporting 19 mortalities.

In an effort to alleviate the prevalence of mining-related fatalities, the MQA supported a total of **52** employed learners to register for a qualification related to Seismology and Rock Engineering.

These measures regarding safety concerns are continually adopted, and demonstrate the MQA and the sector’s commitment to devise improvements in the safety standards within the mines. Furthermore, the mining and minerals sector employers’ response to train an increased number of OHS representatives on skills programmes remained positive.

## Literacy Support for Continuous Learning

Literacy support is fundamental to skills development training, ensuring that learning opportunities are available to all employees in the mining and minerals sector. In the year under review there was a resounding, positive response from employers to support the Adult Education and Training (AET), and Foundational Learning Competency (FLC) programmes. This will ensure that all employees in the sector are presented with sufficient opportunities to improve their skills levels as well as their progress within the sector.

## Career Guidance and Support for Graduates

The role of career guidance in shaping the vocational choices of young maths and science learners is a significant one. This embodies the MQA’s commitment to support the transformation needs of the sector by facilitating skills development interventions that also target the youth.

The MQA conducted an extensive career guidance programme in line with the objectives of the DHET, by participating in career exhibitions targeting grades 10, 11 and 12 Maths and Science learners, to create awareness concerning mining-related careers.

Additionally, the MQA provided internship opportunities to graduates, which is a vital component in assisting graduates to find work experience and job opportunities. This was demonstrated in the positive support from employers to offer their workplaces as learning spaces that allow graduates to improve their prospects of gaining employment within the sector, and thus contributing to the objective of a transformed mining and minerals sector.

## Revenue – Administration Budget

The MQA’s income continues to be stable. In the year under review, the total revenue for the period ended 31 March 2020 including donor income, amounted to **R1 246 773 000** (2019: R1 208 248 000), in spite of the employment purges experienced in the mines. The administration levy income increased from R149 662 000 to **R154 880 000** in the financial year. The total spend on administration costs decreased from R141 512 000 in the 2018-2019 financial year to **R136 896 000** in the 2019-2020 financial year. The total budget for the year was **R1 059 536 000** with an expenditure of **R889 933 000** totalling a percentage expenditure of **84%**.

## Challenges

Among some of the challenges that have had a crippling effect on the mining and minerals sector are:

**Mining and Minerals Sector Retrenchments**

The retrenchments announced by a number of mining companies are negatively affecting the MQA's ability to efficiently carry out its mandate. The MQA will pursue various available avenues with role players in the sector, to devise methods that will support ongoing skills development training in the sector.

**The Business Unity South Africa (BUSA) Labour Court Judgement on Mandatory Grants**

Another pressing challenge that faced the MQA in the financial year and will impact the sector, is the Business Unity South Africa (BUSA) labour court judgement that took place on 16 0ctober 2019 where certain aspects of the 2012 SETA Grant Regulations were set aside, declaring them invalid. The case related to a dispute over the new regulations which reduce mandatory skills grants payable to employers from 50% to 20%. The DHET is in engagement with BUSA with the view to finalising this matter for the benefit of all Sector Education and Training Authorities (SETAs).

**The Novel Coronavirus (Covid-10) Pandemic**

The announcement of the coronavirus (Covid-19) pandemic and the subsequent level 5 lockdown imposed on 26 March 2020 where all work ceased in the mines, was felt throughout the sector and has affected stakeholders' ability to deliver skills development interventions to learners due to the suspension of learning and training activities to complete the financial year.

The MQA established a health and Covid-19 Task Team to ensure the MQA adopts a co-ordinated approach to ensuring the safety of MQA Staff and the continued efforts to meet the sectors skills development needs.

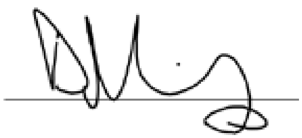
## Appreciation

I am appreciative of the partnership that prevails between the Ministries of both Mineral Resources and Energy (DMRE), and Higher Education, Science and Innovation. I am encouraged by these departments and your steadfast support and the meticulous manner in which the mandate of the MQA was executed over the past year.

My gratitude is also extended to the MQA Board, Audit and Risk Committee, Human Resource and Remuneration Committee as well as the, Internal and External Auditors. It remains an honour to serve as a member of the Board together with committed Board members.
My sincere appreciation is also extended to the employer and labour organisations for their unyielding contribution and feedback during the various stakeholder engagements.

Lastly, I extend my gratitude, on behalf of the MQA, Governing Board, to the MQA employees for the professional manner in which they executed the 2019-2020 performance and for the unwavering support in the execution and delivery of the MQA's mandate. The MQA staff remain the most valuable resource that the MQA cannot afford to function without.

As we find ourselves on the precipice of this unknown challenge in the guise of Covid-19, the MQA Board remains unwavering in its commitment to ensure all efforts for increased improvement remains, and commits to ongoing support to the sector during this uncertain period in the interest of continued learning delivery.



**David Msiza**
Chairperson of the MQA Board
30 September 2020

## 1.2. OPERATIONAL OVERVIEW BY THE ACTING CHIEF EXECUTIVE OFFICER

**Bethuel Nemagovhani**
Acting Chief Executive Officer

On behalf of the Board of the Mining Qualifications Authority (MQA), it gives me immense pleasure, as the Acting Chief Executive Officer (ACEO) of the MQA, to present this overview of the MQA's overall performance for the period 01 April 2019 to 31 March 2020, to the various MQA governing structures.

The MQA was re-licensed by the Department of Higher Education and Training (DHET) as a Sector Education and Training Authority (SETA) from 01 April 2020 to 31 March 2022 within a new SETA landscape. The organisation is participating in ongoing discussions with the relevant authorities to make certain that the MQA re-licencing and the operations of the MQA extend in line with the NSDP 2020-2030 and beyond. The MQA acknowledges the positive relationships that have been established under the DHET led by the Honourable Minister of Higher Education, Science and Innovation, Dr Blade Nzimande. These relationships have positioned the MQA favourably amongst the skills development fraternity.

As one of its State Owned Entities (SOEs) under the Department of Mineral Resources and Energy (DMRE), the MQA welcomed the much-anticipated merger between mining and energy, under the Honourable Minister Gwede Mantashe. The MQA is confident that this amalgamation will promote mutually beneficial growth that will benefit the needs of the different stakeholders who eagerly participate in both sectors.

I acknowledge the MQA Board for the guidance it has ensured in leading the organisation forward through by solid governance principles. The MQA received yet another unqualified audit opinion from the Auditor-General of South Africa (AGSA). A marked improvement was observed from the previous year. The MQA is continuing on a trajectory of sound accountability in the execution of its mandate as a skills development driver in the mining and minerals sector, through governance structures characterised by austere measures which will produce the required outcome of a clean audit opinion going forward.

The MQA is committed to obtaining a greater knowledge of its stakeholder needs and to this effect, a comparatively positive outlook was expressed by our various stakeholders who participated in the Stakeholder Perception Survey that was conducted during 2019. The survey was undertaken in an effort to measure the levels of satisfaction of our stakeholders' experience when conducting business with the MQA, as well as to identifying areas that are considered a hindrance by stakeholders, with a view to overcoming these challenges.

The MQA values the feedback that was received from all stakeholders and also acknowledges the areas that were identified as requiring improvement. The organisation is embarking on a programme of recovery to improve, and in certain cases introduce, systems that will minimise barriers in the MQA's service offerings to the sector. Furthermore, the organisation reiterates this commitment as a demonstration of its adherence to the organisation's six (6) strategic objectives, which provide the cornerstone for the MQA's vision, mission and values for a safe, healthy and adequately skilled mining workforce.

This annual report is delivered during a time of uncertainty, in the wake of the pronouncement by his Excellency the President of South Africa, Mr Cyril Ramaphosa of a nationwide lockdown that was effected from 26 March 2020, as a response to the global coronavirus (Covid-19) pandemic. The country recorded its first case of the virus on 05 March 2020 following an outbreak amongst visitors to, and residents of, various European countries. This has, therefore, necessitated extraordinary measures where government has instigated measures to wind down the economy and the activities of various industries, including those of the mining sector, and restrict people's movement in an effort to minimise the incidence of this novel coronavirus.

The MQA is in full support of government's measures to safeguard the country and our sector against this unfamiliar occurrence. Additionally, the organisation will provide the necessary support to the sector to ensure the health and safety of all its stakeholders, and will continue with its skills development programmes based on government's directive and available technological tools available.

### Revenue and Expenditure

The MQA received a total revenue including donor income, amounting to **R1 246 773 000** (2019: R1 208 248 000). The administration levy income received during the financial year was **R154 880 000** (2019: R149 662 000).

During the period **R753 022 000** (2019: R746 655 000, restated) was spent on mandatory and discretionary grants and special projects, including donor funding expenditure of **R1 362 000** (2019: R7 360 000, restated), with a total administrative expenditure of R129 243 000 (2019: R134 111 000) which was slightly lower than in the previous financial year.

### Annual Performance Information

The MQA's performance during the year under review demonstrated success in achieving the MQA's mandate with regard to its performance targets as per the Annual Performance Plan (APP). The organisation achieved **34** out of the 44 indicators, which is **77%** of the performance targets.

With regard to the Service Level Agreement (SLA) targets, the organisation achieved 28 out of 32 indicators, which represents **88%**. This is a notable improvement from the previous year.

The overall organisational preformance for the year under review was 83%. This was also a positive improvement compared with the previous financial year.

### Occupational Health and Safety Skills Programme

The goal to achieve "Zero Harm" in the mining and minerals sector continues to form part of the mandate of various stakeholders in the sector including the MQA, the DMRE and organised labour. The Occupational Health and Safety (OHS) skills programme is receiving immense support from these role-players and it continues to serve as the genesis for realising the objective of producing a sufficient number of skilled, qualified OHS representatives within the sector.

In the year under review, the MQA exceeded its target of training OHS representatives where a total of **3 334** employees completed the training programme, against the set target of 2 900. As an adjunct to the above training intervention, the MQA offered other health and safety programmes where a total of **164** employees were supported, against the set target of 100.

It remains our goal to pursue all avenues that can drive efforts to reduce the incidence of mining-related fatalities, and health issues related to mining activity, through the provision of this requisite training.

### Research in the Sector

The research initiatives which the MQA undertakes annually provide pertinent information that informs the identification and application of distinctive learning and training measures.

Information gleaned through research mechanisms which include the workplace skills plans (WSP), the annual training reports (ATR) and the Sector Skills Plan (SSP), deliver a vital record of the sector as well as its employees.

In the year under review, a total of **807** workplace skills plans and annual training reports were received, exceeding the set target of 750 WSP-ATRs.

The MQA's six (6) regional offices maintained their advocacy role by providing face-to-face support to stakeholders in the mining and minerals sector.

### Youth and Learner Development (Bursaries, Career Guidance, Youth Development)

The spectre of unemployed youth and unemployed graduates especially, remains an unfortunate reality that is still characterising South Africa's economy.

To achieve the goal of a transformed, skilled, progressive mining and minerals sector, with special reference to the impending Fourth Industrial Revolution, it remains the responsibility of role-players in the sector to provide avenues that foster appropriate, youth-centric skills development and training environments, while ensuring that young qualified candidates are able to access opportunities offered by the sector.

As an example of this, the MQA offers youth-focused learning and training interventions to young, unemployed learners and graduates through the MQA bursary scheme, the internship and work experience programmes, and the youth development programme.

A total of **756** unemployed learners were awarded bursaries through the MQA Bursary Scheme, against a set target of 750. A total of **519** unemployed learners successfully completed their undergraduate qualifications, against a set target of 500.

The MQA's internship programme, aimed at unemployed graduates, assists graduates to find work experience and job placement opportunities. A total of **557** graduates against the set target of 500 were successfully placed with various host companies to attain invaluable work experience.

Additionally, a total of **151** national certificate vocational (NCV) graduates from Technical, Vocational, Education and Training (TVET) colleges entered a work placement programme against a target of 150; while **192** TVET NCV graduates completed their work placement programme against the set target of 50.

The MQA facilitates career guidance opportunities annually, to provide learners studying mathematics and physical science with information relating to careers in the mining and minerals sector. During the year under review, the MQA participated in a total of **91** career guidance events, against the target of 80.

### Mine Community Development, Small-scale Mining Support

The MQA recognises and supports the significance of partnerships that define the relationship between communities and other stakeholders who participate in various activities within mining areas.

The Mine Community Development is one such programme that provides training opportunities for underprivileged beneficiaries to participate positively in the economic growth of their communities.

During the 2019-2020 financial year a total of **1 426** beneficiaries participated in the Mine Community Development programme, against the set target of 1 050. A total of **916** beneficiaries, out of the set target of 900, benefitted successfully from this training initiative.

### Learnerships, Artisan and Non-artisan Development

The sector responded positively by supporting employed learners to partake in skills development opportunities delivered through learnership programmes. This was achieved despite the decrease in the number of learnerships that were available to employers, as well as the restrictions that were imposed by the nationwide lockdown.

To this end, a total of **431** employed learners were enrolled on various learnership programmes against the set target of 400. In terms of completions, a total of **340** employed learners successfully concluded their learnership training against the set target of 150.

Furthermore, a total of **26** employed learners successfully completed their recognition of prior learning (RPL) training against the set target of 25.

There is great support within the sector for the development of artisans through various trades, and this was evidenced by a total of **911** learners being registered on various artisan programmes against the set target of 800. A total of **950** learners completed their artisan training, against a set target of 750.

Employers in the mining and minerals sector demonstrated their support for continuous transformation in the sector by providing learnership opportunities to unemployed learners from the surrounding mining communities. A total of **696** unemployed learners were enrolled on learnership programmes against a set target of 650; and the number of unemployed learners who completed their training was exceeded by 148, with **450** learners completing their training against the set target of 300.

### Stakeholder Capacity-building

In line with stakeholder development within the sector, the MQA aims to ensure the availability of skilled specialists within the mining and minerals sector that provide critical, relevant information to address the training needs of employers.

For this reason, a total of **13** skills development committee (SDC) workshops were hosted, against the set target of 10.

### Support for Literacy in the Sector

The MQA supports literacy programmes that promote the merits of learning amongst sector employees without prior access to learning opportunities. A total of **1 240** learners against the set target of 1 000 successfully completed their level 1-4 Adult Education and Training (AET) and National Accredited Technical Education Diploma (NATED) courses.

### Challenges

**Declining Employment and Covid-19**

It is notable that the sector is still responding positively to the call to support and train unemployed learners from the immediate mining communities, with learnership programmes. Retrenchments within the different sub-sectors of the mining industry are persisting. This has a direct impact on successfully skilling mining employees through the various training initiatives that are being implemented. While the MQA appreciates the uniqueness of this phenomenon, the organisation is engaging with employers in the sector to find other sustainable, viable training solutions. This is exacerbated by the unanticipated novel coronavirus (Covid-19) pandemic that made skills development initiatives more challenging to execute. In partnership with the SETA Performance Teams at the DHET, and the sector, the MQA is exploring innovative training interventions that will incorporate technology and social distancing requirements.

**Youth Development Programme**

The MQA's Youth Development Programme, aimed at young people who reside in communities characterised by widespread mining activity, as well as young people from labour sending areas, failed to yield the desired results of up-skilling the youth in these areas due to the low number of participants in this training programme. Greater effort will be exercised to attract proposals that support the required training interventions that also meet the criteria for MQA funding, to encourage the growth of mine community economies.

## Appreciation

To the Honourable Minister of Higher Education, Science and Innovation, Dr Bonginkosi "Blade" Nzimande; the Honourable Minister of Mineral Resources and Energy (DMRE), Mr Gwede Mantashe; and the Chairperson of the MQA Board, Mr David Msiza, I would like to express my heartfelt gratitude for entrusting me with the responsibility to direct this capable organisation.

The immense contribution provided by various stakeholders in the mining and minerals sector remained at the cornerstone of the MQA's notable achievements during the financial year. These include the DHET, DMRE, the MQA Board and standing committees, as well as employers and labour organisations in the sector. The steady improvement of the organisation's performance is a result of the invaluable feedback received during various stakeholder engagements.

I would also like to convey my appreciation to the MQA management and staff for their determined commitment to the vision, mission and objectives of the MQA. They have consistently demonstrated through the stellar service and support that they provide to the sector.

As we continue under the new normal of Covid-19, I urge all stakeholders to be steadfast in the face of this impending uncertainty. This is an unprecedented incident whose impact on the country, the economy, as well as the world at large, remains unknown.

Rest assured that the MQA remains committed to the health, safety and wellness principles that characterise our sector. We will continue to provide support to our stakeholders to mitigate possible training challenges.

Therefore, I beseech all stakeholders in the sector to remain calm during this period, and to maintain health promoting measures including sanitising hands, wearing masks, practising social distancing, while keeping colleagues and loved ones safe.

**Mr Bethuel Nemagovhani,**
Chief Executive Officer (Acting)
30 September 2020

## 1.3 ORGANISATIONAL STRUCTURE

# SECTION 2

# CORPORATE GOVERNANCE

## 2.1. CORPORATE GOVERNANCE

Corporate governance guides the processes and systems which are essential towards managing the organisational efficiency and effectiveness within the relevant prescripts. It is in line with these guidelines that the MQA ensures that its policies, processes, procedures and practices are reviewed regularly for consistent compliance with relevant legal provisions. The parameters amplified in the organisational strategies, policies and procedures enable the MQA to utilise its resources in an efficient and effective manner.

The terms of Regulation 30 of the Treasury Regulations require that a Service Level Agreement (SLA) be concluded between the MQA and the Department of Higher Education and Training (DHET) annually. This agreement contains key performance indicators and outcomes expected by the stakeholders in line with the protocol for corporate governance in the public sector.

The Board provides strategic direction, leadership, determines goals and objectives of the MQA, and approves key policies, financial objectives, plans, goals and strategies. The MQA Constitution, the Board Charter and the Terms of Reference for all standing committees are aligned to the principles incorporated in the Code of Corporate Practices and Conduct in the King Code reports. The Board's standing committees play a critical oversight role that creates an enabling environment for achievement of organisational goals.

The Corporate Services Function provides support to the MQA Management, staff and stakeholders in the execution of the organisational legislative mandate which is aimed at facilitating skills development in terms of the Skills Development Act.

The manner in which the MQA executes its mandate within the organisation depicts a satisfactory level of maturity of its corporate governance framework. The MQA is therefore proud to be an organisation whose values are embedded in the principles of good corporate governance.

### 2.1.1. Governance Structures

In the execution of its oversight function, the Board is assisted by six (6) standing committees that provide strategic support:

- Audit and Risk Committee
- Finance Committee
- Human Resources and Remunerations Committee
- Information Technology Steering Committee
- Learning Programmes Committee
- Quality Assurance Committee
- Skills Research and Planning Committee

### 2.1.2. Strategic Planning

The strategic planning process forms a critical aspect within any organisation as it is aimed at ensuring impeccable delivery on its strategic objectives. It is in line with this phenomenon that the MQA Board held its strategic session from 13-14 August 2019 with the purpose of reviewing the strategic direction, assessing internal and external challenges, providing direction and producing the Annual Performance Plan of the organisation.

The Strategic Planning Session also enabled the Board to deliberate on various policy initiatives aimed at streamlining operational processes for efficiency and effectiveness.

### 2.1.3. Executive Committee

The Executive Committee (EXCO) meets on a quarterly basis to deliberate on reports that are submitted to the Board Committee as per recommendation by the EXCO members.

### 2.1.4. Accounting Authority

The final responsibility for the future of the company depends upon the Board as they provide guidance and direction by which the company is to be led. Sections 50 and 51 of the Public Finance Management Act (PFMA) Act 1 of 1999 as amended by Act 29 of 1999, stipulates that the Accounting Authority must accept the fiduciary duties in writing.

### 2.1.5. Board's Responsibilities

The Board is responsible for:

- The strategic direction and the control of the company.
- The values to which the company will adhere, formulated in its code of conduct.
- Ensuring that its conduct and that of Management aligns to the values and is adhered to in all aspects of its business; and
- Promoting the stakeholder inclusive approach of governance.

### 2.1.6. Board Charter

The charter is approved by the Accounting Authority and the Board ensures there is compliance with the charter.

### 2.1.7. Remuneration of the Board

The remuneration of the Board is determined by the National Treasury rates. The members from the Department of Mineral Resources and Energy (DMRE) are not entitled to remuneration as they are employees of the state entity. Members of the Board are also reimbursed for their travel and the rate per kilometre is determined by the South African Revenue Service (SARS).

### 2.1.8. Board and Standing Committees Roles and Responsibilities

| | Name | Function | Composition | Quorum | Chairperson |
|---|---|---|---|---|---|
| 1. | MQA Board | Accounting Authority policy, strategies and resource allocations | 5 representatives per stakeholder group present | 2 stakeholder groups present | Chief Inspector of Mines |
| 2. | Executive Committee (EXCO) | Board-delegated tasks and management oversight | Chairperson of the Board, three conveners, CEO, COO, CFO, Executive Manager Corporate Services (EMCS), Chief Risk Monitoring and Evaluation Officer (CRMEO), Executive Manager Stakeholder Relations (EMSR) | 1 stakeholder | Chief Inspector of Mines |
| 3. | Audit and Risk Committee | Advises on the effectiveness of financial management systems and controls in terms of the PFMA | 3 external representatives, 1 representative per stakeholder group, 1 representative from internal auditors, 1 representative from external auditors, CEO, COO, CFO, EMCS, CRMEO and EMSR | 2 stakeholders from different stakeholder groups and 1 external representative present | External representative |
| 4. | Finance Committee | Advises on budget, financial control of projects and grants, levy grant disbursement | 2 representatives per stakeholder group, CEO, COO, CFO EMCS, CRMEO and EMSR | 2 stakeholder groups present | Board Member |
| 5. | Human Resources and Remunerations Committee (HRREMCO) | Oversees the implementation of a remuneration framework for the MQA | 3 external representatives, 1 representative per stakeholder group, CEO, COO, EMCS, CFO, CRMEO, EMSR | 1 stakeholder and 1 external representative present | External representative |
| 6. | Information Technology Steering Committee (ITSC) | Oversees the IT governance and management activities and provides Board with reports on IT management activities | 1 ARC member, 1 representative from each of the three MQA stakeholders, 2 representatives from the IT unit and MQA executive management | Two members representing the stakeholders and a representative from the ARC | Board Member |
| 7. | Quality Assurance Committee (QA) | Advises on quality assurance, accreditation, MoUs with SETAs, monitoring of learning provision, unit projects and grants implementation | 2 representatives per stakeholder group and unit management | 2 stakeholder groups present | Board Member |
| 8. | Learning Programmes Committee (LP) | Advises on learning programmes, skills programme registration, learning material development, apprentice administration, MQA-I-Share administration, and unit projects and grants implementation | 2 representatives per stakeholder group and unit management | 2 stakeholder groups present | Board Member |
| 9. | Skills Planning and Research Committee | Advises on development and implementation of the sector skills plan, administration of workplace skills plan and annual training report and grants, unit projects and grants implementation | 2 representatives per stakeholder group and unit management | 2 stakeholder groups present | Board Member |

| | |
|---|---|
| | Quarterly |

**Note:** Secretarial support is provided by an external service provider in all legislated structures.

## 2.1.9. Board Members Composition

The MQA Board forms a tripartite structure comprising state, employers and labour. The Board in its current form was re-established up to and including 31 March 2021, subject to a revised Board being established through a nomination process of all stakeholders in the relevant constituencies. Below are the current interim Board members.

**CHAIRPERSON**

***David Msiza**
Chairperson

**STATE**

**Headman Mbiko**
Department of Mineral Resources and Energy

**Patricia Gamede**
Department of Mineral Resources and Energy

**Modilati Malapane**
Department of Mineral Resources and Energy

***Mthokozisi Zondi**
Department of Mineral Resources and Energy

**EMPLOYERS**

***Lorato Mogaki**
Anglo Platinum

**Johan Venter**
Colliery Training Centre

**Mashego Mashego**
Harmony

**Mustak Ally**
Minerals Council South Africa

**LABOUR**

**Tshilidzi Mathavha**
National Union of Mineworkers

**Donald Shikati**
National Union of Mineworkers

**Masibulele Naki**
National Union of Mineworkers

**Amon Teteme**
National Union of Mineworkers

**Frans Stehring**
United Association of South Africa

* Mthokozisi Zondi, DMRE resigned as at 28 February 2020

* Lorato Mogaki, Anglo Platinum resigned as at 31 March 2020.

### 2.1.10. Meeting Attendance

| | MEMBER | ORGANISATION | CONSTITUENCY | MEETING DATES | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 30 May 2019 | 31 July 2019 | 07 November 2019 | 28 February 2020 | 25 March 2020 | TOTAL |
| 1 | ***D. Msiza | DMRE | State | √ | √ | √ | √ | √ | 5 |
| 2 | **D. Shikati | NUM | Labour | √ | √ | √ | √ | √ | 5 |
| 3 | **F. Stehring | UASA | Labour | √ | √ | √ | x | √ | 4 |
| 4 | *A.Teteme | NUM | Labour | X | √ | √ | √ | √ | 4 |
| 5 | **T. Mathavha | NUM | Labour | X | √ | √ | x | x | 2 |
| 6 | **M. Naki | NUM | Labour | √ | √ | √ | √ | √ | 5 |
| 7 | *M. Ally | Minerals Council SA | Employers | √ | √ | √ | √ | √ | 5 |
| 8 | **L. Mogaki | Anglo Platinum | Employers | X | √ | √ | x | x | 2 |
| 9 | **J. Venter | CTC | Employers | X | √ | x | x | x | 1 |
| 10 | **M. Mashego | Harmony | Employers | X | √ | √ | x | x | 2 |
| 11 | *P. Gamede | DMRE | State | √ | √ | x | √ | x | 3 |
| 12 | **H. Mbiko | DMRE | State | X | √ | √ | √ | √ | 4 |
| 13 | **M. Malapane | DMRE | State | √ | √ | √ | √ | x | 4 |
| 14 | **M. Zondi | DMRE | State | √ | √ | √ | x | x | 3 |

**** Chairperson*

** Convenor of stakeholder delegation*

*** Members*

# SECTION 3

# PERFORMANCE INFORMATION

## 3.1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION FOR THE YEAR-ENDED 31 MARCH 2020

***As the Acting Chief Executive Officer (CEO) of the MQA, I confirm that to the best of my knowledge and belief:***

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

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

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

The Annual Financial Statements (Section 9) have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) that are the standards applicable to the public entity.

I accept that as the Accounting Authority I am responsible for the preparation of the Annual Financial Statements and the MQA performance information, as well as for the judgements made on this information.

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

The MQA Annual Financial Statements on pages 93 to 161 and the performance information on pages 23 to 53 approved by the MQA Board for the year ended 31 March 2020, have been examined by the external auditors to express an independent opinion and their report is presented on pages 83 to 86 of this report.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the MQA for the financial year-ended 31 March 2020.

**Bethuel Nemagovhani**
Acting Chief Executive Officer
30 September 2020

**Mr David Msiza**
Chairperson
30 September 2020

## 3.2. MQA VALUE CHAIN

The MQA follows a simple yet effective value chain approach to skills development in the mining and minerals sector.

### MQA VALUE CHAIN

SKILLS PLANNING AND RESEARCH → LEARNING PROGRAMMES IMPLEMENTATION → QUALITY ASSURANCE

| SECTOR SKILLS PLANNING | STRATEGIC PROJECTS | OPERATIONAL PROJECTS | DEVELOPMENT QUALITY PARTNER (DQP) | ASSESSMENT QUALITY PARTNER (AQP) | QUALITY ASSURANCE (QA) |
|---|---|---|---|---|---|
| Identify skills needs for the sector<br><br>Assess and approve WSP-ATR<br><br>Compile a sector skills plan<br><br>Support sector research | Higher Education Institutions (HEIs) Lecturer Support<br><br>Internships Support<br><br>Management Development Support<br><br>Technical Vocational Education and Training (TVET) Colleges Lecturer Support<br><br>National Certificate Vocational (NCV) Level 4 Support<br><br>Work Experience<br><br>Workplace Coaches Development | Adult Education and Training (AET)<br><br>Artisan Aides<br><br>Artisan Learnerships<br><br>Foundational Learning Competency (FLC)<br><br>Non-artisan Learnerships<br><br>Non-artisan Learnerships (RPL)<br><br>Occupational Health and Safety Representative Development (OHS) | Develops learning programmes<br><br>Develops learning materials<br><br>Develops workplace learning materials | Registers qualifications<br><br>Develops assessments<br><br>Approval for Assessment Centres<br><br>Manages learner certifications through the QCTO | Conducts accreditation for training providers<br><br>Conducts programme and workplace approvals<br><br>Registers assessors and moderators<br><br>Conducts learner certification and issues certificates |

**SUPPORT SERVICES**
Corporate Governance - Customer Service and Communication - Facilities and Office Management - Finance
Human Resources - Information Technology - Legal Services - Monitoring and Evaluation - Supply Chain Management

## 3.3. THE MINING CHARTER DECLARATION, COMMITMENTS AND SCORECARD FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020

During the 2019–2020 financial year, the MQA implemented various projects and initiatives in support of the broad-based socio-economic empowerment charter known as the Mining Charter.

The Mining Charter sets out the following objectives:

a) To promote equitable access to the nation's mineral resources to all the people of South Africa;

b) To substantially and meaningfully expand opportunities for historically disadvantaged South Africans (HDSAs) to enter the mining and minerals industry and to benefit from exploration of the nation's mineral resources;

c) To utilise and expand the existing skills base for the empowerment of HDSAs and to serve the community;

d) To promote employment and advance the social and economic welfare of mine communities and major labour sending areas;

e) To promote beneficiation of South Africa's mineral commodities; and

f) Promote sustainable development and growth of the mining industry.

In addition, the Mining Charter has the following elements:

a) Ownership;

b) Procurement and enterprise development;

c) Beneficiation;

d) Employment equity;

e) Human resource development;

f) Mine community development;

g) Housing and living conditions;

h) Sustainable development and growth of the mining industry; and

i) Reporting (monitoring and evaluation).

The MQA's support for the Mining Charter objectives and elements during the reporting period included:

**Beneficiation Support**

The MQA continued to support the training of learners in the diamond processing and jewellery manufacturing disciplines, and funding a total of **135** learners entering and **238** learners completing programmes in these disciplines in the year under review. A total of **15** learners who entered are learners with disability. A total of **56** learners who completed are learners with disability. Since 2010, a total of **6 915** learners have been trained.

**Human Resource Development**

The MQA did not provide capacity building workshops to Skills Development Facilitators (SDFs) due to the delayed availability of the WSP-ATR submission platforms; however, 13 workshops were conducted to support Skills Development Committee (SDC) members. Participants to these workshops are made up of past and current SDFs from within the sector as well as members from organised labour groups.

The participants are kept informed of the WSP-ATR process, including MQA and Government requirements to encourage participation in the process. The workshops also create awareness around human resource best practices, skills development and the need for a harmonious relationship between employers and labour. This was achieved through partnership with the support of the MQA regional offices and the overwhelming support from the sector.

**Mine Community Development Support**

The MQA supported various mine communities and labour sending areas, with skills development initiatives. These programmes were not restricted to mining skills but also included training in portable skills such as carpentry, computer skills, dump truck, welding, plant production and skills in agriculture. A total of **R 9.5 million** was disbursed for mine community support. In addition, **150** community learners were supported with small scale mining skills in the Mpumalanga and Limpopo Provinces. Career guidance activities were conducted in rural mining communities to highlight career opportunities in the mining and minerals sector, a total of 91 career guidance events were conducted in the year under review.

**Historically Disadvantaged South Africa (HDSA) Support**

The MQA continued supporting **26** HDSA lecturers at universities and **52** HDSA TVET lecturers. Another **19** HDSA learners completed the management development training. The MQA also funded 756 undergraduate bursaries in disciplines related to the mining and minerals sector. These bursaries are targeted at previously disadvantaged learners in rural communities. The MQA increased its Black Economic Empowerment (BEE) level 1–4 spend to **95%** of service providers and vendors providing services to the SETA.

A number of other projects and initiatives in the MQA strategic plan supported the Mining Charter. These include programmes and projects in artisan development, core learnerships, skills development, maths and science, work experience, internships, adult education and training (AET), recognition of prior learning (RPL), occupational health and safety (OHS) and other Health and Safety Programmes (Trackelss Mobile Machine Operations and Underground Hardrock V5). These initiatives support objectives and elements such as employment equity and human resources development.

Learners on the mine community programme

## 3.4. ANNUAL PERFORMANCE REPORT FOR THE PERIOD 01 APRIL 2019-31 MARCH 2020

### Performance Against Targets Agreed with the Department of Higher Education and Training (DHET)

#### Service Level Agreement (SLA) Performance

| Number of Targets Agreed Upon | Number of Targets Not Met | Number of Targets Achieved |
|---|---|---|
| 32 | 4 | 28 |
| 100% | 12% | 88% |

#### Summary Annual Performance Plan (APP) achievement

| Number of Targets Agreed Upon | Number of Targets Not Met | Number of Targets Achieved |
|---|---|---|
| 44 | 10 | 34 |
| 100% | 23% | 77% |

#### Summary Discretionary Grant Budget Achievement

| Annual Budget | Total Expenditure | Percentage Expenditure |
|---|---|---|
| R654 227 000.00 | R503 779 000.00 | 77% |

#### OVERALL ORGANISATIONAL PERFORMANCE

| Annual Performance Plan (APP) | Service Level Agreement (SLA) | Overall Performance |
|---|---|---|
| 77% | 88% | 83% |

## THE MQA ANNUAL PERFORMANCE REPORT FOR THE PERIOD 01 APRIL 2019 TO 31 MARCH 2020

### Performance Against Targets Agreed with the Department of Higher Education and Training (DHET)

| PROGRAMME 1 | | | | | | | |
|---|---|---|---|---|---|---|---|
| MQA STRATEGIC OBJECTIVE | | Promote efficient and effective governance and administration | | | | | |
| PRIORITY ACTION | | Implement an effective and transparent corporate governance system within the legislative framework | | | | | |
| No. | Programme Performance Indicator | Actual Achievement | Planned Target | Actual Achievement | Deviation from planned target to Actual Achievement | Dashboard | Comments on Deviation |
| | 2019-2020 | 2018-2019 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 |
| 1.1 | Achievement and maintenance of a clean audit outcome | Unqualified audit outcome | Clean audit outcome | Unqualified audit outcome | -100% | | **Target not met** This was due to material non-compliance with the PFMA. |
| 1.2 | Ensure 100% alignment with DHET compliance reporting requirements in respect of reporting, policies, legislation, sustainability) | 1 | 100% | **100%** | 0% | | **Target met** |
| 1.3 | Achievement of a 90% utilisation of BBBEE Level 1-4 suppliers | 96% | 90% | **95%** | 5% | | **Target exceeded** There was an increase in the utilisation of BBBEE suppliers. |
| 1.4 | One customer satisfaction survey conducted annually and 85% customer satisfaction | 100% | 1 survey report and 85% of customer satisfaction | **1 survey report and 68% of customer satisfaction** | -17% | | **Target not met** There were no blockages pertaining to the production of the Customer Satisfaction Survey report. The MQA as a whole is required to ensure concerted effort to improve the morale of staff as the survey percentage results decline was as a result of negative ratings from MQA staff. |

| PROGRAMME 1 | | | | | | | |
|---|---|---|---|---|---|---|---|
| MQA STRATEGIC OBJECTIVE | | Promote efficient and effective governance and administration | | | | | |
| PRIORITY ACTION | | Implement an effective and transparent corporate governance system within the legislative framework | | | | | |
| No. | Programme Performance Indicator | Actual Achievement | Planned Target | Actual Achievement | Deviation from planned target to Actual Achievement | Dashboard | Comments on Deviation |
| | 2019-2020 | 2018-2019 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 |
| **1.5** | Annual International Literacy Day hosted | 1 | 1 event | **1 event** | 0 | | **Target met** |
| **1.6** | Number of career guidance events held per annum | 83 | 80 events | **91** | 11 | | **Target exceeded** This was due to a high demand of career guidance activities. |
| **1.7** | Adherence to turnaround times prescribed in MQA business processes | 100% | 100% | **0%** | -100% | | **Target not met** The ISO certification is still pending, internal audit is scheduled to determine organisational readiness for certification. |
| **1.8** | Percentage of MQA projects monitored (previously number of projects) | 100% | 90% | **100%** | 10% | | **Target exceeded** This was due to the MQA employing a multi-pronged and risk-based approach to the project verification process. This includes making use of different verification methods such as desktop, physical verification and assistance from regional resources. |
| **1.9** | Number of MQA projects evaluated per annum (Value for Money analysis) conducted | 4 | 5 | **2** | -3 | | **Target not met** All service providers were appointed, however, for some programmes work could not continue due to the imposed lockdown. |

| PROGRAMME 2 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| MQA STRATEGIC OBJECTIVE | | Improve skills development planning and decision-making through research | | | | | | |
| NSDS GOAL | | Creating a credible institutional mechanism for skills development planning and research in the sector | | | | | | |
| PRIORITY ACTION | | Lead sector skills planning through research | | | | | | |
| No. | Programme Performance Indicator | Actual Achievement | Planned Target | Actual Achievement | Deviation from planned target to Actual Achievement | Dashboard | Comments on Deviation | |
| | 2019-2020 | 2018-2019 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 | |
| **2.1** | Number of skills development facilitator capacity building workshops per annum | 21 | 10 workshops | **0** | -10 | | **Target not met** Workshops were dependant on the availability of the WSP-ATR system training. The WSP-ATR system was not available by end of March 2020. | |
| **2.2** | Number of skills development committee members capacity building workshops per annum | 18 | 10 workshops | **13** | 3 | | **Target exceeded** This was due to the sector experiencing a high turnover in members of skills development committees. This necessitated an increase in target from 10 to 13 workshops. | |
| **2.3** | Number of workplace skills plans (WSPs) and annual training reports (ATRs) evaluated to access mandatory grants per annum | 759 | 750 | **807** | 57 | | **Target exceeded** This was due to the MQA implementing an advocacy drive in conjunction with the DMR to encourage more organisations to submit their skills plans and training reports. | |
| **2.4** | Number of sector research outputs completed per annum | 6 | 6 | **6** | 0 | | **Target met** | |
| **2.5** | Collaborate with Public and Private Sector Organisations regarding skills development research in the mining and minerals sector | 3 | 3 | **3** | 0 | | **Target met** | |

| PROGRAMME 3 | | | | | | | |
|---|---|---|---|---|---|---|---|
| MQA STRATEGIC OBJECTIVE | | Promote work-based skills development to support transformation in the mining and mineral sector | | | | | |
| NSDS GOAL | | Increasing access to occupationally directed programmes | | | | | |
| PRIORITY ACTION | | - Support transformation of the sector through skills development<br>- Continue to improve health and safety standards<br>- Develop portable skills<br>- Monitor and develop the skills required for minerals and beneficiation | | | | | |
| No. | Programme Performance Indicator | Actual Achievement | Planned Target | Actual Achievement | Deviation from planned target to Actual Achievement | Dashboard | Comments on Deviation |
| | 2019-2020 | 2018-2019 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 |
| **3.1a** | Number of employees entering a learnerships per annum | 102 | 400 | **431** | 31 | | **Target exceeded**<br>Additional funding was added to the project budget during the budget review process and was approved by Board. |
| **3.1b** | Number of employees completing a learnerships per annum | 783 | 150 | **340** | 190 | | **Target exceeded**<br>This was due to a high number of learners from allocations of past years passing their learning programme and reported for completion in the 2019-2020 financial year. Inclusion of past performance as a criteria for allocations has assisted with improvements of completion in this project in the 2019-2020 financial year. |
| **3.1c** | Number of employees completing RPL for learnerships | 25 | 25 | **26** | 1 | | **Target exceeded**<br>This was due to a high number of learners from allocations of past years passing their learning programme and reported for completion in the 2019-2020 financial year. Inclusion of past performance as a criteria for allocations has assisted with improvements of completion in this project in the 2019-2020 Financial year. |

| PROGRAMME 3 | | | | | | | |
|---|---|---|---|---|---|---|---|
| MQA STRATEGIC OBJECTIVE | Promote work-based skills development to support transformation in the mining and mineral sector | | | | | | |
| NSDS GOAL | Increasing access to occupationally directed programmes | | | | | | |
| PRIORITY ACTION | - Support transformation of the sector through skills development<br>- Continue to improve health and safety standards<br>- Develop portable skills<br>- Monitor and develop the skills required for minerals and beneficiation | | | | | | |
| No. | Programme Performance Indicator | Actual Achievement | Planned Target | Actual Achievement | Deviation from planned target to Actual Achievement | Dashboard | Comments on Deviation |
| | 2019-2020 | 2018-2019 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 |
| **3.2a** | Number of HDSA MMS employees that enter a management development programme per annum | N/A | 100 | **128** | 28 | | **Target exceeded**<br>This was due to the availability of the funds which enabled additional allocation of grants to employers. |
| **3.2b** | Number of HDSA MMS employees that complete a management development programme per annum | 76 | 160 | **19** | -141 | | **Target not met**<br>There was an insufficient pipeline of learners to complete the Management Development Programme. |
| **3.3a** | Number of employees that successfully complete the Occupational Health and Safety Representatives' skills programme per annum | 901 | 2900 | **3334** | 434 | | **Target exceeded**<br>This was due to a high number of learners from allocations of past years passing their learning programme and reported for completion in the 2019-2020 financial year. Inclusion of past performance as a criteria for allocations has assisted with improvements of completion in this project in the 2019-2020 financial year. |

| PROGRAMME 3 | | | | | | | |
|---|---|---|---|---|---|---|---|
| MQA STRATEGIC OBJECTIVE | Promote work-based skills development to support transformation in the mining and mineral sector | | | | | | |
| NSDS GOAL | Increasing access to occupationally directed programmes | | | | | | |
| PRIORITY ACTION | - Support transformation of the sector through skills development<br>- Continue to improve health and safety standards<br>- Develop portable skills<br>- Monitor and develop the skills required for minerals and beneficiation | | | | | | |
| No. | Programme Performance Indicator | Actual Achievement | Planned Target | Actual Achievement | Deviation from planned target to Actual Achievement | Dashboard | Comments on Deviation |
| | 2019-2020 | 2018-2019 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 |
| **3.3b** | Number of employees supported to complete other Health and Safety Programmes per annum | 100 | 100 | **164** | 64 | | **Target exceeded**<br>This was due to a high number of learners from allocations of past years passing their learning programme and reported for completion in the 2019-2020 financial year. Inclusion of past performance as a criteria for allocations has assisted with improvements of completion in this project in the 2019-2020 financial year. |
| **3.5** | Number of HDSA HET lecturer that enter into a lecturer development programme per annum | 30 | 30 | **26** | -4 | | **Target not met**<br>This was due to delays in Universities being unable to conclude contracting for the lecturers. |
| **3.6** | Number of HDSA TVET lecturers capacitated per annum | N/A | 30 | **52** | 22 | | **Target exceeded**<br>This was due to a high number of applications received from TVET and CET colleges and training cost were within the approved budget to accommodate more lecturers. |
| **3.7a** | Number of learners that enter an artisan programme per annum | 320 | 800 | **911** | 111 | | **Target exceeded**<br>Additional funding was added to the project budget during the budget review process and was approved by Board. |

| PROGRAMME 3 | | | | | | | |
|---|---|---|---|---|---|---|---|
| MQA STRATEGIC OBJECTIVE | Promote work-based skills development to support transformation in the mining and mineral sector | | | | | | |
| NSDS GOAL | Increasing access to occupationally directed programmes | | | | | | |
| PRIORITY ACTION | - Support transformation of the sector through skills development<br>- Continue to improve health and safety standards<br>- Develop portable skills<br>- Monitor and develop the skills required for minerals and beneficiation | | | | | | |
| No. | Programme Performance Indicator | Actual Achievement | Planned Target | Actual Achievement | Deviation from planned target to Actual Achievement | Dashboard | Comments on Deviation |
| | 2019-2020 | 2018-2019 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 |
| **3.7b** | Number of learners that complete an artisan programme per annum | 1306 | 750 | **950** | 200 | | **Target exceeded**<br>This was due to a high number of learners from allocations of past years passing their learning programme and reported for completion in the 2019-2020 financial year. Inclusion of past performance as a criteria for allocations has assisted with improvements of completion in this project in the 2019-2020 financial year. |
| **3.7c** | Number of learners that complete an artisan aides programme per annum | N/A | 97 | **143** | 46 | | **Target exceeded**<br>This was due to a high number of learners from allocations of past years passing their learning programme and reported for completion in the 2019-2020 financial year. Inclusion of past performance as a criteria for allocations has assisted with improvements of completion in this project in the 2019-2020 financial year. |

| PROGRAMME 3 | | | | | | | |
|---|---|---|---|---|---|---|---|
| MQA STRATEGIC OBJECTIVE | Promote work-based skills development to support transformation in the mining and mineral sector | | | | | | |
| NSDS GOAL | Increasing access to occupationally directed programmes | | | | | | |
| PRIORITY ACTION | - Support transformation of the sector through skills development<br>- Continue to improve health and safety standards<br>- Develop portable skills<br>- Monitor and develop the skills required for minerals and beneficiation | | | | | | |
| No. | Programme Performance Indicator | Actual Achievement | Planned Target | Actual Achievement | Deviation from planned target to Actual Achievement | Dashboard | Comments on Deviation |
| | 2019-2020 | 2018-2019 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 |
| **3.8a** | Number of learners that successfully complete AET and Nated courses | 831 | 1000 | **1240** | 240 | | **Target exceeded**<br>This was due to a high number of learners from allocations of past years passing their learning programme and reported for completion in the 2019-2020 financial year. Inclusion of past performance as a criteria for allocations has assisted with improvements of completion in this project in the 2019-2020 financial year. |
| **3.9a** | Numbers of unemployed learners that enter a learnerships per annum | 380 | 650 | **696** | 46 | | **Target exceeded**<br>Additional funding was added to the project budget during the budget review process and was approved by Board. |
| **3.9b** | Numbers of unemployed learners that complete a learnerships per annum | 1152 | 300 | **450** | 150 | | **Target exceeded**<br>This was due to a high number of learners from allocations of past years passing their learning programme and reported for completion in the 2019-2020 financial year. Inclusion of past performance as a criteria for allocations has assisted with improvements of completion in this project in the 2019-2020 financial year. |

| PROGRAMME 3 | | | | | | | |
|---|---|---|---|---|---|---|---|
| MQA STRATEGIC OBJECTIVE | Promote work-based skills development to support transformation in the mining and mineral sector | | | | | | |
| NSDS GOAL | Increasing access to occupationally directed programmes | | | | | | |
| PRIORITY ACTION | - Support transformation of the sector through skills development<br>- Continue to improve health and safety standards<br>- Develop portable skills<br>- Monitor and develop the skills required for minerals and beneficiation | | | | | | |
| No. | Programme Performance Indicator | Actual Achievement | Planned Target | Actual Achievement | Deviation from planned target to Actual Achievement | Dashboard | Comments on Deviation |
| | 2019-2020 | 2018-2019 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 |
| **3.10a** | Number of unemployed learners awarded a bursary per annum. | 260 | 750 | **756** | 6 | | **Target exceeded**<br>This was due to a high number of applications received and available grants. |
| **3.10b** | Number of unemployed learners awarded a bursary completing per annum | 788 | 500 | **519** | 19 | | **Target exceeded**<br>This was due to a high number of learners that were due to complete in 2019. |
| **3.10c** | Number of employed learners awarded a bursary per annum | 43 | 50 | **52** | 2 | | **Target exceeded**<br>This was due to the availability of funds. |
| **3.11a** | Number of undergraduates that enter a work place experience programme per annum | 279 | 550 | **485** | -65 | | **Target not met**<br>This was due to employers that were allocated grants and did not register learners as per their allocation. The support was only provided for mining related disciplines. |

| PROGRAMME 3 | | | | | | | |
|---|---|---|---|---|---|---|---|
| MQA STRATEGIC OBJECTIVE | Promote work-based skills development to support transformation in the mining and mineral sector | | | | | | |
| NSDS GOAL | Increasing access to occupationally directed programmes | | | | | | |
| PRIORITY ACTION | - Support transformation of the sector through skills development<br>- Continue to improve health and safety standards<br>- Develop portable skills<br>- Monitor and develop the skills required for minerals and beneficiation | | | | | | |
| No. | Programme Performance Indicator | Actual Achievement | Planned Target | Actual Achievement | Deviation from planned target to Actual Achievement | Dashboard | Comments on Deviation |
| | 2019-2020 | 2018-2019 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 | 2019-2020 |
| **3.11b** | Number of undergraduates that complete a work place experience programme per annum | 139 | 300 | **416** | 116 | | **Target exceeded**<br>In the previous years, learners registered for vacation work were never reported on the completion target. For 2019-2020, these learners were reported on both entered and completion. The number of learners reported for 2019-2020 was 173. Our pipeline for learners that started their training in the previous financial year, was 243. |
| **3.12a** | Number of TVET NCV graduates that enter a work placement programme per annum | 100 | 150 | **151** | 1 | | **Target exceeded**<br>This was due to the availability of funds to accommodate additional learners. |
| **3.12b** | Number of TVET NCV graduates that complete a work placement programme per annum | 126 | 50 | **192** | 142 | | **Target exceeded**<br>This was due to a high number of learners from allocations of past years passing their trade test and reported for completion in the 2019-2020 financial year. Inclusion of past performance as a criteria for allocations has assisted with improvements of completion in this project in the 2019-2020 financial year. |

| PROGRAMME 3 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **MQA STRATEGIC OBJECTIVE** | **Promote work-based skills development to support transformation in the mining and mineral sector** | | | | | | |
| **NSDS GOAL** | **Increasing access to occupationally directed programmes** | | | | | | |
| **PRIORITY ACTION** | **- Support transformation of the sector through skills development<br>- Continue to improve health and safety standards<br>- Develop portable skills<br>- Monitor and develop the skills required for minerals and beneficiation** | | | | | | |
| **No.** | **Programme Performance Indicator** | **Actual Achievement** | **Planned Target** | **Actual Achievement** | **Deviation from planned target to Actual Achievement** | **Dashboard** | **Comments on Deviation** |
| | **2019-2020** | **2018-2019** | **2019-2020** | **2019-2020** | **2019-2020** | **2019-2020** | **2019-2020** |
| **3.13** | Number of graduates that enter an internship programme per annum | 114 | 500 | **557** | 57 | | **Target exceeded**<br>This was due to the availability of funds. |
| **3.14a** | Number of mine community beneficiaries enter a training programme per annum | 151 | 1050 | **1426** | 376 | | **Target exceeded**<br>This was due to additional funds approved during the 2019-2020 financial year budget review process. |
| **3.14b** | Number of mine community beneficiaries complete a training programme per annum | 312 | 900 | **916** | 16 | | **Target exceeded**<br>This was due to additional numbers of learners entering the Mine Community Programmes in the past year and completing training in the 2019-2020 financial year. The nature of the project is able to accommodate a number of learners within in the short duration which means they complete the training in the same year they entered. |
| **3.15a** | Number of unemployed youth in mining communities and labour sending areas that enter training programme per annum. | 201 | 1800 | **692** | -1108 | | **Target not met**<br>The training proposals did not meet the funding criteria. |

| PROGRAMME 3 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **MQA STRATEGIC OBJECTIVE** | **Promote work-based skills development to support transformation in the mining and mineral sector** | | | | | | |
| **NSDS GOAL** | **Increasing access to occupationally directed programmes** | | | | | | |
| **PRIORITY ACTION** | **- Support transformation of the sector through skills development<br>- Continue to improve health and safety standards<br>- Develop portable skills<br>- Monitor and develop the skills required for minerals and beneficiation** | | | | | | |
| **No.** | **Programme Performance Indicator** | **Actual Achievement** | **Planned Target** | **Actual Achievement** | **Deviation from planned target to Actual Achievement** | **Dashboard** | **Comments on Deviation** |
| | **2019-2020** | **2018-2019** | **2019-2020** | **2019-2020** | **2019-2020** | **2019-2020** | **2019-2020** |
| **3.15b** | Number of unemployed youth in mining communities and labour sending areas that complete training programme per annum. | 161 | 800 | **27** | -773 | | **Target not met**<br>The proposals received did not meet the requirements to deliver on the youth development projects were approved in prior year. |
| **3.16** | Number of beneficiaries trained in small-scale mining per annum | 60 | 150 | **150** | 0 | | **Target met** |

| PROGRAMME: 4 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **MQA STRATEGIC OBJECTIVE:** | **Ensure the delivery of quality learning programmes in the mining and minerals sector** | | | | | | |
| **NSDS GOAL:** | **Continuously improve the delivery of quality learning programmes** | | | | | | |
| **PRIORITY ACTION:** | **- Ensure the delivery of quality programmes in the mining and minerals sector<br>- Monitor and respond to technology changes<br>- Develop portable skills<br>- Monitor and develop the skills required for minerals and beneficiation** | | | | | | |
| **No.** | **Programme Performance Indicator** | **Actual Achievement** | **Planned Target** | **Actual Achievement** | **Deviation from planned target to Actual Achievement** | **Dashboard** | **Comments on Deviation** |
| | **2019-2020** | **2018-2019** | **2019-2020** | **2019-2020** | **2019-2020** | **2019-2020** | **2019-2020** |
| **4.1** | Number of training providers quality assured per annum | 229 | 230 | **259** | 29 | | **Target exceeded**<br>There was high demand for workplace approval as learnership specifics. |
| **4.2** | Review and develop learning programmes for the mining and minerals sector. | 53 | 50 | **231** | 181 | | **Target exceeded**<br>The artisan modular trade qualifications where revised to version 3 therefore requiring the review of the learner guides and assessment guides of the modules as well as the development of on-the-job logbooks. |

### 3.5. SKILLS DEVELOPMENT AND RESEARCH

The MQA is mandated to develop the Sector Skills Plan (SSP) in terms of the Skills Development Act and in accordance with the National Development Strategy III. The SSP is a five-year report aimed at analysing the sector and its associated skills requirements. The MQA has to update the SSP annually to determine skills shortages and gaps identified in the WSP-ATR submitted by organisations within the mining and minerals sector, and through research, guide skills planning and interventions to fulfil the needs of the sector.

The primary source for skills planning and scarce skills list for the mining and minerals sector is the workplace skills plans and the annual training reports. The WSP-ATR serves as an instrument used by the MQA to collect information annually from individual organisations and as a criterion to release mandatory grants, provided that MQA requirements are met.

Furthermore, the MQA undertakes analysis of the WSP-ATR submissions annually to examine trends, skills requirements and priorities for the sector. The MQA uses research to enhance objective decision-making for skills development. This is in line with establishing a credible institutional mechanism for skills planning in the mining and minerals sector. The sector consists of organisations whose operations are classified accordingly in terms of 44 Standard Industry Classification Codes (SIC Codes) representing nine sub-sectors.

Within the MQA, the Skills Development and Research Unit is responsible for administering the sectoral data and managing the implementation of research by carrying out the activities listed below:

1. Manage the administrative process:

- Manage the registrations (skills development facilitator registration and the inter-SETA transfer process).
- Support skills development facilitators within the sector through capacity building sessions.
- Collection of organisation-specific labour market information through the workplace skills plan and annual training report (WSP-ATR) and ensure accuracy and reliability of data.
- Customisation of data to inform SSP update.
- Evaluation of the workplace skills plan and annual training report (WSP-ATR).
- Updating of Organising Framework for Occupations every two years; and
- Facilitate the WSP-ATR submission and approval by the regulated timeframe.

2. Manage the implementation of quality research (research determination, research delivery and research dissemination) by:

- Ensuring data is well interpreted for proper analysis and representation.
- Develop and annually update Sector Skills Plan as a legislative imperative; and
- Conduct research (including through research partnerships) as a functional imperative to provide labour market intelligence to highlight skills requirements for the sector.

The achievement reflected on Programme 2 of the APP:

| Programme Description | Annual Target | Achievement | Reason |
|---|---|---|---|
| Number of Skills Development Facilitator capacity-building workshops per annum | 10 workshops | 0 | No workshops took place due to the limitations around the Covid-19 pandemic and the national lockdown imposed as a result. |
| Number of workplace skills plans and annual training reports (WSP-ATRs) evaluated to access mandatory grants per annum | 750 | 807 | |
| Number of sector research outputs completed per annum | 6 | 6 | |
| Collaborations with public and private sector organisations regarding skills development research in the mining and minerals sector | 3 | 3 | |

**Skills Development Facilitators (SDF) and Skills Development Committees (SDC) Workshops**

The MQA is committed to building a culture of service excellence to its stakeholders. The SDFs contribute to the improvement of sector skills as process owners by ensuring that skills development takes place within their respective organisations. Therefore, building the capacity of Skills Development Facilitators remains a priority. The table below reflects programmes, targets and achievements which were committed during the period under review.

| Programme Description | Annual Target | Achievement | Reason |
|---|---|---|---|
| Number of Skills Development Facilitator capacity-building workshops per annum | 8 workshops | 0 | No workshops took place due to the limitations around the Covid-19 pandemic and the national lockdown imposed as a result. |

### Evaluation and Approval of the Submitted Workplace Skills Plan and Annual Training Report (WSP-ATR)

The MQA is committed to establishing a credible mechanism for skills planning in the mining and minerals sector. During the year under review, the process of evaluating the mandatory grant applications (submitted WSPs-ATRs) began in quarter two after the submission cut-off date in preparation for disbursement. There was a notable increase of the number of submissions compared to the 2017-2018, 719 WSP-ATRs were submitted. A total of 807 WSP-ATR were submitted in the financial year under review. Below is a breakdown of the WSP-ATR target, number of submissions and approvals:

| WSP-ATR Target as per Annual Performance Plan | WSP-ATR Submitted | WSP-ATR Approved | WSP-ATR NOT Approved |
|---|---|---|---|
| 750 | 807 | 755 | 52 |

Below is a provincial breakdown of 2019-2020 submissions by province and size:

| Province | Large | Medium | Small | Grand Total |
|---|---|---|---|---|
| Eastern Cape | 1 | 3 | 6 | 10 |
| Free State | 11 | 6 | 8 | 25 |
| Gauteng | 96 | 79 | 152 | 327 |
| KwaZulu-Natal | 10 | 6 | 19 | 35 |
| Limpopo | 30 | 11 | 22 | 63 |
| Mpumalanga | 63 | 30 | 44 | 137 |
| North West | 44 | 25 | 33 | 102 |
| Northern Cape | 20 | 16 | 17 | 53 |
| Western Cape | 10 | 11 | 34 | 55 |
| **Grand Total** | **285** | **187** | **335** | **807** |

### Mandatory Grant Payments

Below is a figure of mandatory grants paid to organisations that submitted the WSP-ATR and met the payment criteria during the financial year under review:

| Budget 2019-2020 | Payments 2019-2020 |
|---|---|
| R258 825 000.00 | R247 881 000.00 |

**Research Outputs**

Research is key to the Post School Education and Training (PSET) system and to realising the vision outlined by the White Paper for PSET. It can provide insights into the PSET system and the constituencies it serves, about the success or otherwise of policies and their implementation. It also enables practitioners to test and compare diverse theories and approaches to the provision of PSET as well as the development of leading-edge information, services and applications for the system. Most importantly, research can make available the evidence on which the SETA is able to make decisions, review policy and improve upon the system, services and practices.

Through our depth of research and engagement with stakeholders, we remain well placed to understand the national and local context of the sector, recognise the skills challenges presented and deliver solutions as enshrined in the Sector Skills Plan. The MQA research activities were driven by the NSDS III and informed by the MQA Strategic Outcome-oriented Goal 2: Improve skills development planning and decision-making through research of the Strategic Plan and Annual Performance Plan documents, to continually inform and support objective decision-making for skills development planning in the sector.

During the year under review, an expenditure of R1 545 000 was reported for research partnerships. The MQA invested in three completed research projects undertaken through research partnerships and three other research projects were carried out by the internal research team. The following table reflects the targets and objectives of all achieved research outputs for the 2019-2020 financial year as reflected on the APP.

| Project Title | Research Objective |
|---|---|
| SSP 2019 Annual Update | Develop SSP (spanning over 5 years 2020-2025) as per DHET requirements for submission on 01 August 2019. This is aimed at providing insight into key factors influencing mining and minerals sector which could impact on dynamics of skills supply and demand in the sector. |
| WSP-ATR Analysis 2019 Submissions | Develop a profile of the mining and minerals sector in terms of the geographic location, size and composition of organisations that submitted WSP-ATR to the MQA for the 2019-2020 financial year. The report profiles the mining and minerals sector workforce as well as the training priorities identified in the 2019-2020 WSP-ATR submissions. |
| 10-year Trends Analysis (2010-2019) | To provide updated trends and analysis of the sector in terms of geographic location, size and composition of the mining and minerals sector companies. This also captured the trends in training offered over a 10-year period of WSP-ATR submissions. |
| Skills Development Support for Ex-mineworkers in the mining and minerals sector for period 2015-2017 | The research aims to look at the efficacy of the skills development and training of retrenched workers in the period 2015-2017 and focus on such areas as: Programmes aimed at re-skilling ex-mine workers and the impact on their socio-economic status. |
| Women in Mining | To gain an insight into factors influencing access and mobility in and within the occupational structures of the mining and minerals sector. |
| Occupational Health and Safety in the mining and minerals sector | The aim of this research is to investigate critical factors influencing health and safety matters in the mines and examine the nature of interventions intended to attain health safety and productivity outcomes within the mining sector. |

**Collaboration through Partnerships with Public and Private Sector Research Organisations**

The MQA, as a skills development driven organisation, entered into Memoranda of Agreement with public and private sector research organisations to allow the Skills Development and Research units to collaborate with these organisations in research of mutual interest. The purpose is to enhance skills development research in the sector by focusing on a wide range of topics such as technology, women, and health and safety issues in mining. To that effect, the MQA collaborated with the following sector research organisations:

- CSIR (Mining Phakisa)
- Khumbula Consulting
- University of South Africa (UNISA)

The APP required the SDRU to deliver on capacity-building for SDFs, evaluation of WSP-ATR as well as achieving six research outputs and three Memoranda of Agreement (MoAs) with public and private sector research. During the year under review, the SDRU met three of its targets as outlined in the MQA Strategic Plan and Annual Performance Plan

## 3.6. LEARNING PROGRAMMES: STRATEGIC PROJECTS

The Learning Programmes: The Strategic Projects unit administered five (5) strategic projects during the year under review.

These projects are:
1. Bursaries (for unemployed and employed learners)
2. Work experience (including vacation work)
3. Internship Programme
4. Management Development Programme support
5. Higher Education Institutions Lecturer support

The table below reflects programmes, including targets and qualitative achievements which the MQA committed to rolling out during the period under review:

| Project Name | Annual Targets | Quantitative Achievements | % Achievements |
|---|---|---|---|
| Bursaries unemployed learners entered | 750 | 756 | 101% |
| Bursaries unemployed students completed | 500 | 519 | 104% |
| Bursaries employed students entered | 50 | 52 | 104% |
| Work experience (university student placement) entered | 550 | 485 | 88% |
| Work experience (university student placement) completed | 300 | 416 | 139% |
| Internship programme learners entered | 500 | 561 | 112% |
| Higher Education Institutions Lecturer Support | 30 | 27 | 90% |
| Management Development Programme (MDP) entered | 100 | 128 | 128% |
| Management Development Programme (MDP) completed | 160 | 19 | 12% |

### 3.6.1. Bursaries Project

The Bursary Support Project forms part of the MQA learner support strategy, which is in line with the Mining Charter and the objectives of the National Skills Development Strategy III. The project mainly supports students who are pursuing careers within the mining and minerals sector.

**Bursar intake and achievements**

- During the financial year under review, the set annual target of 750 unemployed bursars intake was exceeded, and **765** unemployed bursars from universities, universities of technology and TVET colleges benefited.
- We have **519** unemployed bursars that completed their qualification.
- There are **52** employed bursars who also benefited from the MQA Bursary Scheme.
- The MQA Bursary unit has entered into Memoranda of Agreement with some of the higher learning institutions to streamline payment processes to institutions and avoid random transfer of funds to learners.

### 3.6.2. Work Experience

The MQA supports learners to obtain their university of technology qualifications by enabling them to gain the practical work experience which is a required component of this regulated training. University learners were also assisted with vacation work placement. During the reporting year, a total of **485** out of a set annual target of **550** students were placed within mining companies for workplace experiential training.

For the year under review, **416** learners completed their work experience programme.

### 3.6.3. Internships

The project provides structured work experience for young unemployed graduates from higher education institutions to complement the scarce and-or critical skills qualifications required by the mining and minerals sector. During the reporting period, **561** graduates out of a target of 500 graduates were placed at different mining companies to gain work experience.

### 3.6.4. Management Development Project

The aim of the project is to facilitate the development of mining and minerals sector employees in the area of supervision or management to support the transformation targets of the sector. A total of **128** out of a target of **100** learners were supported to study towards management development programmes in the year under review.

### 3.6.5. Higher Education Institutions Lecturer Support

This programme focused on assisting the eight universities to achieve employment equity and transformation by supporting the development of historically disadvantaged lecturers. A total of **27** lecturers were supported in the Mining, Geology and Mine Survey Departments of the participating universities, during the year under review.

**The following universities participated:**

| University | No. of Lecturers |
|---|---|
| University of South Africa | 1 |
| University of Witwatersrand | 5 |
| University of Johannesburg | 6 |
| University of Venda | 1 |
| University of Fort Hare | 2 |
| University of Pretoria | 3 |
| University of Limpopo | 2 |
| University of Cape Town | 7 |
| **TOTAL** | **27** |

## 3.7. LEARNING PROGRAMMES: OPERATIONAL PROJECTS

The Learning Programmes Operations Unit is responsible for the administration of the following six (6) projects:

### 3.7.1 Artisan Development

The Artisan learnership and apprentice programmes offered by the MQA seek to address the core and hard-to-fill artisan skills needs in the mining and minerals sector.

**Centres of Specialisation (CoS) Project**

The unit participated in the DHET National Artisan Development Project for Centres of Specialisation. Seventy-one learners were enrolled in various artisan programmes.

**Table of Learners Registered in the CoS Project by the MQA**

| Skills Development Provider | Lead Employer/Employer | Partnering Host Employer (Agreement) | Apprentices Approved |
|---|---|---|---|
| Ekurhuleni East TVET College (EEC) | Ekurhuleni Business Development Academy TTT | Ergo Mine | 15 |
| | VH Explorations | Scaw Metals | 10 |
| | Trollope Mining | Trollope Mine | 3 |
| Gert Sibande TVET College | Seriti Mine | Seriti | 8 |
| Majuba TVET College | Slater Mine | Slater/Buffalo Coal | 8 |
| Mopani TVET College | PMC Mines | Palabora Copper | 5 |
| Orbit TVET College (Mogwase) | Tharisa Mines | Tharisa Mines | 6 |
| | Glencore Alloys - 1 | Glencore Smelter | 3 |
| Orbit TVET College (Brits) | Hernic Chrome Mine | Hernic Chrome Mine | 3 |
| | Tharisa Mine | Tharisa Mine | 3 |
| Mfolozi TVET College | Richards Bay Minerals | Richard Bay Mines | 5 |
| | Tronnox Operations | Tronnox Operations | 2 |

All **71** learners enrolled in the programme were Black, with 54 learners being male and 17 being female. The MQA collaborated with seven public TVET colleges in the project with 12 mining and minerals sector companies participating in the project.

**National Artisan Development Conference and Career Exhibition**

The Unit participated in the National Artisan Development Conference and Exhibition from 05-07 December 2019. The unit also participated in the career exhibition that took place alongside the conference. The participation was a success and the MQA was well represented.

### 3.7.2. Non-artisan Development (Learnerships)

The Non-artisan Learnership Programmes offered by the MQA seek to address the core and critical skills needs in the mining and minerals sector.

### 3.7.3. Non-artisan Recognition of Prior Learning

The Recognition of Prior Learning Programme seeks to recognise employees in the industry who have experience within the core and critical skills areas.

### 3.7.4. Adult Education and Training Development

Addressing the low level of youth and adult language and numeracy skills to enable access to further training and development in intermediate and advance skills within the mining industry.

### 3.7.5. Occupational Health and Safety Representative Development

The objective of the OHS Project is to train employees in the mining and minerals sector on critical Occupational Health And Safety Skills Programmes including Health and Safety Representatives.

### 3.7.6. Other Health and Safety Programmes

The objective of the Other Health and Safety Programmes is to train employees in the mining and minerals sector on health and safety-related programmes other than the Health and Safety Representatives. The focus in this programme is the "Trackless Mobile Machine Operations - Underground Hardrock".

**Review of the Occupational Health and Safety Interventions of the MQA**

In view of the continuing mining accidents and fatalities in the industry, the Learning Programmes Unit collaborated with the Skills Development and Research Unit in reviewing the OHS interventions being implemented by the MQA. A research study was conducted during the financial year in partnership with UNISA. The study was concluded and made the following recommendations:

- Revise existing OHS programmes such as Occupational Health and Safety Skills Programme (MQA/SP/0120/10), COMSOC and SAMRAC, and MQA Learnerships (level 1-3) to better align with the requirements of the MHSA and the needs of the mining and mineral sector in relation to OHS skills.
- Audit current skills providers and ensure that the programmes offered are aligned to the needs of the mining and minerals sector.
- Work with other SETAs to incorporate certain OHS elements of existing programmes into the mining and minerals sector.
- Align existing programmes with SAQA.
- Examine in-house programmes offered by various companies in the mining and minerals sector and develop some best practice OHS programmes from there.
- Develop an OHS career path in the mining and minerals sector (to ensure carer pathways from safety representative to safety manager.
- Develop basic programmes for the current cohort of safety reps focusing on developing competence in assessment of dangerous working conditions due to various factors such as fog, methane gas etc.; and
- Work with other SETAs to incorporate certain existing programmes into the mining and minerals sector to avoid duplications.

### Regional Learning Programmes Implementation Sessions

The unit conducted Regional Learning Programmes Implementation Sessions in the provinces detailed below. The aim of this strategic intervention was closing the communication gap between the MQA Learning Programmes Implementation Unit and the stakeholders involved in the execution of MQA interventions.

| Date | Town | Province Participants | Venue | Number of Targeted Attendees | Number of Attendees That Confirmed | Actual Number of Attendees |
|---|---|---|---|---|---|---|
| 18 October 2019 | Welkom | Free State | Goldfields TVET College | 40 | 46 | 43 |
| 16 October 2019 | Johannesburg | Gauteng | The Pyramid | 120 | 155 | 138 |
| 21 October 2019 | Rustenburg | North West | Orion Hotel | 60 | 62 | 94 |
| 23 October 2019 | Polokwane | Limpopo | Polokwane Royale | 60 | 47 | 89 |
| 25 October 2019 | Emalahleni | Mpumalanga | Fortis Hotel, Witbank | 80 | 76 | 82 |
| 28 October 2019 | Khathu | Northern / Western Cape | Sivos Training Centre | 40 | 37 | 47 |
| 30 October 2019 | Richards Bay | Eastern Cape / KwaZulu-Natal | Splendid Inn | 20 | 22 | 32 |

The initiative was well-received by the stakeholders that participated in the sessions and there was an overwhelming recommendation in all provinces that it becomes an annual event.

### The Achievements Against the Set Annual Performance Plan Targets

As per the Annual Performance Plan on Programme 3, all the targets for the financial year that include learners funded by the MQA, and learners funded by the sector were met. These numbers will form the baseline and basis of targets for the next financial year.

During the year under review the MQA made improvements with realistic target setting by examining trends over the past years.

Challenges were however encountered in the implementation some of the projects during the financial year that included but were not limited to:

- Returns of allocations for funding of learners to be trained by a number of mining companies citing reasons for not being able to take up learners such organisational restructuring, retrenchments, budget constraints, etc. This situation was mitigated by the re-allocation of discretionary grants to other companies who were able to take up learners in the financial year.
- Slow uptake of learners by participating companies. The MQA plans to improve on the allocations of grants to the sector.
- Alignment of the MQA planning processes with the planning processes of the mining and minerals sector. The MQA plans to strive to align its processes to the planning cycles of companies within the sector.
- Timeous payment of discretionary grants to funded companies. The MQA plans to remove inefficiencies in the payment processes.

## 3.8. QUALITY ASSURANCE

The Quality Assurance Unit has a legal mandate to ensure that the quality of learning and education delivery within the mining and minerals sector is aligned in terms of the National Qualifications Framework Act 2008, as amended, and Quality Council for Trades and Occupations (QCTO) delegated functions including regulated occupations in terms of Mine Health and Safety Act.

Therefore, the primary roles and responsibilities, deliverables, and targets are:

3.8.1. Review or develop learning programmes in occupational qualifications for registration and provide support through learning materials development as a Development Quality Partner (DQP) body.

3.8.2. Further develop assessment tool banks and assessment centre criteria for designated occupational qualifications in terms of the national standard as an Assessment Quality Partner (QAP) body.

3.8.3. Perform the SETA mandate to identify and approval of workplaces that include conducting accreditation audits or programme approvals of training providers, and workplace approval including the registration of assessors and moderators as a Quality Assurance Partner (QAP) body.

3.8.4. Conduct quality assurance with regard to learner achievements for certification and uploading into the National Learner Records Database (NLRD).

3.8.5. Implementation of SETA strategic projects including national initiatives for the mining and minerals sector.

### 3.8.1. Development Quality Partner (DQP) Functions

The MQA, as a Qualifications Development Quality Partner in terms of the Quality Council for Trades and Occupations (QCTO), was delegated to the review function to develop learning programmes for registration on Occupational Qualifications Sub-Framework (OQSF) and learning materials in accordance to national standard.

Further, the DQP has a mandate to review or develop learning programmes or learning materials as per Mining Qualifications Authority framework with collaboration of relevant stakeholders.

During the period of the financial year substantive progress was made in reviewing and developing learning programmes and learning material for occupational qualification, part-qualifications or skills programmes, including learnerships as follows:

- There was a total of 231 learning programmes or learning materials reviewed and developed during the period consisting of:
    - Two skills programmes or part qualifications.
    - Learning packs for 229 participants for on the job training for various occupation qualifications.
- A further 14 learning packs for trade occupation qualifications on knowledge and practice has also been concluded through the QCTO process whilst 75 learning packs for workplace-based learning are in progress during period under review.

### 3.8.2. Assessment Quality Partner Functions

The MQA is an Assessment Quality Partner (AQP) with roles and responsibilities in terms of the QCTO delegated functions for specified occupational qualifications registered on the Occupational Qualifications Sub-Framework (OQSF). It ensures development of assessment tool banks and assessment centres criteria for designated occupational qualifications or part-qualifications in terms of the national standard.

For the period under review there were at least **42 occupational qualifications** approved for MQA as an AQP and **14 assessment tool banks** have been concluded and submitted for approval.

The MQA, in collaboration with the QCTO, will pilot one (1) occupational qualification on quality learning and assessments administration. The pilot will be conducted during the 2020-2021 financial year.

### 3.8.3 Quality Assurance Partner (QAP) Functions

The MQA QA Unit conducts integrated accreditation audits for skills development providers and workplace occupational qualifications, part qualifications, learnerships and skills programmes including programme approvals. It also provides registration of assessors and moderators as a delegated Quality Assurance Partner (QAP) body by the QCTO for mining and minerals sector.

In order for this function to be conducted, it requires collaboration with all stakeholders through an appointed and dedicated audit team, including subject matter experts that perform function as a QA sub-committee endorsed by a Standing QA committee established with terms of reference ratified by the MQA Board.

The MQA has a total number of **234** training providers on primary or secondary accreditations and **342** approved workplaces for learner placements on various learning programmes.

Therefore, the MQA-conducted compliance, workplace and accreditation audits total **259** training providers, broken down into workplace of **181 approved, 58** compliance and **16** accreditation audits including for scope extensions.

Further, during the period under review there were at least **710** received applications for registrations, consisting of **281** assessors and **131** moderators. A further 1**45** assessors were granted scope extension, **88** assessors moved from one provider to another on various MQA qualifications, skills programmes and unit standards and **65** applicants not yet registered due to pending information.

### 3.8.4. Learner Completion and Certifications

During the period under review the MQA continued with responsibilities for the quality assurance learner achievements (completions) including uploading onto the National Learner Records Database (NLRD) and issuing of certificates for historically registered qualifications programmes and skills programmes for the mining and minerals sector.

The primary role and responsibilities are as follows:

- Establish and maintain a database for the recording of learner achievements.
- Provide for the certification of learners and accredited providers.
- Certify learners for skills programmes or qualifications achieved.

The MQA adhered and maintained the NLRD including uploading of learner achievements in terms of SAQA standards. Therefore, **green** status in both league tables were achieved.

There were at least **44 042** learner completions for various learning programmes within the sector as at the end of the 2019-2020 financial year.

The below table is a breakdown of various learner completions on various learning programmes:

| Types | Learner Completions |
|---|---|
| Skills Programmes Statement of Attainments | 39 985 |
| Non-artisan Learnership Qualifications | 2 392 |
| *Artisan Qualifications Completions | 1 665 |

**Artisan trade certifications are issued by QCTO through the National Artisan Moderation Body, whilst the MQA continued with the trade test serial numbers allocations for only 12 trades to 28 trades test centres and its associated administration within the mining and minerals sector.*

During the financial year under review there were **46 264** issued certificates including in the form of Statement of Attainment for skills programmes, with the exclusion of requested re-issue and trades.

- A total of **3 954** learner certificates were also verified during the period under review.
- Requests for **2 125** re-issues of learner certificates were handled on various learning programmes including for trades.

### 3.8.5 Support National Initiatives for Standardised Learning

The MQA participated in the DHET Centre of Specialisation Pilot Project as the lead SETA for millwright and offers further support for the boilermaker, diesel mechanic and electrician trades including ensuring a safe learning environment and programmes on approved workplaces for practical experience, linking learners to employers allocated with grants for placements.

All **71** learners have been linked to employers (workplace) approved and allocated with grants to support learners on seven (**7**) TVET college campuses approved as centres of specialisation.

The MQA periodically conducts monitoring on quality learning delivery supported by designated Occupational Trades Conveners (OTCs) for trade.

The below table is a breakdown of supported trades and TVETs with number of linked employers and learners on CoS.

| TVET Colleges | Province | Name of Trades | Number of Employers Linked | Number of Supported Learners |
|---|---|---|---|---|
| Orbit TVET College-Mogwase | North West | Diesel Mechanic | 2 | 9 |
| Orbit TVET College-Brits | North West | Electrician | 2 | 6 |
| Gert Sibande TVET College | Mpumalanga | Millwright | 1 | 8 |
| Umfolozi TVET College | KwaZulu-Natal | Millwright | 2 | 7 |
| Ekurhuleni TVET College | Gauteng | Boilermaker | 3 | 28 |
| Mopani TVET College | Limpopo | Diesel Mechanic | 1 | 5 |
| Majuba TVET College | KwaZulu-Natal | Boilermaker | 1 | 8 |

# SECTION 4

# STAKEHOLDER RELATIONS

## 4.1. REGIONAL OFFICE NETWORK

The Stakeholder Relations Unit is mandated through the regional offices to:

- Document the MQA's skills development initiatives and report these to relevant HRD forums in the nine provinces;
- Devise stakeholder management plans and inform the various stakeholders on the work of the MQA;
- Represent the MQA in various corporate events thus profiling the work of the MQA;
- Support stakeholders in ensuring that their issues related to the business of the MQA are speedily resolved;
- Assist TVET colleges to be accredited for work skills programmes.
- Participate in post-grade 8 career guidance sessions both in the schooling and TVET education systems;
- Implement mine community, youth development and various TVET college support programmes; and
- Monitor and evaluate mine community projects.

The MQA's offices are located in the following places:

| | Regional Office | TVET College |
|---|---|---|
| 1. | Mpumalanga | Nkangala TVET |
| 2. | Northern and Western Cape | Kathu Northern Cape Rural TVET |
| 3. | Eastern Cape and KwaZulu-Natal | King Sabatha Dalindyebo TVET |
| 4. | Limpopo | Sekhukhune TVET |
| 5. | North West | Old Shopping Complex, Mooinooi |
| 6. | Free State | Goldfields TVET |

The regional offices received various requests via walk-ins to the offices and emails. A total of **2 346** walk-ins were recorded in the regional offices for the 2019-2020 financial year. The enquiries vary from accreditation information, certificates (collections and applications), and queries in relation to learning programme agreements as well as payment of grants.

| Number of Walk-ins throughout the MQA Regional Offices | | | | | | Total |
|---|---|---|---|---|---|---|
| North West | Eastern Cape | Free State | Limpopo | Mpumalanga | Northern Cape | All Regions |
| 183 | 249 | 455 | 530 | 572 | 357 | 2 346 |

**WSP-ATR Support**

The regional offices continued to offer support to employers on the WSP-ATR submissions. The non-levy paying employers were assisted with both inter-SETA transfers and payments of levies for those not linked to a SETA.

## 4.2. SKILLS DEVELOPMENT COMMITTEE (SDC) CAPACITY

The SDC Capacitation Workshops are attended by SDFs (primary and secondary), HRD staff, and representatives from organised labour and non-organised labour, as well as by mine management responsible for HRD. During this reporting period an excess of 13 SDC workshops with **161** beneficiaries were carried out by regional offices.

## 4.3. PARTICIPATION AND PARTNERSHIPS

Highlights of events in the various regions include:

- Engineering support programmes aimed at university students - a partnership with the DMRE;
- Opportunity fair for SMMEs in the mining and mineral sector held with the DMRE; and
- Fourth Industrial Revolution seminar held with the DMRE.

The regional offices participated in a number of forums which included the Premier Skills Development forums, inter-SETA forums and TVET college councils, amongst others.

The common factors of these forums are:

- Artisan development programmes by the DHET;
- Career exhibition by the Department of Educationl;
- Progress reports by TVET colleges (urban and rural);
- SETA's progress reports (inter-SETA); and
- Presentations by provincial departments.

### 4.3.1. TVET and CET Support

During the reporting period the MQA signed partnership agreements in relation to assessor and moderator training as well as governance and leadership support with 26 TVET colleges and 7 Community Educations and Training (CET) colleges:

| No. | TVET College | Province |
|---|---|---|
| 1. | King Hintsa TVET College | Eastern Cape |
| 2. | King Sabatha Dalindyebo TVET College | |
| 3. | Flavius Mareka | Free State |
| 4. | Goldfields TVET College | |
| 5. | Maluti TVET College | |
| 6. | Motheo TVET College | |
| 7. | Ekurhuleni East TVET College for further education | Gauteng |
| 8. | Coastal KZN TVET College | KwaZulu-Natal |
| 9. | Elangeni TVET College | |
| 10. | Majuba TVET College | |
| 11. | Umfolozi TVET College | |
| 12. | Capricorn TVET College | Limpopo |
| 13. | Letaba TVET College | |
| 14. | Mopani SE TVET College | |
| 15. | Sekhukhune TVET College | |
| 16. | Vhembe TVET College | |
| 17. | Waterburg TVET College | |
| 18. | Gert Sibande TVET College | Mpumalanga |
| 19. | Nkangala TVET College | |
| 20. | Vuselela TVET College | North West |
| 21. | Orbit TVET College | |
| 22. | Northern Cape Rural TVET College | Northern Cape |
| 23. | Northern Cape Urban TVET College | |
| 24. | College of Cape Town | Western Cape |
| 25. | False Bay TVET College | |
| 26. | West Coast College | |

| Community Colleges | |
|---|---|
| 1. | Eastern Cape Community Education and Training College |
| 2. | Free State CET Community Education and Training College |
| 3. | Gauteng Community Education and Training College |
| 4. | KwaZulu-Natal Community Education and Training College |
| 5. | Limpopo Community Education and Training College |
| 6. | North West Community Education and Training College |
| 7. | Western Cape Community Education and Training College |

This project is aimed at supporting TVET NCV level 4 graduates with required work experience in order to meet the artisan trade test requirements. Upon successful completion of a trade test, learners are issued with artisan certificates. During the period under review, a total of **151** learners were registered out of a target of 150 learners and a total of **192** learners completed the programme and were issued with artisan certificates.

### 4.3.2. Career Exhibitions

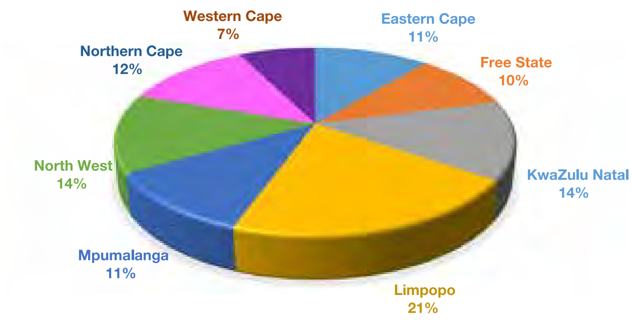
Regional offices initiated and participated in 81 career expo events. The following areas were the focus for the exhibitions:

- Subject choices
- Maths and Science
- Bursaries opportunities
- Artisan and non-artisan career advice, among others.

Below is a split of the career guidance sessions per province:

| Province | Number of Events Conducted | Number of Beneficiaries Attracted |
|---|---|---|
| Eastern Cape | 9 | 1 252 |
| Free State | 8 | 1 714 |
| KwaZulu-Natal | 11 | 1 141 |
| Limpopo | 17 | 2 231 |
| Mpumalanga | 9 | 6 216 |
| North West | 11 | 1 250 |
| Northern Cape | 10 | 637 |
| Western Cape | 6 | 506 |
| **TOTAL** | **81** | **14 947** |

CAREER GUIDANCE STATS: REGIONS 2019/20




## 4.4. DEVELOPMENT PROGRAMMES AND INITIATIVES

### 4.4.1. Mine Community Development Programme

The Mine Community Development Programme is a strategic programme that aims to respond to skills needs within rural and mining communities nationwide. This is achieved through the Mine Community Portable Skills Training, as well as small-scale mining programmes.

The MQA for the 2019-2020 financial year allocated **R12 901 375** for implementation of various learning programmes on the Mine Community Development Programme Intervention. A total of **1 426** learners were enrolled in these programmes over a target of 1 050, and **916** learners completed various learning programmes over a target of 900. These programmes were implemented in a number of provinces and aimed at skilling targeted beneficiaries.

#### 4.4.2. Youth Development Programmes

The aim of this intervention is to facilitate and support the training of unemployed youth on entrepreneurial skills and various other skills that will assist them to gain employment and render their communities sustainable.

In the year under review **R16 358 292.50** was allocated to various organisation for the implementation of the youth development programmes; **692** learners benefited from these learning programmes.

On conclusion of the actual training of the beneficiaries, the programmes have indicated a clear exit strategy to place beneficiaries in jobs as well as skill them in enterprise development.

#### 4.4.3. International Literacy Day (ILD)

The international literacy day event was held on 14 September 2019 in Welkom and the theme was ***"Thuma mina through AET to the 4th Industrial Revolution***", with Harmony Gold Mine as co-host. The objective of the event was to promote literacy in the mining sector. A thousand (1 000) delegates were targeted however, over 1 400 registered and non-registered delegates, VIP guests and speakers attended the event. The Minister of Higher Education, Science and Innovation, Dr Nzimande gave the keynote address.

#### 4.4.4. Collaboration Initiative

The MQA hosted a stakeholder engagement meeting facilitated by the Stakeholder Relations Unit on the 27 June 2019. In attendance was the South African Diamond and Precious Metal Regulator, National Youth Development Agency, the State Diamond Trader and the Industrial Development Corporation (IDC). The aim of the meeting was to explore areas of collaboration with specific focus on how to support the 24 beneficiaries who were trained in Italy. The MQA is in the process of signing collaboration agreements with SADPMR, State Diamond Trader and Rand Refinery.

Seated: The Royal King of Bakgatla Kgosi Pilane, NYDA, IDC, SDT and MQA representatives.
Standing: Afro-Italian students, SADPRM CEO and staff members from SADPMRD.

# SECTION 5

# CORPORATE SERVICES

The Corporate Services Department plays a key role within the MQA by providing strategic leadership and oversight on roles that include corporate governance, legal services, contract management, marketing and communication, human resources as well as facilities and office management services.

It is through these functions that Corporate Services supports the MQA Board and its committees, management, employees and stakeholders in the process of fulfilling its legislative mandate whilst ensuring effective engagement with all relevant stakeholders.

## 5.1. HUMAN RESOURCES

The HR strategic objectives were reviewed and streamlined to support the MQA mandate. Previously, the HR function was guided by an Operational Plan which contained 12 key outputs. These were streamlined into the HR processes, systems and procedures to meet the MQA strategic objectives. The alignment of HR objectives with the MQA strategic objectives and governance would further ensure compliance with labour legislation and accurate reporting.

### 5.1.1. Human Resources Strategic Objectives

Human Resources is a strategic function of the organisation and contributes immensely to the creation, enforcement and inculcation of a high-performance culture. The employee life cycle from entry to exit, is managed by Human Resources. The Human Resources Unit offered services to the MQA, being guided by six strategic objectives, namely: Workforce Planning, Organisational Development, Employee Remuneration and Retention, Governance, Human Resources Administration and Employee Relations.

MQA staff celebrating Heritage Day.
Left to Right - Amanda Xuza, Vivian Duba, Baliwe Kama

### 5.1.2. Human Resources Performance Against Planned Strategic Objectives

Below is an account of the unit's performance for the year under review.

| Deliverables | Planned Activity | Comment |
|---|---|---|
| Workforce Planning | The HRU had planned a timeous filling of all 12 vacancies within the MQA at the beginning of the period. | A total number of 7 permanent positions and 20 temporary positions were filled during the reporting period. There was a moratorium placed by DHET with regards to filling positions at senior and top management levels. These vacancies are currently filled through contingency planning by people who had been appointed into acting positions. |
| Organisational Development | Improve staff skills level by providing for study assistance and training through workshops. | The MQA continues to develop its staff though planned training activities. The training expenditure was R1 004 003.03 split between study assistance of R456 637.49 and training workshops at R547 365.54. |
| Employee Re-muneration and Retention | Conduct compensation surveys to ensure that the MQA employees are compensated accordingly. | The MQA sourced information to other SETAs to allow for a collection of remuneration data in order to gauge levels of remuneration within the sector thus following sector pay parity. |

| Deliverables | Planned Activity | Comment |
|---|---|---|
| Governance | Ensure that HR policies and procedures are in line with legislation.<br><br>Ensure compliance with legislation of all HR service level agreements. | 5 HR policies were consulted upon, reviewed and updated in line with labour laws. These policies are pending recommendations by the HRRMCO for approval by the Board.<br>All service level agreements entered between the HRU and service providers were managed properly, in line with treasury regulations, |
| Human Resources Administration | Streamlining of HR activities for easy execution and reporting. | The Human Resources strategic objectives were streamlined into 6, namely: Workforce Planning, Organisational Development, Employee Remuneration and Retention, Governance, Human Resources Administration and Employee Relations. |
| Employee Relations | Roll out in consultation with the communications unit of the employee engagement programme called "My World".<br><br>Planned activities for the Heritage Day. | HR in consultation with Communications hosted a Heritage Day event where staff were encouraged to dress up in their traditional attire. HR presented on diversity in the workplace and how to respect and accept each other's cultures. |
| | Embed the Employee Assistance Programme through an appointed wellness service provider. | The MQA continued to provide wellness programmes and support to its employees through an external service provider. |

### 5.1.3. Personnel Cost Per Occupational Level (Includes Temporary Staff/Interns/FT)

| Occupational Level | Personnel Expenditure | % of Personnel Exp. to Total Personnel Cost | No. of Employees | Average Personnel Cost Per Employee |
|---|---|---|---|---|
| Top Management | R5 554 719.81 | 6.42% | 4 | R1 388 679.95 |
| Senior Management | R23 757 236.21 | 27.46% | 19 | R1 250 380.85 |
| Professionally Qualified | R23 596 943.17 | 27.27% | 31 | R761 191.72 |
| Skilled Technical | R31 197 393.57 | 36.05% | 114 | R273 661.35 |
| Semi-skilled | R1 469 793.11 | 1.70% | 8 | R183 724.14 |
| Unskilled | R952 673.15 | 1.10% | 11 | R86 606.65 |
| **TOTAL** | **R86 528 759.02** | **100.00%** | **187** | **R462 720.64** |

### 5.1.4. Performance Rewards (Includes Temporary Staff)

| Occupational Level | Performance Rewards | Number of Personnel | % of Performance Rewards to Total Personnel Cost |
|---|---|---|---|
| Top Management | R 162 371.43 | 2 | 0.19% |
| Senior Management | R 1 983 565.76 | 16 | 2.29% |
| Professionally Qualified | R 2 696 967.68 | 25 | 3.12% |
| Skilled Technical | R 3 213 893.66 | 63 | 3.71% |
| Semi-skilled | R 129 014.40 | 8 | 0.15% |
| Unskilled | R 83 336.05 | 4 | 0.10% |
| **TOTAL** | **R 8 269 148.98** | **118** | **9.56%** |

### 5.1.5. Training and Development

| Programme/activity/objective | Personnel Expenditure | Training Expenditure | Training Expenditure as a % of Personnel Cost | No. of Employees Trained | Average Training Cost Per Employee |
|---|---|---|---|---|---|
| Training and Development | R86 528 759.02 | R547 365.54 | 0.63% | 70 | R7 819.51 |
| Study Assistance | R86 528 759.02 | R456 637.49 | 0.53% | 16 | R28 539.84 |
| **TOTAL** | | **R1 004 003.03** | **1.16%** | **86** | **R11 674.45** |

### 5.1.6. Employment Vacancies Permanent Roles

| Occupational Level | Approved Posts | No. of Employees | No. of Vacancies | % of Vacancies |
|---|---|---|---|---|
| Top Management | 6 | 2 | 4 | 66.7% |
| Senior Management | 19 | 13 | 6 | 31.6% |
| Professionally Qualified | 30 | 25 | 5 | 16.7% |
| Skilled Technical | 55 | 49 | 6 | 10.9% |
| Semi-skilled | 8 | 8 | 0 | 0.0% |
| Unskilled | 5 | 5 | 0 | 0.0% |
| **TOTAL** | **123** | **102** | **21** | **17.1%** |

### 5.1.7. Employment Changes

| Occupational Level | Employment at Beginning of Period | Appointments | Terminations | Employment at End of the Period |
|---|---|---|---|---|
| Top Management | 4 | 0 | 2 | 2 |
| Senior Management | 19 | 0 | 6 | 13 |
| Professionally Qualified | 27 | 2 | 4 | 25 |
| Skilled Technical | 50 | 4 | 5 | 49 |
| Semi-skilled | 8 | 0 | 0 | 8 |
| Unskilled | 4 | 1 | 0 | 5 |
| **TOTAL** | **112** | **7** | **17** | **102** |

### 5.1.8. Reasons for Staff Leaving

| Reason for Staff Leaving | Number of Employees | Percentage |
|---|---|---|
| Death | 0 | 0% |
| Resignation | 18 | 62% |
| Dismissal | 3 | 10% |
| Retirement | 0 | 0% |
| Ill-health | 0 | 0% |
| Expiry of contract | 8 | 28% |
| **TOTAL** | **29** | **100%** |

### 5.1.9. Labour Relations: Misconduct and Disciplinary Action

| Nature of Disciplinary Action | Number of Disciplinary Actions |
|---|---|
| Verbal warning | 0 |
| Written warning | 0 |
| Final written warning | 1 |
| Dismissal | 3 |

### 5.1.10. Employment Equity Target and Employment Equity Status at 31 March 2020

| Occupational Levels | FEMALE | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | AFRICAN | | COLOURED | | INDIAN | | WHITE | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 6 | 5 | 2 | 2 | 0 | 1 | 0 | 1 |
| Professionally Qualified | 11 | 16 | 0 | 0 | 1 | 1 | 3 | 2 |
| Skilled Technical | 31 | 50 | 1 | 1 | 0 | 0 | 0 | 0 |
| Semi-skilled | 6 | 8 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 4 | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **58** | **86** | **3** | **3** | **1** | **2** | **3** | **3** |

| Occupational Levels | MALE | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | AFRICAN | | COLOURED | | INDIAN | | WHITE | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 2 | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 5 | 10 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professionally Qualified | 8 | 10 | 1 | 1 | 1 | 1 | 0 | 0 |
| Skilled Technical | 14 | 26 | 2 | 2 | 1 | 2 | 0 | 0 |
| Semi-skilled | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **32** | **53** | **3** | **3** | **2** | **3** | **0** | **0** |

| Occupational Levels | EMPLOYEES WITH DISABILITIES | | | |
|---|---|---|---|---|
| | MALE | | FEMALE | |
| | Current | Target | Current | Target |
| Top Management | 0 | 0 | 0 | 0 |
| Senior Management | 0 | 0 | 0 | 0 |
| Professionally Qualified | 1 | 1 | 0 | 1 |
| Skilled Technical | 0 | 1 | 1 | 1 |
| Semi-skilled | 0 | 0 | 0 | 0 |
| Unskilled | 0 | 0 | 0 | 0 |
| **TOTAL** | **1** | **2** | **1** | **2** |

## 5.2. LEGAL AND GOVERNANCE

The Legal and Governance Unit's key responsibilities focus on the strategic support to the MQA for legal, compliance and governance matters, summarised below:

- Drafting, monitoring and training on all MQA agreements;
- Ensuring that the MQA complies with all relevant legislation;
- Identification, management and mitigation of all legal and governance risks;
- Development and maintenance of all stakeholder/ customer relationships;
- Tracking and monitoring of service provider performance against agreed obligations; and
- Professional legal service to the organisation.

The Legal and Governance Unit attended to numerous queries which ranged from drafting of agreements, drafting of legal opinions and assisting in fraud investigations. The unit shall continue to provide its role in a professional manner, in particular concentrating on legal risk prevention and mitigation through the hosting of training workshops and the development of an effective legal and governance framework. During the year under review, the legal and contract process flows were amended and communicated to the employees.

### 5.2.1. Contract Management

Contract management is the effective administration and management of contracts made with customers, vendors, partners, or employees. This involves negotiation, support and effective management of agreements.

As part of contract management, the unit reviewed all the templates of agreements the MQA has. The unit engaged in a process of reviewing its whole agreement management system in line with best public entity practice.

The unit handles all the contracts on behalf of all other the units. The number of agreements of as per the end user Stakeholder Group Unit is represented in the table below:

| Unit | Number |
|---|---|
| Skills Development Research | 4 |
| Learning Programmes: Strategic | 53 |
| Stakeholder Relations | 13 |
| Information Technology | 13 |
| Strategic Planning | 1 |
| Finance | 1 |
| Supply Chain Management | 2 |
| Evaluation and Monitoring | 4 |
| Corporate Services | 1 |
| Legal | 5 |
| Office Management | 6 |
| Customer Service and Communication | 10 |
| Human Resources | 4 |
| MQA Board | 9 |
| **TOTAL** | **126** |

The unit drafts Memoranda of Understanding (MOU) on behalf of units. These MOUs are generally agreements which do not contain any financial obligations on the MQA and the other party to the agreement, and are sometimes used as the first step in the signing an agreement. The use of MOUs is great for forming and formalising relationships with stakeholders.

| List of MQA Contracts | |
|---|---|
| **UNIT** | **TOTAL NUMBER** |
| Stakeholder Relations | 40 |
| | 40 |

### 5.2.2. Legal Services

The Legal and Governance Unit provides comprehensive legal services to all units of the MQA. These services include advice and general legal opinion work provided to all units of the MQA on a variety of matters.

The unit also started a process to appoint a panel of attorneys to assist the MQA in the provision of expert legal opinions and litigation support. This is an important step in ensuring that the MQA receives the best and most up-to-date external legal support.

| No. of CCMA and Litigation Matters | | | |
|---|---|---|---|
| **Description** | **Total** | **Resolved** | **Ongoing** |
| No. of litigation cases | 10 | 4 | 6 |

### 5.2.3. Compliance and Corporate Governance

In terms of compliance, the unit is responsible for ensuring that the MQA complies with its legislative and regulatory obligations. Corporate governance on the other hand, refers to the rules, practices and processes by which the MQA is directed and controlled and looks into the interests of all the stakeholders in the MQA. The corporate governance principles guide the unit in performing its day to day activities.

## 5.3. CUSTOMER SERVICE AND COMMUNICATION

The Customer Service and Communication Unit is a key strategic unit within the MQA. During the year under review, the unit implemented all its planned and unplanned activities in line with the 2016-2020 Communication Strategy, annual Operational Plan and allocated budget. This was in line with the goals of:

- Providing effective, accurate and reliable communication to its stakeholders by implementing structured activities in a planned and structured manner;
- Positioning the MQA as a recognisable brand amongst its existing and potential stakeholders in the mining and minerals sector as well as amongst its peers, government and the public at large;
- Promoting the MQA as a credible brand amongst its stakeholders;
- Guarding the reputation of the MQA by managing the perception of stakeholders guided by informed research; and
- Maintaining and implement good governance practices in the implementation the unit's roles and duties.

### 5.3.1. Research

**Biennial Stakeholder Satisfaction Survey to facilitate feedback**

In line with the APP deliverables, the unit conducted the 2019 biennial Stakeholder Satisfaction Survey that focuses on feedback from the support and operational units of the MQA. To prevent bias, an independent organisation, Africa International Advisors (AIA), was appointed to administer the survey. The areas of focus in the survey included:

- The efficiency and effectiveness of the MQA's systems and processes;
- The quality of leadership at the various levels within the organisation;
- The efficiency and effectiveness of services rendered by the MQA to its stakeholders;
- The quality of skills development and learning programmes;
- Transformation within the mining sector;
- Health and safety interventions implemented by the MQA to the sector;
- Succession planning and talent management interventions within the MQA;
- Performance management and reward systems within the MQA; and
- Trade union support within the MQA.

Following the survey, articles were published in the MQA newsletter and feedback presentations were conducted to MQA stakeholders and staff as follows:

| Date | Presented To: |
|---|---|
| 21 February 2020 | MQA employees |
| 25 February 2020 | MQA employees |
| 13 March 2020 | MQA external stakeholders |

Overall an average of 68% satisfaction level was recorded, 5% less than 2018 where a 73% satisfaction level was recorded. The MQA Board and Committees were the most satisfied stakeholders, followed by employers and training providers, and then the learners. The MQA internal stakeholders namely the staff, were the least satisfied stakeholders influencing the decline. Additionally to ensure even a greater diversity of feedback, "snapshot surveys" of stakeholders' customer service experiences at various points of contact of stakeholders were conducted.

### 5.3.2. Marketing and Communication Interventions

A number of planned and unplanned marketing and communication interventions were conducted during the financial year. These included both internal and external stakeholder events.

#### 5.3.2.1. Internal Stakeholder Events

These included amongst others:

- Staff induction events during each staff intake held in partnership with the HR Unit;
- Two "My World" events that included topics such as business etiquette, dress code in the workplace, effective customer service, getting to know the MQA units and their roles;
- A career guidance target, logistics and promotional materials planning session with regional managers; and
- A celebratory Mandela Day Event where MQA staff establish a soup kitchen for the homeless community in Melville, Johannesburg.

MQA staff at the Mandela Day soup kitchen in Melville.
Left to right - Tebogo Maphafo, Amanda Masilo, Yvette Sharp.

#### 5.3.2.2. External Stakeholder Events

These included amongst others:

- The DMRE Learner Focus week held in July 2019 in Secunda;
- The DMRE Budget vote speech held in July 2019 in Parliament in Cape Town;
- The Annual Consultative Conference held in November 2019 at the Balalaika Hotel in Sandton;

MQA Board Conveners at the ACC. Left to right - Mr Amon Teteme (Labour Representative) Mr David Msiza (Chairperson and State Representative) and Mr Mustak Ally (Employer Representative).

Stakeholders enjoying the entertainment at the ACC.

Stakeholders listening attentively at the ACC.

- The Mining Indaba Conference and Exhibition held in February 2020, at the Cape Town International Convention Centre

The Honourable Minister, Mr Gwede Mantashe, DMRE, visits the MQA Exhibition at the Mining Indaba accompanied by the MQA Chairperson, Mr David Msiza.

MQA Representatives at the Mining Indaba in Cape Town.
Left to right - Ms Vuyo Mofu, Mr Mthokozisi Zondi, Ms Bridgette Mathebula and Mr Mustak Ally.

- The National Artisan Development Conference and Career Festival held in December 2019 at the Durban International Convention Centre; and

Mr Xolisa Njikelana, Learning Programmes Manager, engaging with learners at the National Artisan Development Conference in Durban.

**5.3.2.3. Activities Supporting the various units**

These included amongst others:

- Speeches for events such as the International Literacy Day event held in September 2019 in Welkom and the ACC held in November 2019; and
- Presentations on the tabling of the 2018-2019 Annual Report by the MQA Executives in October 2019 in Parliament, Cape Town as well as presentations for the ACC held in November 2019.

**Printed Media**

**Advertisements**

The MQA publishes advertisements to promote its services, communicate new developments and to invite stakeholders to various skills development activities taking place. A total of **24** adverts were published during the year under review, which included tenders, marketing, promotion and recruitment advertisements.

**MQA Newsletter (Printed and Electronic Flip Book)**

The unit compiled and distributed four quarterly newsletters during the year under review. A total of **12 000** printed copies were distributed to companies, training providers and learners on MQA programmes. The electronic flip book version was uploaded onto the MQA website, the MQA social media accounts and emailed when requested. The MQA News continues to be one of the communication channels that stakeholders regard as a positive communication medium that keeps them informed about the MQA.

**Marketing Materials (Printed)**

The MQA produces a range of marketing materials such as brochures to inform stakeholders about the role of the MQA; learning programmes that the MQA has available as part of their discretionary projects and that they should participate in; highlight the benefits of skills development as well as other programmes such as career guidance that takes place as part of the services of the organisation.

**Staff and Stakeholder Communiqués**

The MQA produces staff and stakeholder communiqués to communicate pertinent information related to the business of MQA. During the year under review, a total in excess of **200** staff and stakeholder communiqués were compiled and distributed.

**Annual Report (2018-2019)**

The 2018-2019 MQA Annual Report was compiled timeously and delivered in compliance with the Auditor-General of South Africa (AGSA) and Parliamentary requirements. The Annual Report was submitted at the end of August 2019 and tabled in Parliament by the (DHET) during November 2019. No parliamentary questions were received pertaining to the Annual Report post tabling.

The Annual Report was also tabled by the Acting Chief Executive Officer at the Annual Consultative Conference held on 01 November 2019 in Johannesburg.

The Annual Report was distributed to all government departments in line with the Parliamentary distribution list, as well as to the National Libraries. Additional requests were received for printed copies. The print run in 2019 was 700 printed copies and 350 digital versatile disc (DVD) copies. The report was also uploaded onto the MQA's website.

### 5.3.3. Electronic Media

**Website Maintenance**

The MQA website remains one of the key channels through which the MQA disseminates information to its stakeholders and is viewed to be a reliable source of information. It captures current, reliable and accurate organisational information that can be accessed and used by all its stakeholders. Management Information Systems such as the MQA-I-Share system and the WSP-ATR are housed on the website. These systems are used by stakeholders to register and administer various projects and learning programmes. The Customer Service and Communication Unit continued to be responsible for the content management of the website. During the year under review it uploaded **20** website posts on behalf of the MQA units.

Due to the introduction of new website technologies as well as the limited access to maintenance of the website, the MQA website is no longer current with most progressive websites in terms of its functionality. Also, increased interactivity needs to be ensured. This is in the planning stages with the Information Technology and Customer Service and Communication Units, subject to available budgets.

**Social Media**

The MQA uses social media as one of the tools to communicate with its stakeholders and subscribes to three platforms namely, Facebook, Instagram and Twitter.

Below is a summary of the social media activities on the MQA's social media platforms:

| Platform | Page Followers | Posts | Audience Engagements | User Reach | Impressions |
|---|---|---|---|---|---|
| Facebook | 1 942 | 118 | 126 897 | 647 251 | 221 969 |

| Platform | Page Followers | Posts | Audience Engagements | Impressions |
|---|---|---|---|---|
| Instagram | 581 | 58 | 597 | 10 021 |
| Twitter | 328 | 108 | 887 | 49 754 |

The page followers on the various platforms grew over the period. The Customer Service and Communication Unit consistently monitors comments on social media in order to safeguard the reputation of the MQA and engages with concerned units where challenges exist. Key to the success of corporate social media is the securing of 'paid for' boosting services as well as allocating influencers that will become a necessity going forward for future growth.

### 5.3.4 Customer Service

The Customer Service role within the MQA includes the management of the Customer Relationship Management (CRM) system, frontline face-to-face and telephone monitoring at the MQA receptions, as well as conducting research on stakeholder perceptions.

## Customer Relationship Management (CRM)

The Customer Relationship Management (CRM) system focuses on the creation of cases, recording and reporting of stakeholder interactions and tracking their resolution. The system evaluates and monitors the precision of engagement between the various units and stakeholders. The monthly generated reports highlight the resolved cases submitted by the units and those that are pending. Every stakeholder complaint received is assigned a case number by the CRM Administrator to enable the stakeholder to follow-up using the case reference number if the query is not resolved timeously. The MQA has not reached a stage where all customer queries can be effectively resolved and recorded on a sustainable basis, but largely records email enquiries on the system.

There were a total number of **3 512** queries recorded onto the CRM system. Most of these cases were recorded by the Customer Service and Communication Unit after they were already resolved by the units. The total number of email cases uploaded and resolved throughout the year is as follows:

***The cases recorded range from the:***

- Re-printing of certificates
- Verification of trade certificates
- Requests for statement of results
- Inter-SETA transfers
- Applications for registration of SDFs
- Internships and work experience applications
- Grant application, grant payments
- Bursary application enquiries
- MQA-I-Share training opportunities.

It is imperative for the MQA to consider an organisation-wide CRM system for greater effectiveness as was previously recommended by International Organisation for Standardisation (ISO) advisers. The Information Technology Unit will implement this integration as part of the Enterprise Resource Planning (ERP) systems proposed.

| Case Breakdown per unit for 2019-2020 | | | | | | | | | | | | Totals | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number recorded per unit | | | | | | | | | | | | Captured | Resolved | Pending | To be captured |
| Skills Development and Research | Bursary | Quality Assurance | Operational Learning Programmes | Strategic Learning Programmes | Limpopo | Mpumalanga | Eastern Cape | Northern Cape | North West | Free State | Supply Chain Management | | | | |
| 334 | 701 | 1 884 | 44 | 204 | 13 | 12 | 7 | 25 | 17 | 58 | 2 | **3 512** | **3 512** | 0 | 520 |

**Frontline and Telephone Services**

***Telephone Services – Head Office***

The MQA's key offering is service. Professionalism amongst its front-line staff is emphasised in its company values. The number of telephone calls received as well as those not attended to is monitored through a report generated by an external service provider, Comtech.

The total number of calls received at head office for the year under review is **30 557**. A total of **26 756** calls were answered. What continues to be of concern for the MQA is the number of unanswered calls, which was **3 801** for the year under review.

***Frontline "Walk-in" Report and Ongoing "On the Spot" Stakeholder Feedback***

The number of visitors that access the MQA is monitored through a manual registration system at all MQA receptions. A total number of **6 974** walk-ins visited the MQA for the year under review and are broken down were as follows:

| Number of Walk-ins Throughout the MQA for 2019-2020 | | | | | | | Total |
|---|---|---|---|---|---|---|---|
| Head Office | Eastern Cape | Free State | Limpopo | Mpumalanga | Northern Cape | North West | All MQA Offices |
| **4 993** | **113** | **471** | **431** | **618** | **261** | **87** | **6974** |

### 5.3.5. Career Guidance

Career guidance is an Annual Performance Plan (APP) deliverable. During the 2019-2020 financial year, a target of 80 career guidance events was set. This target was split among the Customer Service and Communication Unit and the Regional Offices located at the various provinces. The regional career guidance targets are recorded in the stakeholder relations section on page 54.

**Gauteng Province Achievements**

The Customer Service and Communication Unit is responsible for the Gauteng Province. The target set for the year was ten (10) and 10 events were recorded as the actual achievements in the Annual Performance Plan as per the table below:

| No. | Date | Name Of Event | Area | Municipality | No. of Schools | No. of Days |
|---|---|---|---|---|---|---|
| 1. | 13-17 May 2019 | Sci-Bono Engineering Week | Newtown | City of Johannesburg Metropolitan Municipality | 12 | 5 |
| 2. | 15-17 May 2019 | JB Marks My Future 4.0 | North Riding | City of Johannesburg Metropolitan Municipality | 12 | 3 |
| 3. | 21 June 2019 | DMRE Youth Commemoration Event | Westonaria | West Rand District Municipality | 18 | 1 |
| 4. | 30 June-04 July 2019 | Learner Focus Week | Secunda | Govan Mbeki Local Municipality | 15 | 4 |
| 5. | 04 July 2019 | National Minquiz | Randburg | City of Johannesburg Metropolitan Municipality | 9 | 1 |
| 6. | 11-12 July 2019 | Olivehoutbosch Career Expo | Centurion | City of Tshwane Metropolitan Municipality | 2 | 1 |
| 7. | 25 July 2019 | Soweto Career Expo | Soweto | City of Johannesburg Metropolitan Municipality | 23 | 1 |
| 8. | 02 August 2019 | Maps and Mirror Career Expo | Nigel | Ekurhuleni Metropolitan Municipality | 4 | 1 |
| 9. | 26 November 2019 | Ithuteng Secondary School Career Expo | Randfontein | West Rand Local Municipality | 1 | 1 |
| 10. | 04-07 December 2019 | National Artisan Development Career Festival | Durban | eThekwini Metropolitan Municipality | 12 | 4 |
| TOTAL | | | | | 108 | 22 |

The overall provincial career targets were as follows inclusive of the Gauteng Province:

Following the announcement of the novel coronavirus (Covid-19) pandemic on 26 March 2020, innovative and creative ways of implementing career guidance will need to be explored going forward as learners may no longer be physically accessible based on social distancing and lockdown measures implemented.

## 5.4. FACILITIES AND OFFICE MANAGEMENT

The Facilities and Office Management Unit's role is to all MQA buildings that include head office as well as six regional offices as effectively and efficiently as possible, while maintaining their appearance; and to provide a clean, safe, and healthy work environment, while planning the efficient use of space. Services performed by the Facilities Department include, but are not limited to: Full preventative maintenance programmes, routine and emergency repairs, OHSA and building code compliances, electrical, plumbing, refrigeration, HVAC installation and repair, management and maintenance of the security system, camera and hardware maintenance, running of the electronic security systems including card access, and key inventory. The Facilities Department also manages and maintains the fleet of pool vehicles.

- The facilities unit is critical to support of the organisation-wide strategic goals and user requirements;
- Developing a tailored facilities management approach linked to organisational strategies;
- Implementation of appropriate strategies to meet organisational and user imperatives;
- Providing reasoned advice on corporate real estate management matters (i.e. body corporate issues, capital works, maintenance strategies etc.); and
- Ensuring continuous service improvement of the unit through implementation of performance management techniques.

The unit's key competencies include the following:

- Technical operations and maintenance
- Occupational health and safety and emergency preparedness
- Space management
- Utilities management
- Infrastructure project management (excluding IT infrastructure)
- Resources
- Budget

Over and above the protection of employees against health and safety hazards, the unit continues to uphold high operational standards in order to protect and enhance the value of the MQA's immovable assets while safeguarding business continuity and environmental sustainability. The Facilities and Office Management Unit's value chain is therefore driven mainly by relevant statutory requirements and the needs of the MQA employees, both of which form the basis for an ideal Facilities Management Framework (i.e. policies, facilities strategy and operational plans).

### 5.4.1 Technical Operations and Maintenance

One of the unit's objectives is to preserve and enhance the value of the entire MQA immovable asset portfolio and to contribute towards reducing operational costs through proactive and sustainable means. Over the coming year the unit will implement a planned preventative maintenance programme on key infrastructure such as the heating, ventilation and air conditioning (HVAC) system and the standby power generator.

**Preventative Maintenance Plan**

The Facilities and Office Management Unit embraces the reliability-centred maintenance concept. The concept centres on proactive maintenance initiatives in order to preserve and significantly prolong the life of capital assets. As a result, the unit continues to implement a structured preventative maintenance programme on various building components and also endeavours ultimately to curb the current reactive maintenance costs. In the 2019-2020 financial year, maintenance on the following key capital assets was executed:

| Key Activities | Maintenance Frequency | Achieved | Variance | Reasons for Variance |
|---|---|---|---|---|
| Implement planned maintenance on the UPS | 1 per annum | 1 | 0 | Target achieved |
| Implement planned maintenance on the heating ventilation and air conditioning installation (HVAC) | 1 per annum | 1 | 0 | Target achieved |
| Implement planned maintenance on the standby generator | 1 per annum | 1 | 0 | Target achieved |

**Continuous Service Improvement**

The unit delivers most of its services through outsourcing. As a result, the unit's performance is significantly affected by the ability of the respective service providers to deliver what is required on time and at the right cost. In order to overcome this limitation, the unit has embarked on internal partnerships with the Legal Service and Supply Chain Management Units.

### 5.4.2. OHS and Emergency Preparedness

The Facilities and Office Management Unit has a delegated responsibility to oversee the implementation of the OHS Act programme across the organisation. Occupational Health and Safety (OHS) determines our duty to ensure that we comply in terms Occupational Health and Safety Act 85 of 1993. The MQA is subject to the provisions of this Act, which requires employers to provide and maintain, as far as is reasonably practicable, a workplace that is safe and without risk to the health of its employees, stakeholders and suppliers. In contribution towards programme 1, performance indicator 1.2, the organisation-wide Compliance Report, specific strategic and tactical activities were facilitated by the Facilities and Office Management Unit to ensure general compliance to the OHSA and incorporated standards.

Among others, the following activities were undertaken:

| OHSA Sections | Requirement | Status |
|---|---|---|
| Section 7 | Up-to-date OHS policy | Policy is in place and effective |
| Section 16(1), 16(2) & 8(2) | Statutory appointments in terms of OHSA (CEO and Management Representatives) | Accordingly appointed |

Further to the above table, the management and implementation of the OHSA within the MQA is based on the equal split of responsibilities between the employer and the employees.

### 5.4.3 Space Management

The unit's space management objectives are to support efficient and effective work processes as well as to reduce operational costs through controlled space allocation. In the year under review, a desktop space audit was completed and has revealed a potential ineffective utilisation of space, particularly in Block D and Block B.

### 5.4.4 Utilities Management

The utilities, rates and taxes account for a significant portion of any commercial property's operational costs and while there's very little the unit can do to control the rates and taxes, it continues to monitor consumption on utilities through regular meter reading, management of leakages, basic energy efficient means and trend analysis. Within the review period, the consumption on utilities remained steady.

### 5.4.5. Infrastructure Project Management

The Facilities and Office Management Unit is positioned as a strategic function of the MQA to oversee the initiation, monitoring, controlling and closing processes of infrastructure-related projects, with exception of the IT infrastructure. The proposed projects that were intended to take place were moved out to the latter part of 2020 and will be dedicated to preliminary project activities to upgrade existing infrastructure.

The table below outlines the upcoming projects and their respective status.

| Project Description | Proposed Duration |
|---|---|
| Appointment of a mechanical engineer to conduct a rational assessment and improvement of the existing ventilation system. | 6 weeks |
| Upgrading of the HVAC system | 12 months |
| Pool cars - procurement new vehicles and trade in of old vehicles<br><br>Challenges:<br><br>The current fleet has reached its life span and 2 of the cars are out of warranty. Unexpected costs are incurred for servicing and parts replacement. This has a negative impact on the operations budget. | 3 months |

# SECTION 6

# INFORMATION TECHNOLOGY

The Information Technology Unit is responsible for providing the ICT infrastructure, computers, application software, mobile communication and first-line support to all the tools of trade to achieve the purpose of acquiring and using information and communication technologies in a manner which:

- Aligns the Information and Communications Technology Strategy to the organisational strategy;
- Leverages economies of scale to provide for cost effective information and communication technology services;
- Ensures the inter-operability of the MQA's information systems with information systems of other institutions to enhance service delivery;
- Eliminates unnecessary duplication of the MQA information and communication technologies;
- Ensures security of the MQA information systems.
- Uses information and communication technologies to develop and enhance service delivery at the MQA;
- Aligns the use of information and communication technology by staff to achieve optimal service delivery; and
- Plans for system development and integration such as the ERP system.

## 6.1. THE INTRODUCTION OF MICROSOFT OFFICE 365

Microsoft Office 365 will assist with reduced management and maintenance while providing an uptime and availability guarantee of 99.9 percent. Office 365 will provide MQA users with increased accessibility to Office applications while significantly reducing IT costs.

Microsoft has gone to great lengths to simplify Office applications for both the end-users and administrators. Office 365 offers the traditional application suite which includes Excel, PowerPoint, Word, and Outlook while adding more advanced productivity tools that facilitate better collaboration among workers and team members.

Additionally, Office 365 for Business will provide MQA users with improved access to documents and other files with anytime, anywhere access from any device. This functionality coupled with mobile productivity tools will allow MQA users to communicate and collaborate with one another regardless of where they are located. It also encourages employees to function productively regardless if they are in the office, working remotely, or on-the-go.

The benefits that will accrue to the organisation are provided below.

**Access to Familiar Applications Plus More, at a Reduced Cost**

Office 365 offers the traditional Microsoft application suite which includes Excel, PowerPoint, Word, and Outlook while adding more advanced mobile productivity tools that facilitate better collaboration among workers and team members.

**Access from Anywhere Using Any Type of Device**

Office 365 Business is hosted and maintained by Microsoft. Setup is fast with immediate access and allows MQA users to access Office applications with a single sign in using any device (tablet, PC, or smartphone) in any location. Single sign in runs in the system tray for each device to allow for easy login to Office 365.

**Better Security and Privacy**

Although Microsoft hosts cloud-based services, they acknowledge that files and documents belong to the MQA. As part of your subscription, Microsoft has the proper compliance and security technologies deployed along with an agreement not to scan the MQA's data for promotional purposes. The security technologies now include the following:

- To prevent unauthorised interception of transmissions to applications, files, and shared documents 128-bit SSL/TSL encryption is used.
- Antivirus and anti-malware definitions are routinely updated along with security technologies that comply with the Trustworthy Computing Initiative implemented by Microsoft; and
- Email protection is provided using Forefront Online Protection for Exchange when accessing Exchange Online. Additionally, Microsoft deploys multiple virus engines in the antivirus program and anti-spam technologies to ensure secure email communications.

In terms of overall security, Microsoft routinely undergoes security audits to ensure they remain in compliance. Additionally, they monitor data centre networks for any unauthorised or suspicious activities. A Security Development Lifecycle is also deployed during development and maintenance of Microsoft's online services.

**Compliance**

Office 365 and Microsoft data centres are certified ISO 27 001 compliant with continued successful completion of SAS70 Type I and Type II audits.

**Access to the Latest Updates and Lower Upgrade Costs**

Office 365 is offered as SaaS (Software-as-a-Service). This will provide the MQA with instant access to the latest version of the software without the added cost to upgrade. Automatic updates are included in the subscription and are at no extra cost.

**Microsoft Office 365 Business Web Apps Help to Extend Company Reach**

Workflow processes are available regardless of the location of team members. Office 365 Business web apps will allow MQA employees to create, share, and edit documents online making them accessible to all team members around the clock 24/7. It also provides complete access to a robust set of solutions including voice and video conferencing, online portals, web conferencing, instant messaging, voice mail, e-mail, and powerful collaboration tools.

Office on-the-go will ensure MQA employees never miss a meeting regardless of where they are. They can also easily access and edit documents in Word, PowerPoint, and Excel using smart phones or tablets.

**Guaranteed 99.9% Uptime Improves Reliability and Disaster Recovery**

Microsoft provides a comprehensive service level agreement (SLA) which guarantees an uptime of 99.9 percent. This means the MQA's Office applications will be up and running 99.9% of the time which will greatly minimise the amount of time employees are unable to work.

**Scalability: Only Pay for the Resources Used**

Office 365 is scalable, allowing the MQA to add or subtract tools and applications as the business needs change. This is much more cost effective than having unused IT infrastructure sitting around in anticipation of business expansion. Instead, with Office 365 the MQA can modify services at a moment's notice.

## 6.2. THE NEW MQA WEBSITE

The current MQA website was developed when technologies had not developed to the extent that have. At the time the technology was relevant and addressed the MQA's business needs. Since then, the MQA has not updated its website in line with current day improvements to make the website more interactive, easy to navigate, secure and results-driven.

**Benefits of Revamping the Website**

- Search engine optimisation;
- Easy and faster document upload and download;
- Advanced security features;
- Interactivity to allow the use of social media platforms; and
- Business efficiency as a result of a well-functioning website.

## 6.3. THE NEW MQA INTERNET CONNECTION SOLUTION

Information and communication technologies (ICT) have been regarded as key ingredients for social and economic development because of their ability to create socio-technologically driven solutions to human and organisational problems. Since the usage of 4G technology, several companies have advanced to using high speed wireless infrastructure, such that end-user experience has performed to near the levels of a wired network.

The MQA has appointed a new internet service provider to implement, support and maintain a Software Defined Wide Area Network (SD-WAN) at its head office and the six (6) regional offices.

**What is SD-WAN?**

SD-WAN is a virtual WAN structural design that enables companies to leverage any combination of internet connection solution such as fibre optic, MPLS, LTE and broadband to securely connect users to company network resources.

**Why SD-WAN?**

An SD-WAN utilises a central management software to securely and intelligently direct traffic transversely across the WAN. This increases network resource performance, resulting in improved end-user experience, increased business productivity and reduced costs for IT.

**Benefits**

- Increase business productivity and user satisfaction. Enhance business agility and responsiveness
- Improve network security and reduce threats.
- Simplify head office and regional offices WAN architecture; and
- Reduce internet connection costs by up to 90 percent.

## 6.4. CHALLENGES IN THE UNIT

Staffing in the IT Unit remains a major issue as the unit consists of five (5) personnel: The IT Manager, Specialist, two officers and an intern. The staff supports 150 end users including the regional offices. Best practice indicates a ratio of 1:10 and that is if all end users are in the same vicinity. The proposal to introduce two additional IT personnel that was endorsed by the IT Steering Committee is yet to be approved by the MQA relevant structures.

The two additional personnel will be a system developer and a database administrator. These colleagues will mainly be responsible to develop, support and maintain systems for the MQA considering that the MQA will solely own the Enterprise Resource Planning system with a home-grown system embedded in it.

The National Treasury Central Supplier Database (CSD) poses a huge challenge to the IT business unit for acquisition of information and communication technology goods and services. The database has gaps in the following system functionalities:

- The supplier rotation functionality does not operate properly, with no indication of the interval in which the rotation should take place;
- All suppliers registered in the CSD are registered as general traders;
- The system draws on the same suppliers for all commodities, which leads to prolonged acquisitions of goods and services; and
- There is a delayed response time from Treasury for queries logged.

The solution to the above is that there should be an exception made by the offices the CFO and CEO for use of ad-hoc suppliers for acquisition of information and communication technology goods and services.

The move or transfer of the MQA on-premises IT solutions to the cloud solution has placed some challenges. The MQA has adopted a gradual approach to move its technology stack to the cloud. The aim is to ensure that before the transfer is concluded, cyber security gaps are closed and staff is properly trained and equipped to support and maintain the cloud solutions.

## 6.5. CONCLUSION

The Information Technology Unit's business ethics culture is a good one. Policies and procedures are in place to guide the unit to govern appropriately and to engender morals, values and ethics in the IT personnel, so that the unit can conduct its business in an exemplary and professional manner. Information and communication technology makes a business more efficient, effective and promptly responds to business needs through ensuring that systems are always fully functional.

# SECTION 7

# RISK, MONITORING AND EVALUATION

The Mining Qualifications Authority (MQA) has established the Risk, Monitoring and Evaluation Unit to provide assurance by tracking all the projects that are implemented in line with its mandate. The unit is an integral part of the MQA's value chain and its contribution towards, amongst others, organisational strategy, planning, monitoring, impact assessment and evaluation, and risk management enables the organisation to track the impact on skills development in the sector.

The Risk, Monitoring and Evaluation Unit's key roles and responsibilities focus on the strategic support to the MQA on achieving the following goals:

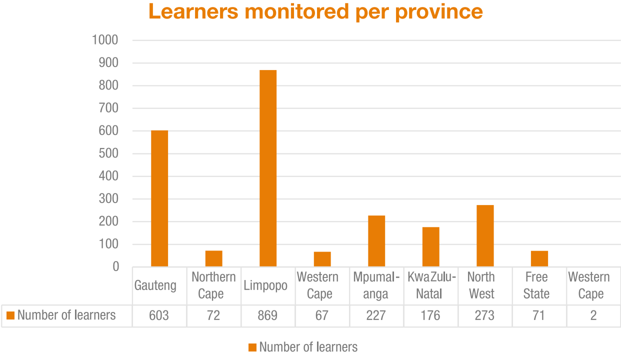
- Monitoring compliance with MQA policies, procedures and legislations throughout the MQA and its service providers.
- To ensure the validation of actual performance against source documents prior to the information being submitted and reported to the executive authority.
- Conducting site visits (physical or desktop verification) to the MQA levy paying companies and other projects to ascertain the following in respect of all learners that are eligible for grants:
    - Accuracy;
    - Existence;
    - Completeness;
    - Compliance with relevant legislation;
    - and MQA policies.
- Utilising a risk-based approach which, amongst others, takes up the issues raised in previous reports, the adequacy and effectiveness of existing compensating controls and programme-specific challenges into consideration.
- To conduct evaluation to ensure the relevance, effectiveness and efficiency of the MQA policies, and that project methodologies selected are designed to achieve strategic objectives; and
- To ensure that MQA adopts a zero-tolerance approach to fraud and corruption. This applies to both internal and external parties.

**Monitored Projects**

The Monitoring and Evaluation Unit was established to conduct projects monitoring and determine the impact of the MQA's investment in the mining and mineral sector. To this end, the unit develops a learner verification plan, schedules and conducts visits to employers or training providers or performs desktop verifications at intervals prior to grant payment.

In line with the performance target set for unit for the 2019-2020 financial year, **2 360** learners in **nine (9)** different projects were monitored, to ascertain whether learners are eligible for grants and are receiving training as per the training plan. Thus, the unit monitored **100%** against the target of 90% of the projects that could be monitored, as all programmes were monitored during 2019-2020 as required in terms of the Funding Policy.

The following table represents the number of learners monitored per province:




### Number of Learners Verified Per Programme

| Learning Programme | Number of Learners |
|---|---|
| Artisans | 209 |
| MDP | 21 |
| Internships | 650 |
| Lecturer Support | 8 |
| Mine Community | 663 |
| NCV | 295 |
| Non-artisan | 187 |
| Non-artisan: Jewellery | 104 |
| Work experience | 223 |
| **TOTALS** | **2 360** |

### Validation of Performance Management

The MQA's strategic objectives are implemented and tracked through the Annual Perfomance Plan (APP). Monitoring and Evaluation provided assurance that the performance information of the MQA for each quarter fairly reflected the actual achievements against planned objectives, indicators and targets as per the SLA as well as the APP.

### Combined Assurance Strategy

This is aimed at a co-ordinated organisational compliance to ensure that the MQA business is conducted in accordance with legal requirements and to encourage proactive and accountable management. The risk exposure is appropriately mitigated in a combined assurance strategy that was implemented to ensure proper allocation of responsibility and accountability for the risks to the executive management, external auditors, internal auditors, or a combination of these. Due to the nature of risk management, the Executive Management is ultimately responsible for all the risks within the MQA, hence they assume overall responsibility and accountability for all strategic risks.

### Novel Coronavirus (Covid-19) Pandemic

The Republic of South Africa announced a state of National Disaster on 15 March 2020. The Disaster Management Act 57 of 2002, in line with the Occupational Health and Safety Act, have set out the required guidelines for organisations to prevent the transmission and minimise the spread of the Covid-19 pandemic in support of the national strategies and policies.

The Covid-19 pandemic is an employee wellness-related issue that falls within the Corporate Services Unit and is identified as a risk. The related activities are led by the Human Resources Unit with the support of all the other departments within the MQA.

As per SETA Covid-19 Guidelines Directive No. 4/2020, accounting officers were directed to establish Covid-19 Task Teams which shall, amongst others, be responsible for the implementation of the guidelines set out by Government and the relevant Ministers.

The MQA established a Covid-19 Task Team to, amongst others, assist to identify potential risk exposures, implement control measures and provide recommendations to the Acting Chief Executive Officer (ACEO). The MQA duly reported on the management and incidents of Covid-19 to both the DHET and the DMRE.

The MQA Task Team was established as a reporting structure to the CEO and authorised to consider and evaluate any matters within the scope of its responsibility and make necessary recommendations to the CEO on the following matters, amongst others:

- Developing and monitoring of the MQA Risk Assessment Checklist on Covid-19;
- Identify mitigation plans for the risk management related to Covid-19;
- Implementation of the guidelines set out by the DHET and other governmental departments;
- Facilitate and monitor the development of Risk Assessment Plan;
- Ensure that all employees are provided with tools of trade to work from home;
- Compiling and updating of the Task Team's terms of reference;
- Develop and communicate necessary guidelines and protocols; and
- Advise the MQA employees on the procedures and counselling to follow once they have been tested for Covid-19.

**Tracer Studies**

Monitoring and Evaluation is tasked with conducting tracer studies (value for money analysis). The MQA conducted tracer studies aimed at investigating and exploring the following:

- The level of the MQA's contribution to the advancement of skills development within the mining and mineral sector;
- Trace the whereabouts of former beneficiaries to determine what has happened in their careers and their lives during and after completion of their respective programmes; and
- Analysing the outcomes of the MQA-funded programmes and the impact thereof.

During the previous financial year, the unit conducted the following four tracer studies:

- Bursary
- Jewellery and Diamond Processing
- Artisan Development
- Internship

During the financial year, under review the following tracer studies were conducted:

- Non-artisan disability
- HET Lecturer Support
- Adult Education and Training
- Work Experience
- Management Development Programme

A total of two (2) out of the five (5) tracer studies were completed in the financial year.

**Risk Management**

The MQA Board approved the Risk Management Policy implementation; the emerging risks are considered when registers are updated and presented at Risk Committee meetings, Audit and Risk Committee and the Board on a quarterly basis.

**Fraud Prevention Activities**

The MQA has adopted a zero-tolerance policy towards any form of fraudulent activities. To this extent, a fraud hotline is operational and reports were provided by the external service provider on a monthly basis. The reports were presented to the Risk Committee, Audit and Risk Committee and Board on a quarterly basis.

# SECTION 8

# REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (the Committee) is pleased to present its report for the financial year ended 31 March 2020.

**Background**

The Committee is a Board Committee constituted in terms of Section 51(1) (a) (ii) and 76(4) (d) of the Public Finance Management Act (PFMA), read together with the National Treasury Regulation 27(1). Further duties are delegated to the Committee by the Accounting Authority (the Board). This report includes both these sets of duties and responsibilities.

**Terms of Reference**

The Committee has adopted formal terms of reference (charter), which were approved by the Board. The Committee further reports that it regulated its affairs and discharged its responsibilities in compliance with this charter and the PFMA, read in conjunction with the National Treasury regulations.

The Committee has carried out its functions through attendance of Committee meetings and discussions with executive management, internal audit and external advisers, where appropriate. The Committee meets at least four times per annum, with authority to convene additional meetings as circumstances require.

**Membership and Attendance**

The Committee's terms of reference prescribe that it be constituted by three independent members as well as representatives from each constituency, which are the state, organised labour and organised employers. The Committee met four times during the financial year ended 31 March 2020, as per its terms of reference which require a minimum of four meetings per annum. The Committee also convened two special meetings.

| MEMBER | CONSTITUENCY | MEETINGS ATTENDED | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 17 May 2019 | 22 May 2019 | 16 July 2019 | 04 October 2019 | 30 January 2020 | 14 February 2020 | Amount Paid |
| M. Mbonambi* | Independent | √ | √ | √ | √ | √ | √ | R61 036.00 |
| Adv. J C Weapond | Independent | √ | | √ | √ | √ | √ | R38 671.14 |
| B. Mbewu** | Independent | √ | √ | | √ | √ | √ | R34 175.05 |
| J. Hugo | Organised labour | | | | | | | - |
| A. Jatham | Organised labour | √ | | √ | √ | √ | √ | - |
| A. Teteme | MQA Board representative | √ | √ | √ | √ | √ | √ | Refer to AFS |
| M. Ally | MQA Board representative | √ | | √ | | √ | √ | Refer to AFS |
| J. Broderick | Organised employ employers | | | √ | √ | | | - |
| D. Morabe | State representative | √ | | √ | | √ | | - |
| M. Mphuthi | State representative | | | √ | | | | - |

* Chairperson of the Audit and Risk Committee

** Chairperson of Risk Management Committee

The Committee as a collective, has the required qualifications, skills and experience in business, finance, accounting, internal audit, risk management, information technology, legal and compliance.

**Committee's Role and Responsibilities**

The Committee assists the Board in fulfilling its oversight responsibilities, such as the evaluation of the adequacy and efficiency of accounting policies, internal controls, financial reporting processes, and technology and information governance.

The Chairperson of the Committee reports to the Board quarterly, regarding the Committee's deliberations, decisions and recommendations in line with the approved terms of reference.

The key focus areas of the Committee for the 2019-2020 financial year were as follows, amongst others:

- Provide assurance over the integrity of the MQA's financial statements and accounting policies.Provide assurance on the effectiveness of the internal control, governance and risk management systems.Review the internal audit, risk management, compliance and the IT control environment. Review of key risk and opportunity management, including mitigation plans
- Monitor the performance against predetermined objectives/ performance information.

**Internal Audit**

During the year under review, the internal audit function was outsourced to a service provider. Although some concerns were noted regarding the work of internal audit, the Committee has recommended appropriate remedial action regarding the resourcing of internal audit. The internal audit charter and the internal audit plan were approved by the Committee. Internal audit has access to the Committee, primarily through its Chairperson.

Internal audit work conducted during the year focused on key areas of risk. Weaknesses revealed have been raised with management and the Board. Corrective actions have been agreed by management and are being monitored by the Committee.

**The Effectiveness of Internal Control**

While there has been improvement in all areas of operations including internal control, financial management, and compliance and reporting, the entity has still not attained the desired standard of compliance with PFMA compliance in relation to submission of AFS that are free from material adjustments. Focused attention to the analysis flowing from a quarterly dashboard review has been recommended and this will be closely monitored by the Committee.

Acknowledgement is also given to the AGSA's team who performed the audit.

**Implementation of Corrective Actions**

The AGSA's review shows that a number of the audit commitments made in the prior year were implemented through implementation of appropriate corrective actions. The organisation needs to ensure that it can and indeed does take sufficient and effective steps to introduce all the improvements and corrections that are identified.

### Risk Management

The Board has assigned oversight of the organisation's risk management function to the Committee. The Committee recommended the establishment of a sub-committee, the Risk Management Committee (RMC) to co-ordinate risk management activities and report to the Committee quarterly. The Chairperson of the RMC is also a member of the Committee. Consequently, he attends all meetings of the Committee to ensure that information relevant to these Committees is shared regularly.

The Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk and information technology risks as they relate to financial reporting. The Committee is satisfied that appropriate and effective risk management processes are in place.

### Going Concern

A nationwide lockdown came into effect from 27 March 2020 as a result of the Covid-19 pandemic. The effect of the lockdown and the ongoing crisis means that the economy will experience a significant downturn, which might lead to reduced future funding and impact on the operating model of the MQA.

The Committee has considered the going concern status of the organisation and has made recommendations to the Board in this regard. The Committee is satisfied with measures put in place by Management to mitigate these risks from Covid-19. The Board's statement on the going concern status of the organisation is supported by the Committee.

### Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed the audited annual financial statements and performance report to be included in the annual report with the AGSA, with the Chief Executive Officer and with the Board as the institute's Accounting Authority.
- Reviewed the AGSA's audit report and management report on the findings of the audit and management's response, and has reviewed all changes in accounting policies and practices; and
- Has noted and reviewed the AGSA's assessment of the usefulness and reliability of performance information examined.

The Committee concurs with and supports the AGSA's opinion on the annual financial statements and other legal and regulatory matters, and is of the view that the audited annual financial statements can be accepted and read together with the AGSA's report.

### Auditor-General of South Africa

The Committee concurs and accepts the conclusions and unqualified audit opinion of the AGSA on the annual financial statements for the year ended 31 March 2020.

**Ms Khulekelwe Masaccha Mbonambi**
Chairperson of the Audit and Risk Committee
30 September 2020

# SECTION 9

# REPORT OF THE AUDITOR-GENERAL

## Report of the Auditor-General to Parliament on Mining Qualifications Authority

### Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Mining Qualifications Authority set out on pages 93 to 161, which comprise the statement of financial position as at 31 March 2020, 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 the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mining Qualification Authority as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) of the and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) and the Skills Development Act of South Africa, 1998 (Act No.97 of 1998) (SDA).

### Basis for opinion

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

4. I am independent of the public entity in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

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

### Emphasis of matters

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

### Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2020.

#### Events after reporting date

8. I draw attention to note 27 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on public entity's future prospects, performance and cash flows. Management has also described how they plan to deal with these events and circumstances. Our opinion is not modified in respect of this matter.

#### Responsibilities of the Accounting Authority for the financial statements

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

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

#### Auditor-General's responsibilities for the audit of the financial statements

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

12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

#### Report on the audit of the annual performance report

#### Introduction and scope

13. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2020:

| Programmes | Pages in the annual performance report |
|---|---|
| Programme 3: Learning Programmes | 31 – 39 |

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

    - Programme 3 – Learning Programmes

### Achievement of planned targets

18. Refer to the annual performance report on pages 23 to 53 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets.

### Report on the audit of compliance with legislation

### Introduction and scope

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

20. The material findings on compliance with specific matters in key legislation are as follows:

### Annual Financial Statements

21. Financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of financial instruments and the statement of comparison of budget and actual amounts identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion

### Other information

23. The Accounting Authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion.

28. Oversight responsibility regarding the finances and compliance was not adequately exercised as the controls in place did not prevent or detect internal control deficiencies that lead to the material misstatements.

29. The entity did not have sufficient monitoring and review controls for the maintenance of the reported financial information contained in the financial statements. This resulted in material adjustments relating to the statement of comparison of budget and actual amounts and financial instruments.

Auditor-General

Auditor-General
Pretoria
30 September 2020

AUDITOR-GENERAL
SOUTH AFRICA

*Auditing to build public confidence*

**Annexure – Auditor-General's responsibility for the audit**

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

**Financial statements**

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

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors, which constitutes the Accounting Authority.

   - Conclude on the appropriateness of the board of directors, which constitutes the Accounting Authority's 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 Mining Qualifications Authority to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern; and

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

### Communication with those charged with governance

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

4. I also confirm to the Accounting Authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

5. From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

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# Section 10: Annual Financial Statements

MQA

MINING QUALIFICATIONS AUTHORITY

*Digging Skills with Knowledge*

# INDEX

## ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

The annual financial statements set out on pages 93 to 161, which have been prepared on the going concern basis, were approved by the accounting authority on 30 September 2020 and were signed on its behalf by:

**David Msiza**
Board Chairperson

**Bethuel Nemagovhani**
Acting Chief Executive Officer

# ACCOUNTING AUTHORITY'S REPORT

## 1. Responsibilities of the Accounting Authority

The Accounting Authority is responsible for the preparation and presentation of annual financial statements that are relevant and reliable, the integrity of the information contained therein, the maintenance of effective control measures, compliance with relevant laws and regulations and the related financial information contained elsewhere in this annual report.

To meet these responsibilities, the Accounting Authority has set standards, which require that management implement effective and efficient systems of financial risk management and internal controls, as well as transparent financial reporting and accounting systems.

Further responsibilities of the Accounting Authority include:

- Management and safeguarding of the assets, as well as the management of revenues, expenditures and liabilities.
- The submission of all reports, returns, notices and other information to Parliament, Department of Higher Education and Training (DHET) and National Treasury, as required by the Public Finance Management Act.

## 2. General Review of the State of Affairs

Total revenue for the period ended 31 March 2020 including donor income, amounted to R1 190 571 000 (2019: R1 163 530 000). The administration levy income received was R154 880 000. (2019: R149 662 000). The administrative expenditure amounted to R129 243 000. (2019: R134 111 000).

The MQA recorded a surplus of R 356 812 000 (2019: R319 617 000 restated). Total reserves at the end of the reporting period amounted to R776 646 000 (2019: R419 834 000 restated). Future commitments in respect of discretionary funds amounted to R459 868 000 (2019: R361 471 000, restated) and thus below/ (exceed) reserves by R316 778 000 (2019: R 40 034 000, restated).

During the period R 753 022 000 (2019: R 746 654 000, restated) was spent on mandatory and discretionary grants and special projects, including donor funding expenditure of R1 362 000 (2019: R7 360 000, restated). The following are some of the major spend in respect of discretionary grants and projects during the period.

## ACCOUNTING AUTHORITY'S REPORT

| | 2020<br>R 'millions | 2019<br>R 'millions |
|---|---|---|
| A001 – HEI Lecturer Support | **11 796** | 13 679 |
| A002 – Bursaries | **113 046** | 124 187 |
| A003 – Work Experience | **46 178** | 40 167 |
| A004 – Standard Setting | **306** | 659 |
| A005 – Learning Materials (LM) Development | **-** | 1 772 |
| A006 – Internships (GDP) | **89 903** | 86 164 |
| A007 – Non Artisan Learnerships | **43 200** | 69 411 |
| A008 – Skills Development Facilitator Support | **-** | 242 |
| A009 – AET | **12 341** | 8 167 |
| A010 – OHS Representatives Development | **8 275** | 2 751 |
| A012 – UIF 1 Learnership Artisan 50% (MQA) | **-** | - |
| A013 – MQA Artisan Development | **133 950** | 91 716 |
| A014 – RPL / Artisan Aides - Employed | **2 400** | - |
| A015 – TVET College Support | **23 614** | 26 684 |
| A016 – Maths and Science | **-** | 8011 |
| A017 - FLC Grant Incentive | **-** | - |
| A018 - Mpumalanga TVET Artisan | | - |
| A019 – Mine Community Development | **9 462** | 15 980 |
| A020 – Workplace Coach Development | **-** | 4 410 |
| A021 – Youth Development | **3 735** | 268 |
| A022 – Management Development | **4 029** | 1 980 |
| A044 – Partnership Research | **1 545** | - |
| A041 HDSA Management Development Candidacy | **-** | 150 |
| A042 HDSA Accredited Training Provider Support | **-** | 300 |
| **Total Expenditure** | **503 779** | 496 697 |

## 3. Discontinued Projects

During the period under review, the Accounting Authority approved suspension of the following projects:

- Maths and Science;
- Management Development Candidacy;
- Workplace Coach Development; and
- Accredited Training Provider Support.

## 4. New/Proposed Projects

Research Partnership project was introduced for the first time in the current financial year.

## ACCOUNTING AUTHORITY'S REPORT

### 5. Events After the Reporting Period

His Excellency, the President of the Republic of South Africa, Mr Cyril Ramaphosa, on economic and social measures in response to the COVID-19 pandemic stated on 21 April 2020, amongst others, that: *"in addition to existing tax relief measures, the government will also be introducing a four-month skills development levy contribution holiday by companies to SETAs"*. This implies that the MQA will not receive levies to the estimate of about R400 million.

### 6. Board Member Attendance and Remuneration

| Non-Executive Members | Organisation | Constituency | BOARD | EXCO | ARC | FINCOM | IT STEER | HRREMC | SRP | LP | ETQA | TOTALS | FEES PAID 2020 | FEES PAID 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | **R'000** | R'000 |
| | | | | | | | | | | | | | **1090** | 1172 |
| D Msiza # | DMR | State | 5 | 2 | - | 0 | 0 | - | 0 | 0 | 0 | **7** | **-** | - |
| P Gamede | DMR | State | 3 | 2 | - | 3 | - | - | - | - | - | **8** | **-** | - |
| H Mbiko | DMR | State | 4 | - | - | 0 | - | 0 | - | - | - | **9** | **-** | - |
| F Van Straten | UASA | Labour | - | - | - | - | - | - | - | - | - | **0** | **-** | 10 |
| A Teteme | NUM | Labour | 4 | 1 | 5 | 3 | 6 | 7 | 5 | 3 | 5 | **39** | **360** | 407 |
| D Shikati | NUM | Labour | 5 | 1 | - | - | - | - | - | 5 | - | **11** | **129** | 231 |
| O Nkagisang | South 32 | Employers | 2 | - | - | - | - | - | - | - | - | **2** | **-** | - |
| E Howes | Implats | Employers | 2 | - | - | - | - | - | 1 | - | - | **3** | **-** | - |
| L Mogaki | Anglo Platinum | Employers | 2 | - | - | - | - | - | - | - | - | **2** | **-** | - |
| M Ally* | Minerals Council of South Africa | Employers | 5 | 2 | 2 | 2 | 0 | 3 | - | - | - | **14** | **179** | 179 |
| J Venter | Colliery Training College | Employers | 1 | - | - | - | - | - | - | - | - | **1** | **-** | - |
| D Julyan* | Minerals Council of South Africa | Employers | 3 | 1 | 1 | - | 4 | 1 | 6 | 6 | 6 | **28** | **249** | 249 |
| W Van Rooyen | UASA | Labour | - | - | - | - | - | - | - | - | - | **0** | **-** | 1 |
| M Zondi | DMR | State | 3 | 1 | 0 | - | - | - | - | - | - | **4** | **-** | - |
| M Mashego | Harmony | Employer | 2 | - | 0 | - | - | - | - | - | - | **2** | **-** | - |
| M Naki | NUM | Labour | 5 | - - | 0 | - | - | - | - | - | - | **5** | **84** | 11 |
| M Tshilidzi | NUM | Labour | 2 | - | 0 | - | - | - | - | - | - | **2** | **28** | 11 |
| F Stehring | UASA | Labour | 4 | 1 | 0 | - | - | - | - | - | - | **5** | **61** | 73 |

**Notes**

The total fees disclosed above relate to fees claimed for attendance of the meetings specified above.

# Chairperson

* Fees in respect of the members are paid directly to the Minerals Council of South Africa.

## ACCOUNTING AUTHORITY'S REPORT

### 7. Going Concern

The annual financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The assets of the MQA exceeds its liabilities by R776 646 000 (R419 834 000) furthermore the net assets exceeds the commitments by R333 046 000 (R384 350 000). The board is satisfied that the MQA has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The four-month levy payment holiday announced by the President will adversely impact the expected cash flows, however, the Board has satisfied itself that the MQA is still in good financial position and that it has access to sufficient Grants revenue to meet its foreseeable cash requirements. On 22 July 2019, the Minister of the Department of Higher Education, Science and Innovation re-established the SETAs within a new SETA landscape from 1 April 2020 to 31 March 2030; however, the MQA was only established until March 2022. The re-establishment for a lesser period was meant to allow the MQA to finalise the process of realigning its constitution from the establishing legislative prescript of the Mine Health and Safety Act to that of the Skills Development Act. The MQA appointed a service provider to provide legal advice on how the process should unfold and has started engaging DHET on the matter.

### 8. SETA Re-establishment

SETA's are established for a five-year period through the provisions of the Skills Development Act. The MQA has been re-licensed as a SETA until 31 March 2022. The minister has already signed the National Skills Development Plan (NSDP) and in the plan, it is stipulated that the MQA will not be merged with other SETAs and will continue to operate in the foreseeable future.

### 9. Responsibility for Annual Financial Statements

The Board is responsible for the Annual Financial Statements.

## STATEMENT OF FINANCIAL PERFORMANCE

| | Note(s) | 2020 R '000 | 2019 R '000 Restated |
|---|---|---|---|
| **Revenue** | | **1 246 773** | 1 208 248 |
| **Revenue from non-exchange transactions** | | **1 190 571** | 1 163 530 |
| Skills development levy income | 3 | 1 165 810 | 1 128 352 |
| Skills development levy interest and penalties | 3 | 23 180 | 25 788 |
| Discretionary grants recoveries | 6 | 218 | 2 031 |
| Government grants and donor funding income | 14.2 | 1 362 | 7 360 |
| **Revenue from exchange transactions** | | **56 202** | 44 718 |
| Investment income | 4 | 55 905 | 43 405 |
| Other income | 5 | 297 | 1 313 |
| **Expenditure** | | **(889 918)** | (888 166) |
| Administration expenditure | 8 | (129 243) | (134 111) |
| Employer grants and projects expenditure | 7 | (751 660) | (739 295) |
| Government grants and donor funding | 20 | (1 362) | (7 360) |
| NSF artisan project administration costs | 15.2.1 | ( 938) | ( 914) |
| Transfers to other public entities (QCTO) | 9 | (6 714) | (6 487) |
| Loss on disposal of assets and liabilities | | ( 43) | ( 465) |
| **Surplus/(Deficit )** | | **356 812** | 319 617 |

## STATEMENT OF FINANCIAL POSITION

| | Note(s) | 2020 R '000 | 2019 R '000 Restated |
|---|---|---|---|
| **Assets** | | **1 154 255** | 850 291 |
| **Non-current assets** | | **58 243** | 63 727 |
| Property, plant and equipment | 10 | 57 422 | 62 092 |
| Intangible assets | 11 | 821 | 1 635 |
| **Current assets** | | **1 096 013** | 786 564 |
| Receivables from non-exchange transactions | 15 | 55 092 | 59 067 |
| Trade and other receivables from exchange transactions | 13 | 3 594 | 3 790 |
| Inventories | 14 | 312 | 430 |
| Cash and cash equivalents | 16 | 1 037 014 | 723 277 |
| **Liabilities** | | **377 609** | 430 457 |
| **Current liabilities** | | **377 609** | 430 457 |
| Grants and transfers payable | 18 | 354 168 | 408 490 |
| Trade and other payables from exchange transactions | 19 | 3 778 | 4 251 |
| Provisions | 21 | 19 662 | 17 715 |
| **Net Assets** | | **776 646** | 419 834 |
| **Reserves** | | **776 646** | 419 834 |
| Revaluation reserves | | 4 925 | 4 925 |
| Administration reserves | | 53 318 | 58 802 |
| Mandatory grant reserves | | 519 | 553 |
| Discretionary reserves | | 717 885 | 355 554 |

## STATEMENT OF CHANGES IN NET ASSETS

| | Revaluation reserves | Administration reserves | Mandatory grant reserves | Discretionary reserves | Total reserves | Accumulated surplus | Total net assets |
|---|---|---|---|---|---|---|---|
| | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 |
| **Balance at 01 April 2018 - as previously stated** | **4 925** | **62 990** | **308** | **28 124** | **96 347** | **-** | **96 347** |
| Prior period errors - discretionary grants expenditure | - | - | - | 3 872 | 3 872 | - | 3 872 |
| **Balance at 01 April 2018 – Restated** | **4 925** | **62 990** | **308** | **31 996** | **100 219** | **-** | **100 219** |
| Deficit for 2018 as previously stated | - | - | - | - | - | 324 617 | 324 617 |
| Allocation of un-appropriated surplus for 2018-2019 as previously stated | - | 9 922 | 41 488 | 273 207 | 324 617 | (324 617) | - |
| Prior period errors - discretionary grants expenditure | - | - | - | (4 014) | (4 014) | - | (4 014) |
| Prior period errors - Revenue from non exchange transactions | | | | (986) | (986) | | (986) |
| Transfer to discretionary reserves | - | (14 110) | (41 243) | 55 352 | - | - | 0 |
| **Restated* Balance at 01 April 2019** | **4 925** | **58 802** | **553** | **355 555** | **419 836** | **-** | **419 836** |
| Surplus for the year | - | - | - | - | - | 356 812 | 356 812 |
| Allocation of un-appropriated surplus | - | 18 239 | 34 930 | 303 643 | 356 812 | (356 812) | - |
| Transfer to discretionary reserves | - | (23 723) | (34 964) | 58 689 | - | - | - |
| **Balance at 31 March 2020** | **4 925** | **53 318** | **519** | **717 886** | **776 648** | **-** | **776 648** |

## CASH FLOW STATEMENT

| | Note(s) | 2020 R '000 | | 2019 R '000 Restated |
|---|---|---|---|---|
| **Receipts** | | **1 253 870** | | 1 197 601 |
| Levies, interest and penalties | | **1 188 798** | | 1 151 003 |
| Government grants and donor funding | | **8 627** | | - |
| Interest income | | **56 103** | | 42 579 |
| Other cash receipts from stakeholders | | **342** | | 4 019 |
| **Payments** | | **(939 219)** | | (1 186 914) |
| Grant and projects | | **(803 850)** | | (1 032 031) |
| Special projects | | **0** | | (10 362) |
| Compensation of employees | | **(94 381)** | | (89 806) |
| Payments to suppliers and others | | **(40 988)** | | (54 715) |
| **Net cash flows from operating activities** | 20 | **314 651** | | 10 687 |
| **Cash flows from investing activities** | | **(914)** | | (2 738) |
| Purchase of property, plant and equipment | 10 | **(971)** | | (1 785) |
| Proceeds from sale of property, plant and equipment | | **57** | | 31 |
| Purchase of other intangible assets | 11 | **-** | | (984) |
| **Net cash flows from investing activities** | | **(914)** | | (2 738) |
| **Net increase/(decrease) in cash and cash equivalents** | | **313 737** | | 7 949 |
| Cash and cash equivalents at the beginning of the period | | **723 277** | | 715 328 |
| **Cash and cash equivalents at the end of the period** | 15 | **1 037 014** | | 723 277 |

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget and actual amounts on accrual and comparative basis

| | Note(s) | Approved budget | Adjustments | Final Budget | Actual | Variance |
|---|---|---|---|---|---|---|
| | | R '000 | R '000 | R '000 | R '000 | R '000 |
| **Statement of Financial Performance** | | | | | | |
| **Revenue from exchange transactions** | | **58 086** | **-** | **58 086** | **56 202** | **(1884)** |
| Other income | | - | - | - | 297 | 297 |
| Interest received - investment | | 58 086 | - | 58 086 | 55 905 | (2 181) |
| **Revenue from non-exchange transactions** | | **1 179 399** | **-** | **1 179 399** | **1 190 571** | **11 172** |
| Transfer revenue | | | | | | |
| Government grants and subsidies | 30.1 | - | - | - | 1 362 | 1 362 |
| NSF Artisan Project Admin: Income | | - | - | - | - | - |
| Discretionary grants recoveries | 30.2 | - | - | - | 218 | 218 |
| Skills Development Levy: Income | | 1 179 399 | - | 1 179 399 | 1 165 810 | (13 589) |
| Levy: Interest and penalties | 30.3 | - | - | - | 23 180 | 23 180 |
| **Total revenue** | | **1 237 485** | **-** | **1 237 485** | **1 246 773** | **9 288** |
| **Total expenditure** | | **1 059 536** | **-** | **1 059 536** | **889 918** | **(169 618)** |
| Personnel costs | | 89 877 | - | 89 877 | 89 955 | (922) |
| NSF Artisan project administration costs | | - | - | - | - | - |
| Transfer to QCTO | | 6 734 | - | 6 734 | 6 714 | (20) |
| Depreciation and amortisation | | 6 696 | - | 6 696 | 6 325 | (371) |
| Repairs and maintenance | | 1 395 | - | 1 395 | 1 321 | (73) |
| Employer grant and project expenditure | 30.4 | 913 052 | - | 913 052 | 751 660 | (161 392) |
| Government grants and donor funds | | - | - | - | 2 301 | 2 301 |
| General Expenses | 30.5 | 41 782 | - | 41 782 | 32 642 | (9 140) |
| Operating surplus / (deficit) | | 177 949 | - | 177 949 | 356 855 | 178 906 |
| Loss on disposal of assets and liabilities | | - | - | - | 43 | 43 |
| **Surplus / (Deficit) for the year** | | **177 949** | **-** | **177 949** | **356 812** | **178 863** |
| **Statement of Financial Position** | | | | | | |
| Capital Expenditure | 30.6 | 23 119 | - | 23 119 | 971 | (22 148) |

# ACCOUNTING POLICIES

## 1. Basis of Preparation

The Annual Financial Statements have been prepared on the historical cost basis, except where adjusted for present/fair values as required by the respective accounting standards.

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

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

### 1.1. Currency

The annual financial statements presented are in South African Rands and all figures have been rounded off to the nearest thousands (R'000).

### 1.2. Revenue from Non-Exchange Transactions

**Skills Development Levy (SDL) income**

In terms of section 3(1) and 3(4) of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of 1999) registered member companies of the MQA pay 1% of the total payroll cost as Skills Development Levy (SDL). The levies paid to the South African Revenue Services (SARS) that collects the levies on behalf of the Department of Higher Education and Training (DHET).

Eighty percent (80%) of SDL contributions by companies in the mining and minerals sector are transferred to the MQA and 20% to the National Skills Fund (NSF) by the Department of Higher Education and Training (DHET).

SDL income received by the MQA is set aside in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended and the Skills Development Levy Grant Regulations (Grant Regulations), issued in terms of this Act, for the purposes of:

| | 2020 |
|---|---|
| Administration cost (including 0.5% transfer to QCTO) | 10.50% |
| Mandatory grants | 20.00% |
| Discretionary grants and projects | 49.50% |
| | 80.00% |

## ACCOUNTING POLICIES

In addition to these amounts, employers that fail to file their returns and pay skills development levies within the prescribed time limits as set by SARS, are charged interest and penalties at rates prescribed by SARS from time to time. The said regulation regulating the 20% mandatory grant was set aside , however the court did not indicate what mandatory grant percentage that should be paid. The MQA continued measuring mandatory grants at 20% since it's the best available information.

The interest and penalties charged are remitted to the DHET, which in turn transfers them to the MQA. The interest and penalties are disclosed separately as Skills Development Levy penalties and interest.

With effect from 01 August 2005 companies with an annual payroll cost by DHET of less than R500 000, are exempted in accordance with section 4(b) of the Skills Development Levies Act, 1999, as amended.

**Inter-SETA Transfers**

Revenue is adjusted for transfers of employers between SETAs that arise due to incorrect allocation to a SETA on registration for Skills Development Levy or changes to their business that result in a need to change SETAs. Such adjustments are disclosed separately as inter-SETA transfers. The amount of inter-SETA adjustments is calculated according to the most recent Standard Operating Procedure as issued by the DHET from November 2009.

When transfers from other SETAs to the MQA occur, the levies transferred are recognised as revenue and allocated between the respective categories as reflected above to maintain their original identity.

For transfers from the MQA to other SETAs, the levies in the respective categories are reduced by the amounts transferred or transferable to other SETAs.

**Recognition of Revenue from Non-exchange Transactions**

Skills Development Levy income is recognised when it is probable that future economic benefits will flow to the MQA and these benefits can be measured reliably. This occurs when the DHET either makes an allocation or payment to the MQA, whichever occurs first, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No.9 of 1999).

Levy contributions from employers with an annual payroll of less than R500 000, are not recognised as revenue but as a provision, as they represent an obligation as they are due to be refunded to such employers because the employers are exempted from paying skills development levies.

Previously, this provision was accumulated indefinitely, but with effect from the 25 August 2013, the DHET advised SETAs that this provision may be utilised for discretionary grants purposes after the expiry of five years in terms of section 109(4) of the Tax Administration Act, as the employers may not claim the moneys back after five years.

## ACCOUNTING POLICIES

**Measurement of Revenue from Non-exchange Transactions**

SDL income is measured at the fair value of the consideration received or receivable.

**Government Grants and Donor Funding Income**

Conditional government grants and other conditional donor funds are recognised as a liability when they become receivable and are recognised as income on a systematic basis over the period necessary to match the grants with the related costs, which they are intended to compensate.

Unconditional grants received are recognised as revenue when the amounts are received or become receivable.

Funds for special projects transferred from government grants and other donors are recognised as a liability until the related eligible special project expenses are incurred, when the liability is extinguished and revenue is recognised.

### 1.3 Revenue from Exchange Transactions

**Investment Income**

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

**Other Income**

Other income from rendering of services is recognised as revenue when the outcome of a transaction can be estimated reliably, and this occurs when:

- 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.

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable.

### 1.4. Grants and Project Expenditure

In terms of the Grant Regulations, registered employers may recover 20% of their levy payments (excluding interest and penalties) in the form of mandatory grants, provided they timeously submit such plans and reports as prescribed in terms of Grants Regulations.

In addition, registered employers that participate in skills development initiatives prescribed in the National Skills Development Strategy III (2011-2016) extended to March 2020 and the MQA's Sector Skills Plan can apply for and be granted discretionary grants to supplement their training cost.

**Mandatory Grants**

Mandatory grants expenditure and the related payables are recognised when an employer has submitted an application for the grant in the prescribed format, within the legislated cut-off period and the application has been approved, as the payment then becomes probable.

The grant is equivalent to 20% (2018: 20%) of the total levies paid by the employer during the corresponding financial period for the skills planning and annual training report grants.

The related liability is measured at the present value of the expected future cash out-flow as determined in accordance with the Act and the grant regulations and is based on the amount of levies actually received.

**Retrospective Amendments by SARS**

The MQA calculates and pays mandatory grants to employers based on the levy information from the DHET as obtained from SARS.

Where SARS retrospectively amends the information on levies collected, this may result in grants that have been paid to certain employers that are in excess of the amount the MQA is permitted to have granted to employers as mandatory grants.

A receivable relating to the overpayment to the employers in earlier periods is raised at the amount of such grant overpayments, net of bad debts and provisions for irrecoverable amounts.

The receivable is measured at the present value of the expected future cash inflow, as determined in accordance with the MQA policy on debtor's management, and is based on the actual overpayments.

**Discretionary Grants and Project Expenditure**

The MQA may, in terms of the grant regulation 7, out of funds set out in grant regulation 7(3), determine and allocate discretionary grants to employers, education and training providers and the mining and mineral sector employees.

The allocation of discretionary grants and projects is dependent on employers submitting the prescribed application, in the prescribed format and within the prescribed cut-off period as well as the availability of funds.

## ACCOUNTING POLICIES

The discretionary grants and project expenditure, and the related payables, are recognised when the application has been approved and the conditions for the grant payments, as set out in the MQA funding policy, have been met.

The liability is measured at the present value of the expected future cash outflow as determined in accordance with the Act and the grant regulations, and is based on the monetary value of grants allocations that are due and payable at year-end.

**Project expenditure comprises**:

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

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

No provision is made for projects approved at year-end, unless the related services in terms of the contract have been delivered or the contract is of an onerous nature.

Where a project has been approved, but the duration of the contract extends beyond the reporting period, a commitment arises and is disclosed in the notes to the annual financial statements.

Discretionary grants and project costs are recognised as expenditure in the period in which they are incurred. A receivable is recognised, net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenditure not yet incurred.

### 1.5. Prepayments

The MQA may, in certain instances, when contracting with SMMEs and when required by the terms of the contract of a service provider, make advance payments.

### 1.6. Irregular, Fruitless and Wasteful Expenditure

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

- The PFMA,
- The Skills Development Act,
- The Skills Development Levies Act.

Fruitless and wasteful expenditure means expenditure that was made in vain and could have been avoided had reasonable care been exercised.

## ACCOUNTING POLICIES

All irregular, fruitless and wasteful expenditure is charged against the respective expenditure class in the reporting period in which it is incurred and disclosed in the notes to the annual financial statements of the reporting period in which it is identified.

Irregular expenditure is recorded in the notes to the annual financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons are therefore provided in the notes.

Irregular expenditure is de-recognised from the balance of the irregular expenditure note when it is either:

- Condoned by the relevant authority if no official was found to be liable in law;
- Recovered from an official liable in law;
- Written off if it's irrecoverable from an official liable in law; or
- Written off if it is not condoned and not recoverable.

Irregular expenditure that is not recoverable because no official was found to be liable in law for such transgression and was also not condoned by the relevant authority is de-recognised in the balance of the irregular note when:

- Reasonable steps have been taken to confirm that such irregular expenditure did not result in any loss or damages to the state and that the state did obtain value from such a transaction, condition or event;
- The non-compliance that led to the irregular expenditure is being addressed; and
- Transactions, conditions or events of a similar nature are regularly reviewed to ensure that no possible future noncompliance cases are reported.

### 1.7. Property, Plant and Equipment

**Recognition**

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset only if it is probable that future economic benefits or service potential associated with the item will flow to the MQA, and the cost or fair value of the item can be measured reliably.

## ACCOUNTING POLICIES

**Initial Measurement**

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Where an asset is acquired at no cost, for a nominal cost, or it is measured at a value representing its fair value as at the date of acquisition.

**Subsequent Measurement**

Subsequent to initial recognition, assets are either carried at cost less accumulated depreciation and any accumulated impairment losses and, in respect of the building, at a re-valued amount, being its fair value at the date of the revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses.

**Depreciation**

Depreciation is the systematic write-off of the depreciable amount recognised in respect of an item of property, plant and equipment over its useful life.

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

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 residual values and the useful lives of all assets are reviewed at each reporting date and, if expectations differ from previous estimates, any changes are accounted for as changes in accounting estimates.

**Impairment**

Where the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss is recognised in the surplus or deficit for the period, unless the asset is carried at fair value or re-valued amount. The impairment loss of a re-valued asset decreases or increases the revaluation surplus or deficit.

All items of property, plant and equipment are assessed for any indications of impairment at each reporting date. If the impairment indications exist, the recoverable service amounts are estimated.

An impairment loss recognised in prior periods 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.
Compensation from third parties for items of property, plant and equipment that were impaired, lost or given are included in the surplus or deficit when the compensation becomes receivable.

## ACCOUNTING POLICIES

### Cost basis

Depreciation is calculated on the straight-line method to write off the cost of each asset to estimated residual value over its estimated useful life over the following periods:

| Item | Average useful life |
|---|---|
| Office furniture | 10 - 15 Years |
| Motor vehicles | 04 - 05 Years |
| Office equipment | 03 - 10 Years |
| Computer equipment | 02 - 05 Years |
| Fixtures and Fittings | 10 - 15 Years |
| Office Building | 30 - 50 Years |
| Cell phones | 02 - 03 Years |

### Revaluation Basis

Where the fair value of assets can be measured reliably they may be carried at a re-valued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The fair value of items of land and buildings is determined from market-based evidence of an appraisal undertaken by a member of the valuation profession who holds a recognised and relevant professional qualification. The fair value of other items of plant and equipment is ascertained by reference to quoted prices in an active and liquid market.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

If an item of property, plant and equipment is re-valued, the entire class of property, plant and equipment to which that item belongs, is re-valued. If an asset is re-valued upwards, the increase is credited directly to revaluation surplus unless the upward revaluation reverses a previous downward revaluation, in which case it is recognised in the surplus or deficit for the period. If assets are re-valued downwards, the decrease is recognised in the surplus or deficit for the period unless the downward revaluation reverses a previous upward revaluation credit, in which case it is applied against a revaluation credit in respect of that asset.

## ACCOUNTING POLICIES

### De-recognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits or service potential is expected from its use or disposal. Gains or losses arising from de-recognition of items of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amounts of such items and are included in the surplus or deficit for the period when the item is derecognised.

### Key Accounting Judgements

In the application of the MQA's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from estimates.

The estimates and the underlying assumptions are reviewed on an on-going basis. The financial effects of the reviews to the accounting estimates are recognised in the period in which the estimates are reviewed if the revision affects only that period, or in the period of the review and future periods if the review affects both current and future periods.

### Key Sources of Estimation Uncertainty

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

The MQA is currently established as a SETA until 31 March 2020. In the light of the extension of MQA's establishment until 31 March 2020, management is required to consider how it affects the period over which assets are expected to be available for use by the MQA.

As a result of the fact that the MQA was originally established in terms of the Mine Health and Safety Act, Act no 29 of 1996 (as amended) and was later incorporated into the SETAs, management determined, consistently with prior years, that the useful lives of assets should not be limited by the MQA's establishment as a SETA.

Management's determination of useful lives also affects the determination of residual values of assets. The MQA reviews the estimated useful lives and residual values of property, plant and equipment used for the purpose of depreciation calculations in light of the definition of residual value. Estimated useful lives and residual values will continue to be reviewed annually in future.

## ACCOUNTING POLICIES

### 1.8. Intangible Assets

**Recognition**

Intangible assets are identifiable non-monetary assets without physical substance.

An intangible asset is recognised if it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the MQA and the cost or fair value of the asset can be measured reliably.

The useful life or service potential of an intangible asset is assessed as to whether it is finite or indefinite. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

**Initial Measurement**

An intangible asset is measured at its cost and, where an intangible asset is acquired at no cost, or for a nominal cost, the cost is measured at its fair value as at the date of acquisition.

**Subsequent Measurement**

Subsequent to initial recognition, an intangible asset is carried either at cost less accumulated amortisation and any accumulated impairment losses or at a re-valued amount, being its fair value at the date of the revaluation less subsequent accumulated amortisation and subsequent accumulated impairment losses.

**Amortisation**

The amortisable/depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use and is in a condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the earlier of the date that the asset is classified as held for sale, and the date that the asset is derecognised.

**Impairment**

Different intangible assets may be tested for impairment at different times. However, if an intangible asset was initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

## ACCOUNTING POLICIES

An impairment loss is recognised in the surplus or deficit, unless the asset is carried at a re-valued amount and an impairment loss of a re-valued asset is treated as a revaluation decrease. An impairment loss recognised in prior periods 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 increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the surplus or deficit unless the asset is carried at re-valued amount, and then a reversal of an impairment loss of a re-valued asset is treated as a revaluation increase.

### Cost Basis

The amortisation is charged to the statement of financial performance in a manner that reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed or on a straight-line method as follows:

| Item | Average useful life |
|---|---|
| Computer software | 2-3 years |

### Revaluation Basis

The revaluation of intangible assets to fair value is determined by reference to an active market.

If an intangible asset cannot be re-valued because there is no active market for this asset, the asset is carried at its cost less any accumulated amortisation and impairment losses.

If the fair value of a re-valued intangible asset can no longer be determined by reference to an active market, the carrying amount of the asset is its re-valued amount at the date of the last revaluation by reference to the active market less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

Revaluations are made with such regularity that, at the reporting date, the carrying amount of the intangible asset does not differ materially from its fair value.

If an intangible asset is re-valued upwards, the increase is credited directly to a revaluation surplus unless the increase reverses a revaluation decrease of the same asset previously recognised in the surplus or deficit, in which case it is recognised in the surplus or deficit.

If an intangible asset is re-valued downwards, the decrease is recognised in the surplus or deficit unless the increase relates to any credit balance in the revaluation surplus in respect of that asset, in which case the decrease is debited directly to a revaluation surplus in respect of that asset.

**De-recognition**

An intangible asset is derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal.

Gains or losses arising from de-recognition of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset. It is recognised in the surplus or deficit.

### 1.9. Inventories

**Recognition**

Inventories are assets in the form of materials or supplies to be consumed or distributed in the rendering of services. Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the entity and they can be measured reliably.

**Initial Measurement**

Inventories that qualify for recognition as assets are initially measured at cost, and when acquired at no cost, or for nominal consideration, their cost is their fair value as at the date of acquisition.

**Subsequent Measurement**

Inventories held for distribution in the rendering of services at no charge or for a nominal charge, are measured at the lower of cost and current replacement cost.

**Recognition as an Expense**

When inventories are exchanged or distributed, the carrying amount of those inventories is recognised as an expense when the goods are distributed, or related service is rendered. The cost of inventories is assigned consistently, using the First-in, First-out method.

The amount of any write-down of inventories to current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

## ACCOUNTING POLICIES

The amount of any reversal of any write-down of inventories arising from an increase in the current replacement cost is recognised as a reduction in the amount of inventories recognised and as an expense in the period in which the reversal occurs.

### 1.10. Leases

**Finance Leases**

Finance leases are leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the MQA. The title may or may not eventually be transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is impracticable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Finance charges arising out of finance lease agreements are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rents are charged as expenses in the periods in which they are incurred.

A finance lease also gives rise to a depreciation expense for depreciable assets in each accounting period. The depreciation policy for depreciable-leased assets is consistent with that for depreciable assets that are owned. Where there is no reasonable certainty that the MQA will obtain ownership by the end of the lease term, assets held under finance leases are depreciated over the shorter of the lease term and their useful lives.

## ACCOUNTING POLICIES

**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.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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 on the remaining balance of the liability.

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

**Operating Leases**

Operating leases are leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset, title may not eventually be transferred.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed to for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

Lease payments under operating lease are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the MQA's benefit.

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 reporting period in which termination takes place.

### 1.11. Borrowing and Borrowing Costs

**Borrowings**

In terms of section 66(3) (c) of the Public Finance Management Act 1999 as amended, the MQA may borrow money only through the Minister of Finance or issue a guarantee, indemnity or security only issue such through the Minister of Higher Education and Training, acting with the concurrence of the Minister of Finance.

## ACCOUNTING POLICIES

In terms of Treasury Regulation 32.1.1, a Public Entity may borrow money for bridging purposes with the approval of the Minister of Finance, subject to certain conditions.

**Borrowing Costs**

Borrowing costs in respect of qualifying assets are capitalised and other borrowing costs are expensed.

**Recognition**

Borrowing costs that are directly attributable to the acquisition, construction or production of the cost of qualifying assets are capitalised unless it is inappropriate to do so. It is only inappropriate to capitalise borrowing costs when there is clear evidence that it is difficult to link the borrowing requirement directly to the nature of the capital or current expenditure to be funded.

Borrowing costs are capitalised either when expenditure for qualifying assets is incurred, when the borrowing costs are incurred or when activities that are necessary to prepare the asset for its intended sale are undertaken, whichever occurs first. Capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

**Measurement**

Where borrowing relates to a specific qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period, less any investment income on the temporary investment of those borrowings.

Where borrowings are made for general purposes and part of the general borrowings are used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditure on that asset.

The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

The amount of borrowing costs capitalised during a period shall not exceed the amount of borrowing costs incurred during that period.

**Other borrowing costs**

**Recognition**

Other borrowing costs are borrowing costs that are deemed inappropriate to be capitalised. It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement directly to the nature of the expenditure to be funded, whether capital or current. Such borrowing costs are expensed to the statement of financial performance in the period they are incurred.

**Measurement**

The amount of other borrowing costs is the actual borrowing costs incurred during the period that is not eligible for capitalisation.

### 1.13. Employee Benefits

Short-term employee benefits are benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which employees render the related service. The MQA awards the following short-term employee benefits:

- Wages, salaries and social security contributions;
- Short-term compensated absences (such as paid annual leave and paid sick leave)
- Bonus, incentive and performance related payments payable within twelve months after the end of the reporting period; and
- Non-monetary benefits (communication tools).

The employee benefits are recognised as an expense and liability during the reporting period in which the employee has rendered the services.

If the amount already paid exceeds the undiscounted amount of the benefits, the MQA 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.

## ACCOUNTING POLICIES

**Termination Benefits**

Termination benefits are employee benefits payable as a result of either the MQA's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits, and mainly comprise proceeds from a defined contribution plan. The assets of the defined contribution plan are held by a third party trustee-administered fund and are funded by payments from the MQA and its employees.

Payments to the defined contribution benefit plan are charged to the statement of financial performance in the year to which they relate.

Obligations arising out of the MQA and employee contributions to the fund are measured on an undiscounted basis unless they fall due wholly after twelve months after the end of the period in which the employees rendered the related services.

### 1.14. Provisions

Administration provision is for bonuses for persons in the employ of the Mining Qualifications Authority, who are employed on a permanent basis, long term, short term and fixed term contract, receive remuneration and appointed against the approved organisational structure. The performance bonus payable is up to a maximum of 20% of the annual cost to company depending on performance ratings achieved during the financial under review and is depended upon financial viability at the time of payment. The expected outflow is after the previous year's audit and before the end of the performance preceding year.

**Recognition**

A provision is a liability of uncertain timing or amount and is recognised when and only when:

- There is a present obligation (whether legal or constructive) 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 of the amount of the obligation can be made.

When there is an onerous contract, the present obligation, net of recoveries under the contract, is recognised as a provision.

Provisions for deficits from future operating activities are not recognised provisions are recognised in the reporting period in which they are incurred.

**Measurement**

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. In reaching the best estimate of a provision, the risks and uncertainties that surround the events and circumstances of each event are taken into account.

**Effects of the time value of money**

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

The discount rate used to determine the present value is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability and not a discount rate that reflects risks for future cash flow estimates.

**Future Events and Gains**

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision.

**Reimbursements**

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

In the statement of financial performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

**Usage and Review**

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed. A provision is used only for the expenditure for which the provision was originally recognised.

## 1.15. Commitments

Commitments are future liabilities that will arise from existing contracts where performance or deliverables under such contracts will be performed subsequent to year-end.

Commitments are not recognised as a liability in the statement of financial position but disclosed in the notes to the annual financial statements. Amounts disclosed in respect of commitments are measured on the basis of the contractual provisions and where applicable expected future escalation may be included to fairly state the liability that will subsequently arise.

# ACCOUNTING POLICIES

## 1.16. Contingent Liabilities

A contingent liability is:

- A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not recognised as a liability in the statement of financial position but is disclosed in the notes to the annual financial statements. Amounts disclosed in respect of contingent liabilities are measured on the basis of the best estimate of the outcome of the possible obligation that may arise, using experience of similar transactions or reports from independent experts.

Where the disclosure of a contingent liability is reasonably expected to prejudice the position of the MQA in a dispute with other parties on the subject matter of the contingent liability, the information is not disclosed, but the general nature of the dispute, together with the facts and the reason why the information has not been disclosed, is disclosed.

## 1.17. 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.

**Financial Assets**

Financial assets are cash or contractual rights to receive cash or another financial asset from another entity or exchange of financial assets or financial liabilities with another entity under conditions that are potentially favourable.

Financial assets are recognised in the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. 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.

## ACCOUNTING POLICIES

**Investments and Loans**

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

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

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Investments are initially measured at fair value, net of transaction costs except for those financial assets classified as a fair value through profit or loss, which are initially measured at fair value.

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

The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

All financial assets of the MQA are categorised as loans and receivables.

**Loans and Receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables.

Loans and receivables are measured at amortised cost using the effective interest rate method less any impairment.

Interest income is recognised by applying the effective interest, except for short-term receivables where the recognition of interest would be immaterial.

**Effective Interest Rate Method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

The effective interest is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

## ACCOUNTING POLICIES

**Impairment of Financial Assets**

Financial assets are assessed for indicators of impairment at each reporting period.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance for doubtful debts.

When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance for doubtful debts. Changes in the carrying amounts of doubtful debts are recognised in the surplus or deficit for the reporting period.

Cash and cash equivalents are measured at fair value.

**Financial Liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit and loss (FVTPL) or other financial liabilities. Financial liabilities are classified as FVTPL where the financial liability is either held for trading or is designated as FVTPL.

**Gains and Losses on Subsequent Measurement**

Gains and losses arising from a change in the fair value of financial instruments, other than available-for-sale financial assets are included in net profit or loss in the period in which they arise.

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

All financial liabilities of the MQA are classified as other financial liabilities.

**Other Financial Liabilities**

Other financial liabilities are initially measured at the fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

## ACCOUNTING POLICIES

### 1.18. Reserves

Reserves are sub-classified in the statement of changes in net assets between the following:

- Administration reserve;
- Employer grant reserve; and
- Discretionary reserve.

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the Grant Regulations and referred to in accounting policy note 1.3.

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

Other income received is utilised in accordance with the original source in terms of the above classifications, that is, where income is associated with administration activities it is utilised for administration purposes, whereas where it is associated with project activities it is utilised for discretionary grants and projects purposes.

The items of revenue and expenditure are recognised on the accrual basis of accounting, consequently, the reserves disclosed in the statement of changes in net assets and movements disclosed in note 2 do not represent cash reserves or fund monies as implied in the Grants Regulations.

- Administration reserve represents the net book value of property, plant and equipment and related revaluation surpluses.
- Employer grant reserve represents possible mandatory grants claims from newly registered employers that are eligible to submit their mandatory grants claims at year end in terms of the grants regulations.
- Discretionary reserve represents the excess of discretionary grants revenue over discretionary and projects expenditure and includes transfers from administration and mandatory grant reserve where appropriate.

### 1.19. Related Parties

The MQA operates in a sector currently dominated by entities directly or indirectly owned or controlled by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

## ACCOUNTING POLICIES

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

Transactions are disclosed as other related party transactions where the MQA has, in the normal course of its operations, entered into certain transactions with entities either under the control of the Department of Higher Education, Science and Innovation and the Department of Mineral Resources (DMRE) as well as management and their close family members.

Transactions are also disclosed as other related party transactions where Inter-SETA transactions arise due to the movement of employers from one SETA to another.

### 1.20. Comparatives

Where necessary, comparative figures have been restated, adjusted or reclassified to achieve fair presentation and to conform to changes in presentation that arise due to changes in accounting policies, errors, reporting standards and legislation.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 2. Allocation of Net Surplus for the Year

**ALLOCATION – 2020**

| | Total per statement of financial performance | Administration funds | Mandatory grant funds | Discretionary grants funds | Special projects funds |
|---|---|---|---|---|---|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| **Total revenue** | **1 246 773** | **155 177** | **282 811** | **807 422** | **1 362** |
| | | | | | |
| **Skills development levy: Income** | **1 188 991** | **154 880** | **282 811** | **751 299** | **-** |
| Admin levy income (10.5%) | 152 885 | 152 885 | - | - | - |
| Public sector levies | 1 996 | 1 996 | - | - | - |
| Grant levy income (20%) | 282 811 | - | 282 811 | - | - |
| Grant levy income (69.5%) | 728 119 | - | - | 728 119 | - |
| Levy: penalties and interest | 23 180 | - | - | 23 180 | - |
| | | | | | |
| **Donor, interest and other income** | **57 782** | **297** | **-** | **56 123** | **1 362** |
| Discretionary grants recoveries | 218 | - | - | 218 | - |
| Donations for special projects | 1 362 | - | - | - | 1 362 |
| Investment income | 55 905 | - | - | 55 905 | - |
| Other income | 297 | 297 | - | - | - |
| | | | | | |
| **Total expenditure** | **889 918** | **136 896** | **247 881** | **503 779** | **1 362** |
| Administration expenditure | 129 243 | 129 243 | - | - | - |
| Transfers to other public entities (QCTO) | 6 714 | 6 714 | - | - | - |
| Mandatory grants expenditure | 247 881 | - | 247 881 | - | - |
| Discretionary grants and project expenditure | 503 779 | - | - | 503 779 | - |
| Donor funds project expenditure | 1 362 | - | - | - | 1 362 |
| Donor funding project administration costs | 938 | 938 | - | - | - |
| Loss on disposal of assets and liabilities | 43 | 43 | | | |
| **Surplus/(deficit) allocated** | **356 812** | **18 239** | **34 930** | **303 643** | **-** |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | ALLOCATION – 2019 | | | | |
|---|---|---|---|---|---|
| | Total per Statement of financial performance | Administration funds | Mandatory grant funds | Discretionary grants funds | Special projects funds |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| **Total revenue** | 1 208 248 | 150 975 | 284 067 | 765 847 | 7 360 |
| **Skills development levy: Income** | 1 154 139 | 149 662 | 284 067 | 720 410 | - |
| Admin levy income (10.5%) | 147 809 | 147 809 | - | - | - |
| Grant levy income (20%) | 284 067 | - | 284 067 | - | - |
| Grant levy income (69.5%) | 694 623 | - | - | 694 623 | - |
| Levy: penalties and interest | 25 788 | - | - | 25 788 | - |
| Public sector levies | 1 853 | 1 853 | - | - | - |
| **Donor, interest and other income** | 54 019 | 1 313 | - | 45 436 | 7 360 |
| Discretionary grants recoveries | 2 031 | - | - | 2 031 | - |
| Donations for special projects | 7 360 | - | - | - | 7 360 |
| Investment income | 43 405 | - | - | 43 405 | - |
| Other income | 1 313 | 1 313 | - | - | - |
| **Total expenditure** | 888 166 | 141 512 | 242 597 | 496 697 | 7 360 |
| Administration expenditure | 134 111 | 134 111 | - | - | - |
| Transfers to other public entities (QCTO) | 6 487 | 6 487 | - | - | - |
| Finance costs | - | - | - | - | |
| Mandatory grants expenditure | 242 597 | - | 242 597 | - | - |
| Discretionary grants and project expenditure | 496 697 | - | - | 496 697 | - |
| Donor funds project expenditure | 7 360 | - | - | - | 7 360 |
| Donor funding project administration costs | 914 | 914 | - | - | - |
| Loss on disposal of assets and liabilities | 465 | 465 | | | |
| **Surplus/(deficit) allocated** | 319 617 | 8 999 | 41 470 | 269 149 | - |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | Note(s) | 2020 R '000 | 2019 R '000 Restated |
|---|---|---|---|
| **3. Revenue from Non-Exchange Transactions** | | | |
| **Skills development levy income** | | **1 165 810** | 1 128 352 |
| | | | |
| **Levy income: Administration** | | **154 880** | 149 662 |
| Levies received | | **154 880** | 149 660 |
| Levies received from SARS | | **152 861** | 147 611 |
| Public sector levies | | **1 996** | 1 853 |
| Inter-SETA transfers in | | **24** | 198 |
| Inter-SETA transfers out | | **-** | (2) |
| Movement in levies accrued | | **-** | 2 |
| | | | |
| **Levy income: Employer Grants** | | **282 811** | 284 067 |
| Levies received | | **282 765** | 283 718 |
| Levies received from SARS | | **282 719** | 283 342 |
| Inter-SETA transfers in | | **46** | 379 |
| Inter-SETA transfers out | | **-** | (3) |
| Movement in levies accrued | | **46** | 349 |
| | | | |
| **Levy income: Discretionary Grants** | | **728 119** | 694 623 |
| Levies received | | **728 001** | 693 623 |
| Levies received from SARS | | **727 883** | 692 686 |
| Inter-SETA transfers in | | **118** | 944 |
| Inter-SETA transfers out | | **-** | (7) |
| Movement in levies accrued | | **118** | 1000 |
| | | | |
| **Interest and penalties : Skills development levy income** | | **23 180** | 25 788 |
| Levy interest | | **11 682** | 10 634 |
| Levy penalties | | **11 499** | 15 154 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | Note(s) | 2020 R '000 | 2019 R '000 Restated |
|---|---|---|---|
| **4. Investment Income** | | | |
| Interest received | | **55 905** | 43 405 |
| **5. Other Income** | | **297** | 1 313 |
| Insurance recoveries | | **4** | 22 |
| SDL recoveries | | **160** | 157 |
| Leave Payment | | **-** | - |
| Learning materials and other recoveries | | **76** | 65 |
| Staff recoveries | | **4** | 375 |
| Receipts from other entities | | **54** | 693 |
| **6. Sundry Recoveries** | | | |
| | | **218** | 2 031 |
| Bursary recoveries | | **58** | 172 |
| Projects recoveries | | **160** | 1 859 |
| **7. Employer Grants and Project Expenditure** | | | |
| **Employer grants and projects expenditure** | | **751 660** | 739 295 |
| Mandatory grants expenditure | | **247 881** | 242 597 |
| Disbursed | | **252 232** | 240 787 |
| Movement in liabilities and accruals | | **(4 351)** | 1 811 |
| Discretionary grants expenditure | | **469 212** | 451 096 |
| Disbursed - Discretionary | | **520 600** | 788 756 |
| Movement in liabilities and accruals | | **(51 388)** | (337 659) |
| Project expenditure | 7.1 | **34 567** | 45 601 |
| Disbursed - Project | | **34 567** | 45 601 |
| Movement in provisions and accruals | | **-** | - |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | Note(s) | 2020 R '000 | 2019 R '000 Restated |
|---|---|---|---|
| 7.1. Project expenditure consist of: | | **34 567** | 45 601 |
| Direct project costs | | **30 566** | 40 168 |
| Administration costs | | **4 001** | 5 433 |
| The administration costs above include | | | |
| Temporary staff | | **790** | 968 |
| **8. Total Administration Expenditure** | | **129 243** | 134 111 |
| Depreciation, amortisation and impairments | | **6 325** | 6 461 |
| Maintenance, repairs and running costs | | **1 321** | 1 284 |
| Property and buildings | | **1 247** | 1 139 |
| Machinery and equipment | | **74** | 145 |
| Advertising, marketing and promotions, communication | | **3 429** | 3 860 |
| Consulting and professional fees | | **4 545** | 6 318 |
| Legal fees | | **434** | 3 362 |
| Cost of employment | 8.1 | **88 955** | 85 042 |
| Travel and accommodation | | **3 959** | 5 065 |
| Staff training and development | | **1 008** | 633 |
| Remuneration of Board and committee members | | **1 538** | 1 514 |
| Internal audit fees | | **637** | 373 |
| External audit fees | | **3 985** | 2 781 |
| Printing and Stationery | | **1 495** | 939 |
| Conferences, meetings and seminars | | **2 620** | 2 185 |
| Insurance | | **457** | 397 |
| Rates, taxes, water, electricity and security | | **1 912** | 3 235 |
| Donations and sponsorships | | **53** | 45 |
| Rental - operating leases | | **578** | 494 |
| IT expenses | | **5 368** | 5 347 |
| Subscription and membership fees | | **83** | 63 |
| Other expenses | | **540** | 4 714 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | Note(s) | 2020 R '000 | 2019 R '000 Restated |
|---|---|---|---|
| **8.1. Cost of Employment** | | **83 490** | 79 855 |
| Basic salaries | | **39 654** | 38 375 |
| Performance awards | | **8 510** | 9 206 |
| Other non-pensionable allowance | | **31 387** | 30 768 |
| Temporary staff | | **790** | 968 |
| Leave payments | | **2 350** | (255) |
| SDL | | **800** | 763 |
| **Social contributions** | | **5 465** | 5 187 |
| Pension contributions | | **5 100** | 4 820 |
| UIF | | **245** | 240 |
| Other salary related costs | | **120** | 128 |
| | | **88 955** | 85 042 |
| Average number of employees | | **149** | 153 |

### 9. Transfers to Other Government Entities

| | | | |
|---|---|---|---|
| Transfer to QCTO | | **6 714** | 6 487 |

SETA Grant Regulation 2(4) provides that a SETA will transfer as part of its administration costs an amount that does not exceed 0.5% of the total levy paid by employers to the QCTO for quality assurance functions and the actual quantum will be determined by the Minister of Higher Education, Science and Innovation. The Minister determined the amount disclosed above.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 10. Property, Plant and Equipment

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **Cost / Valuation** | **Accumulated depreciation/ impairment** | **Carrying value** | Cost / Valuation | Accumulated depreciation/ impairment | Carrying value |
| | **R'000** | **R'000** | **R'000** | R'000 | R'000 | R'000 |
| | **79 783** | **(22 361)** | **57 422** | 79 918 | (17 826) | 62 092 |
| Office furniture | **4 777** | **(2 772)** | **2 005** | 4 740 | (2 487) | 2 252 |
| Motor vehicles | **878** | **(652)** | **226** | 878 | (652) | 226 |
| Office equipment | **6 437** | **(4 716)** | **1 721** | 6 445 | (3 723) | 2 722 |
| Computer equipment | **5 460** | **(3 745)** | **1 715** | 5 433 | (3 563) | 1 870 |
| Fixtures and fittings | **12 152** | **(6 525)** | **5 627** | 12 152 | (5 310) | 6 842 |
| Office building | **50 000** | **(3 908)** | **46 092** | 50 000 | (1 954) | 48 046 |
| Cell phones | **78** | **(43)** | **36** | 269 | (135) | 134 |

| | RECONCILIATION – 2020 | | | | | |
|---|---|---|---|---|---|---|
| | **Opening carrying amount** | **Additions** | **Disposals** | **Depreciation** | **Revaluation surplus** | **Closing carrying amount** |
| | **R'000** | **R'000** | **R'000** | **R'000** | **R'000** | **R'000** |
| | **62 093** | **971** | **(131)** | **(5 511)** | **-** | **57 422** |
| Office furniture | **2 253** | **130** | **(8)** | **( 369)** | **-** | **2 0050** |
| Motor vehicles | **226** | **-** | **-** | **-** | **-** | **226** |
| Office equipment | **2 721** | **12** | **(1)** | **( 1 011)** | **-** | **1 721** |
| Computer equipment | **1 870** | **794** | **( 107)** | **( 841)** | **-** | **1 716** |
| Fixtures and fittings | **6 842** | **-** | **-** | **( 1 215)** | **-** | **5 627** |
| Office building | **48 046** | **-** | **-** | **(1 954)** | **-** | **46 092** |
| Cell phones | **134** | **35** | **( 14)** | **( 120)** | **-** | **35** |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | RECONCILIATION – 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Opening carrying amount | Additions | Disposals | Depreciation | Revaluation surplus | Closing carrying amount |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| | 66 324 | 1 785 | (456) | ( 5 559) | - | 62 093 |
| Office furniture | 2 632 | 19 | (18) | (380) | - | 2 253 |
| Motor vehicles | 226 | - | - | - | - | 226 |
| Office equipment | 3 053 | 839 | (118) | (1 053) | - | 2 721 |
| Computer equipment | 1 896 | 801 | (71) | (756) | - | 1 870 |
| Fixtures and fittings | 8 266 | 55 | (237) | (1 242) | - | 6 842 |
| Office building | 50 000 | - | - | ( 1 954) | - | 48 046 |
| Cell phones | 250 | 71 | (13) | ( 174) | - | 134 |

**Further Details on the Office Building**

The 3 934 square metre building is situated on ERF 917, 7 Anerley Road, Parktown, Johannesburg. There are no restrictions on the title to the property, plant and equipment and no items are pledged as security for liabilities.

The office building was re-valued on 31 March 2018 by an independent valuer who holds a qualification in property valuations and is a member of South African Council for Property Valuer's Profession. The valuation was based on the Income Capitalisation Method as well as the Comparable Sales Method in the prior year. The first method was carried out with reference to the open market rentals, market escalations and market related costs while the latter was carried out with reference to comparable market related sales and both methods were used to determine the market related valuation. The building is due for another revaluation in 2023. Further details on the building are as follows:

| | **2020 R '000** | 2019 R '000 |
|---|---|---|
| Purchase price on 25 October 2013 | **-** | - |
| Additions since purchase | **-** | - |
| Total cost/revalued carrying amount | **50 000** | 50 000 |
| Accumulated/revised accumulated depreciation | **(3 908)** | (1 954) |
| Revaluation adjustments | **-** | - |
| | **46 092** | 48 046 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 11. Intangible Assets

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **Cost / Valuation** | **Accumulated depreciation/ impairment** | **Carrying value** | Cost / Valuation | Accumulated depreciation/ impairment | Carrying value |
| | **R'000** | **R'000** | **R'000** | R'000 | R'000 | R'000 |
| | **4 265** | **(3 445)** | **821** | 4 311 | (2 676) | 1 635 |
| Computer software | **4 265** | **(3 445)** | **821** | 4 311 | (2 676) | 1 635 |

| | **RECONCILIATION – 2020** | | | | | |
|---|---|---|---|---|---|---|
| | **Opening carrying amount** | **Additions** | **Disposals** | **Depreciation** | **Revaluation surplus** | **Closing carrying amount** |
| | **R'000** | **R'000** | **R'000** | **R'000** | **R'000** | **R'000** |
| | **1 635** | **-** | **-** | **-** | **( 814)** | **821** |
| **Computer software** | **1 635** | **-** | **-** | **-** | **( 814)** | **821** |

| | RECONCILIATION – 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Opening carrying amount | Additions | Disposals | Depreciation | Revaluation surplus | Closing carrying amount |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| | 1 591 | 984 | (39) | - | ( 902) | 1 634 |
| **Computer software** | 1 591 | 984 | (39) | - | ( 902) | 1 634 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | Note(s) | 2020 R '000 | 2019 R '000 Restated |
|---|---|---|---|
| **12. Receivables from Exchange Transactions** | | | |
| | | **3 594** | 3 790 |
| Staff Advances | | **506** | 117 |
| Prepayments | | **348** | 429 |
| Deposits | | **4** | 4 |
| Other receivables | | **1 196** | 1 502 |
| Interest receivable | | **1 540** | 1 737 |
| **13. Inventories** | | | |
| Consumable stores | | **312** | 430 |
| Recognised as an expense during the period | | **563** | 702 |
| **14. Receivables from Non-exchange Transactions** | | **55 092** | 59 067 |
| Mandatory grants receivables | | **20 185** | 17 082 |
| Administration and public sector levies receivable | | **1 849** | 1 825 |
| Inter-Seta - Administration | | **19** | 19 |
| Inter-Seta - Employer grants | | **463** | 416 |
| Inter-Seta - Discretionary | | **1 227** | 1 109 |
| Donor funding receivable | | **31 350** | 38 615 |
| Discrectionary funds receivables | | **0** | 0 |
| **14.1. Mandatory Grants Receivables** | | **20 185** | 17 082 |
| Overpayments to employers | | **20 999** | 17 739 |
| Provision for doubtful debts | | **(1 052)** | (850) |
| Net effect of SARS retrospective adjustments | | **19 947** | 16 890 |
| Mandatory grants receivable from other SETAs | | **238** | 193 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | Note(s) | 2020 R '000 | 2019 R '000 Restated |
|---|---|---|---|
| **14.2. Government Grants and Donor Funding** | | **31 347** | 38 612 |
| Balance at the beginning of the year | | **38 612** | 35 255 |
| Donor funds received and interest received | | **(8 627)** | (2) |
| Donor funds received | | **(8 627)** | 0 |
| Interest received | | **(0)** | (2) |
| Donor fund write-off | | **0** | (4 001) |
| Utilised | | **1 362** | 7 360 |
| | | | |
| **14.2.1 Donor funds administration surplus(Deficit)** | | **(938)** | (914) |
| NSF artisan project administration income | | **-** | - |
| NSF artisan project administration expenditure | | **(938)** | (914) |

R 20 999 420 (2019: R 17 739 434) was recognised as a receivable relating to actual payments of mandatory grants, which were previously paid and subsequently reversed by employers in the reporting period. The MQA recovers such debts by withholding the overpayments from future grant payments of the same levy number and/or linked levy number of the same company in line with the finance policies of the MQA.

A provision for bad debts of R1 052 395, 76 (2019: R849 779) has been raised

| | 2020 R '000 | 2019 R '000 |
|---|---|---|
| **15. Cash and Cash Equivalents** | **1 037 014** | 723 277 |
| Cash at bank | **811 936** | 23 215 |
| Cash on hand | **26** | 12 |
| Cash on hand and at bank | **811 961** | 23 228 |
| Short-term investments/instruments | **225 053** | 700 049 |

The Skills Development Act Regulations states that the MQA may, if not otherwise specified by the Public Finance Management Act, invest the moneys in accordance with the investment policy approved by the MQA Accounting Authority.

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the MQA as a public entity that is listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Due to the MQA's exemption by the National Treasury from the requirement of Treasury Regulation 31.3, surplus funds were deposited with institutions with investment grade rating and in line with the investment policy as required by Treasury Regulation 31.3.5.

**Borrowings/Loans**
In terms of PFMA section 66(3)(c), public entities may borrow money or, issue a guarantee, indemnity or security only through the Minister of Higher Education, Science and Innovation or the Minister of the Department of Mineral Resources, as the case may be, acting with the concurrence of the Minister of Finance.

In terms of Treasury Regulation 32.1.1, the MQA as schedule 3A public entity may borrow money for bridging purposes with the approval of the Minister of Finance, subject to certain conditions.

No such borrowings were entered into during the period.

### 16. Employee Benefit Obligations

**Defined contribution plan**
The MQA operates a defined contribution umbrella pension fund. Each employee contributes 8% and the MQA 16% in respect of each employee. The employee's future benefits depend on the operating efficiency and investment earnings of the fund.

| | **2020 R '000** | 2019 R '000 Restated |
|---|---|---|
| **17. Grants and Transfers Payable** | **354 168** | 408 490 |
| Skills development grants payable – Mandatory | **22 529** | 25 442 |
| Skills development grants payable – Discretionary | **331 554** | 382 943 |
| Inter-SETA payables – Administration | **2** | 2 |
| Inter-SETA payables - Employer grants | **4** | 4 |
| Inter-SETA payables – Discretionary | **10** | 10 |
| Donor payables | **70** | 90 |
| | | |
| **18. Trade and Other Payables from Exchange Transactions** | **3 778** | 4 251 |
| Trade payables | **3 351** | 1 793 |
| Project creditors | **0** | 0 |
| Trade creditors accruals | **295** | 1 684 |
| Cell phone contracts obligations | **17** | 125 |
| Payroll creditors and accruals | **115** | 648 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 19. Provisions

Reconciliation of provisions

| | 2020 | | | | |
|---|---|---|---|---|---|
| | **Opening Balance** | **Utilised during** | **Change in estimates** | **Addition** | **Total** |
| | **R'000** | **R'000** | **R'000** | **R'000** | **R'000** |
| | **17 716** | **( 9 367)** | **-** | **11 314** | **19 663** |
| SARS Creditors – Administration | **354** | **(60)** | **-** | **60** | **353** |
| SARS Creditors – Mandatory | **673** | **(115)** | **-** | **114** | **672** |
| SARS Creditors – Discretionary | **1 667** | **(284)** | **-** | **281** | **1 664** |
| Administration provision - Leave | **4 574** | **(1 011)** | **-** | **2 350** | **5 913** |
| Administration provisions - Bonus | **10 448** | **( 7 897)** | **-** | **8 510** | **11 061** |

Reconciliation of provisions

| | 2019 | | | | |
|---|---|---|---|---|---|
| | Opening Balance | Utilised during | Change in estimates | Addition | Total |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| | 14 769 | (6 667) | - | 9 614 | 17 716 |
| SARS Creditors – Administration | 324 | (53) | - | 83 | 354 |
| SARS Creditors – Mandatory | 617 | (102) | - | 158 | 674 |
| SARS Creditors – Discretionary | 1 526 | (251) | - | 392 | 1 666 |
| Administration provisions - Leave | 5 383 | (584) | - | (225) | 4 574 |
| Administration provisions - Bonus | 6 919 | (5 677) | - | 9 206 | 10 449 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | 2020 R '000 | 2019 R '000 Restated |
|---|---|---|
| **20. Cash Generated from Operations** | | |
| Surplus or (Deficit) | **356 812** | 319 617 |
| **Adjustments for:** | | |
| Depreciation and amortisation | **6 325** | 6 461 |
| Loss (Gain) on sale of assets and liabilities | **43** | 465 |
| Movements in provisions | **1 947** | 8 329 |
| Other non-cash items | **31** | - |
| **Changes in working capital** | | |
| Inventories | **119** | (78) |
| Receivables from exchange transactions | **195** | (1 509) |
| Other receivables from non-exchange transactions | **3 973** | 10 640 |
| Payables from exchange transactions | **(473)** | (5 560) |
| Transfers payable (non-exchange) | **(54 322)** | (327 680) |
| | **314 650** | 10 685 |

### 21. Contingent Liabilities

#### 21.1 Mandatory Grant Reserve

A balance of R519 000 (2019: R553 000) has been set aside in terms of the accounting policy. The amount of the outflow depends on the new employers' awareness about the provisions of the grants regulations that entitle them to claim the grants within six months of their first registration as employers for the purposes of the Skills Development Levies Act.

The employers have until 30 September 2020 to claim the mandatory grants after which they expire and will be credited to the discretionary funds in terms of the grants regulations.

#### 21.2. Business Unity South Africa (BUSA) versus the Department of Higher Education, Science and Innovation

21.2.1. 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, nor did it specify whether the ruling should be applied retrospectively or prospectively. 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 with regard to the mandatory grant percentage.

21.2.2. DHET continued to show the mandatory levies portion as 20% in 2019-2020 year in the levy download information. The MQA continued to pay and accrue mandatory grants at 20% in the 2019-2020 financial year. In the absence of a revised percentage and mandatory grant expenditure in Note 2 and 7 as well as the mandatory grant liability in note 7 and 17 were calculated using mandatory grant percentage of 20%.

21.2.3. The MQA therefore, discloses a contingent liability for mandatory grants payable to qualifying levy payers and this disclosure was due to the intention of the litigants, BUSA, to increase the mandatory grant percentage of 20%.The timing and amount of this contingent liability is uncertain and no reasonable estimate can be made at this point. Currently the department is in discussions with BUSA and the outcome of the discussions are unknown.

### 21.2. Litigations

Contractual disputes with training providers resulted in five claims lodged with the courts against the MQA for an amount of R50 124 173 (2019: R6 637 673). Two of the cases were from the preceding years and uncertainty regarding the outflow is still the same as the prior years because the cases are still ongoing.

### 21.3. Retention of Surpluses

Section 53 (1) of the PFMA, requires public entities not to budget for a deficit and not to accumulate surpluses unless prior written approval is received from National treasury. The surpluses as at 30 March 2020 were as follows:

| Account balance description | R'000 |
|---|---|
| Cash and Cash equivalence | 1 037 014 |
| Debtors | 58 687 |
| Creditors | (377 609) |
| **Total Surpluses** | **718 092** |

### 22. Contingent Assets

The MQA has instituted legal claims against third parties and based on the legal opinion, there is a probability of an inflow amounting to R 3 455 144 (2019: R 3 495 830) from the five cases. The amounts were based on the Court Judgements for some cases and some had to be estimated by the internal Legal and Governance unit.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 23. Commitments

| PROGRAMMES | 2018-2019 | | | | 2019-2020 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance 2018 | Re-Allocations Approved | Utilised | 2019 Closing Balance | **Prior period adjustments** | **Restated Opening Balance 2019** | **Re-Allocations Approved** | **Utilised** | **Closing Balance 31 December 2019** |
| | R'000 | R'000 | R'000 | R'000 | **R'000** | **R'000** | **R'000** | **R'000** | **R'000** |
| **TOTAL** | 719 605 | 159 630 | 493 288 | 385 947 | **(24 476)** | **361 471** | **598 078** | **(499 681)** | **459 868** |
| MQA-A001 – HEI Lecturer Support | 4 967 | 17 712 | 13 679 | 9 000 | **-** | **9 000** | **2 796** | **(11 796)** | **-** |
| MQA-A002 – Bursaries | 44 626 | 91 806 | 120 013 | 16 420 | **-** | **16 420** | **115 899** | **(110 308)** | **22 011** |
| MQA-A003 – Work Experience | 27 288 | 38 376 | 39 960 | 25 704 | **(288)** | **25 416** | **48 576** | **(46 056)** | **27 936** |
| MQA-A004 – Standard Setting Grant (TRGs) | - | 489 | 489 | - | **-** | **-** | **306** | **(306)** | **-** |
| MQA-A004 – Standard Setting HET | 29 | (20) | 10 | - | **-** | **-** | **-** | **-** | **-** |
| MQA-A005 – Learning Materials (LM) Development | - | 1 772 | 1 772 | - | **-** | **-** | **2 239** | **-** | **2 239** |
| MQA-A006 – Internships (GDP) | 162 345 | 2 449 | 85 952 | 78 842 | **(12 127)** | **66 715** | **169 495** | **(89 547)** | **146 663** |
| MQA-A007 – Non Artisan Learnerships | 101 354 | (3 073) | 66 158 | 32 123 | **(2 060)** | **30 063** | **47 989** | **(42 811)** | **35 241** |
| MQA-A008 – SDF Support | - | 240 | 240 | - | **-** | **-** | **-** | **-** | **-** |
| MQA-A009 – ABET | - | 7 900 | 7 900 | - | **-** | **-** | **11 983** | **(11 983)** | **-** |
| MQA-A010 – OHS Rep Development | - | 2 490 | 2 490 | - | **-** | **-** | **8 263** | **(8 263)** | **-** |
| MQA-A011 – NSF 2 - Artisan Development | 22 276 | (13 176) | 7 358 | 1 742 | **-** | **1 742** | **543** | **(1 362)** | **923** |
| MQA-A013 – MQA Artisan Development | 251 372 | 16 294 | 89 486 | 178 180 | **(10 002)** | **168 178** | **121 108** | **(133 198)** | **156 089** |
| MQA-A014 – RPL / Artisan Aides - Employed | - | - | - | - | | **-** | **2 400** | **(2 400)** | **-** |
| MQA-A015 – TVET College Support | 58 042 | 3 456 | 26 684 | 34 815 | **-** | **34 815** | **24 915** | **(22 883)** | **36 847** |
| MQA-A016 – Maths and Science | 8 011 | - | 8 011 | - | **-** | **-** | **-** | **-** | **-** |
| MQA-A017 – FLC - MQA Project Direct Costs | - | - | - | - | | **-** | **-** | **-** | **-** |
| MQA-A019 – Mine Community Development | 26 349 | (2 685) | 15 980 | 7 684 | **-** | **7 684** | **19 144** | **(9 462)** | **17 366** |
| MQA-A020 – Workplace Coach Development | 4 620 | (210) | 4 410 | - | **-** | **-** | **-** | **-** | **-** |
| MQA-A021 – Youth Development Project | - | 1 071 | 268 | 803 | **-** | **803** | **13 683** | **(3 735)** | **10 752** |
| MQA-A022 – Management Development | 2 776 | (160) | 1 980 | 636 | **-** | **636** | **6 598** | **(4 029)** | **3 206** |
| MQA-A041 – HDSA Management Development Candidacy | 5 550 | (5 400) | 150 | - | **-** | **-** | **-** | **-** | **-** |
| MQA-A042 – HDSA ATP support | - | 300 | 300 | - | | **-** | **-** | **-** | **-** |
| MQA-A044 – Research Partnership | - | - | - | - | **-** | **-** | **2 141** | **(1 545)** | **596** |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 24. Material Losses through Criminal Conduct, Irregular, Fruitless and Wasteful Expenditure

**Irregular Expenditure**

| | **2020** | | | |
|---|---|---|---|---|
| | **Opening Balance** | **Additions** | **Condoned** | **Balance** |
| | **R'000** | **R'000** | **R'000** | **R'000** |
| | **-** | **131** | **-** | **131** |
| Administration expenditure | **-** | **131** | **-** | **131** |

| | 2019 | | | |
|---|---|---|---|---|
| | Opening Balance | Additions | Condoned | Balance |
| | R'000 | R'000 | R'000 | R'000 |
| | - | 23 | (23) | - |
| Administration expenditure | - | 23 | (23) | - |

The irregular expenditure was as results of non-compliance with section 15, 16 and 17 of the PPPFA which stipulate how tenders should be evaluated and awarded, and practice note 8 of 2007-2008, which requires the entities to obtain at least three quotations. Furthermore, supply chain management policy was not complied with in relation to approval of a deviation from the normal SCM processes. For 2019, two cases were identified as irregular and both are under investigations. For 2020, two cases have been identified as irregular and are under investigation.

**Fruitless and wasteful expenditure**

| | **2020** | | | | |
|---|---|---|---|---|---|
| | **Opening Balance** | **Additions** | **Written-off** | **Recovered** | **Balance** |
| | **R'000** | **R'000** | **R'000** | **R'000** | **R'000** |
| | **47** | **12** | **46** | **13** | **0** |
| Administration expenditure | **47** | **12** | **-** | | **0** |

| | 2019 | | | | |
|---|---|---|---|---|---|
| | Opening Balance | Additions | Written-off | Recovered | Balance |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| | - | 47 | - | | 47 |
| Administration expenditure | - | 47 | - | | 47 |

Fruitless and wasteful expenditure was incurred in respect of COJ interests and penalties, Storage costs, SARS interests and penalties, and late debit order penalties. All cases were investigated and concluded.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 25. Financial Instruments

In the course of its operations, the MQA is exposed to interest rate, credit, liquidity and market risk. The MQA has developed a comprehensive risk strategy in order to monitor and control these risks.

The risk management process relating to each of these risks is discussed under the headings below.

The MQA's exposure to cash flow risk, interest rate risk and the effective interest rates on the financial instruments at reporting date are as follows:

| | 2020 | | | | |
|---|---|---|---|---|---|
| | Floating rate | | Non-interest bearing | | Total |
| | Amount | Effective interest rate | Amount | Weighted average period until maturity | |
| | R '000 | % | R '000 | Years | R '000 |
| **Assets** | | | | | |
| Cash | 1 037 014 | 5% | - | | 1 037 014 |
| Accounts receivable | - | | 38 154 | 0,5 years | 38 154 |
| Total financial assets | 1 037 014 | | 38 154 | | 1 075 168 |
| **Liabilities** | | | | | |
| Accounts payable | - | | (335 418) | 0,5 years | (335 418) |
| Total financial liabilities | - | | (335 418) | | (335 418) |
| | 1 037 014 | | (335 418) | | 739 750 |

| | 2019 | | | | |
|---|---|---|---|---|---|
| | Floating rate | | Non-interest bearing | | Total |
| | Amount | Effective interest rate | Amount | Weighted average period until maturity | |
| | R '000 | % | R '000 | Years | R '000 |
| **Assets** | | | | | |
| Cash | 723 277 | 5% | - | | 723 277 |
| Accounts receivable | - | | 45 345 | 0,5 years | 45 345 |
| Total financial assets | 723 277 | | 45 345 | | 768 622 |
| **Liabilities** | | | | | |
| Accounts payable | - | | (382 725) | 0,5 years | (382 725) |
| Total financial liabilities | - | | (382 725) | | (382 725) |
| | 723 277 | | (337 380) | | 385 897 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

The MQA limits its counter-party exposure by only dealing with well-established financial institutions approved by the National Treasury. The Accounting Authority continuously monitors the MQA's exposure.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The MQA's concentration of credit risk is limited to the industry (mining industry) in which it operates.

No events occurred in the mining industry that may have an impact on the accounts receivable that has not been adequately provided for.

**Ageing of Trade and Other Receivables from Non-Exchange Transactions**

| | **2020** | | 2019 | |
|---|---|---|---|---|
| | **Gross** | **Impairment** | Gross | Impairment |
| | **R'000** | **R'000** | R'000 | R'000 |
| Past due 31 - 120 days | 38 154 | - | 45 345 | - |

**Cash and Cash Equivalents**

| | **2020** | | 2019 | |
|---|---|---|---|---|
| | **Gross** | **Impairment** | Gross | Impairment |
| | **R'000** | **R'000** | R'000 | R'000 |
| Not past due | 1 037 014 | - | 723 277 | - |

**Liquidity Risk**
The MQA manages liquidity risk through proper management of working capital, capital expenditure, long-term cash projections and monitoring of actual versus forecasted cash flows and its cash management policy.

| | **2020** | | 2019 | |
|---|---|---|---|---|
| | **Gross** | **Impairment** | Gross | Impairment |
| | **R'000** | **R'000** | R'000 | R'000 |
| Trade and other payables | (335 418) | - | - | - |

| | **2020** | | 2019 | |
|---|---|---|---|---|
| | **Gross** | **Impairment** | Gross | Impairment |
| | **R'000** | **R'000** | R'000 | R'000 |
| Trade and other payables | (382 725) | - | - | - |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**Market Risk**
The MQA is exposed to fluctuations in the employment market, for example sudden increases in unemployment and changes in the wage rates adversely affects the MQA revenues.

**Fair Values**
The MQA's financial instruments consist mainly of cash and cash equivalents, trade and other receivables, and accounts and other payables.

No financial instruments were carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

**Cash and Cash Equivalents**
Cash and cash equivalents comprise cash held by the MQA and short-term bank deposits with an original maturity of less than one month. The carrying amount of these assets approximates their fair value.

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

**Investments**
The fair value of debt securities is determined using the discounted cash flow method (where applicable). The fair value of publicly traded investments is based on quoted market prices for those investments.

**Borrowings**
The fair value of interest-bearing borrowings is based on either:

- The quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile and effective interest rate with similar cash flows (where applicable).
- The current rates available for debt with the same maturity profile and effective interest rate with similar cash flows (where applicable).

The fair values of interest-bearing borrowings with variable interest rates approximate their carrying amounts.

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

### 26. Related Party Transactions

The Mining Qualification Authority is a Schedule 3A public entity under the control of Department of Higher Education and Training (DHET) as well as the Department of Mineral Resources and Energy (DMRE), it therefore, related to controlled entities under both departments. The related parties includes amongst others, Public Universities and Technical Vocational Education Training colleges. The transactions we had with the Universities and TVETs colleges were for the fees paid on behalf of the MQA bursary students and outstanding balances and commitments at the end of the financial year were for the fees of the said bursary students.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 26.1 Inter-SETA Transactions

Inter-SETA transactions and balances arise due to the movement of employers from one SETA to another and levies due from the SETA to which the employers erroneously contributed its levies and or submitted its WSP-ATR. No other transactions occurred during the period with other SETAs.

| Sector Education and Training Authorities | 2020 | | 2019 | |
|---|---|---|---|---|
| | **Amount receivable (payable)** | **Transfers in / (out)** | Amount receivable (payable) | Transfers in / (out) |
| | **R '000** | **R '000** | R '000 | R '000 |
| | **1 571** | **(99)** | 1 754 | (30) |
| MERSETA | **(9)** | **1** | (8) | (26) |
| SERVICES SETA | **78** | **-** | 78 | - |
| AGRISETA | **(2)** | **-** | (2) | - |
| W&R SETA | **(50)** | **32** | (18) | (2) |
| TETA | **-** | **-** | - | (2) |
| CHIETA | **149** | **-** | 149 | - |
| SETA99 | **136** | **(26)** | 162 | - |
| CETA | **1 275** | **(115)** | 1 390 | - |
| HWSETA | **3** | **-** | 3 | - |
| FASSET | **(9)** | **9** | - | - |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| 26.2 Other public entities | 2020 | | | | |
|---|---|---|---|---|---|
| | **Receipts** | **Payments** | **Debtor** | **Payable** | **Commitment** |
| | **R '000** | **R '000** | **R '000** | **R '000** | **R '000** |
| | **8 742** | **7 534** | **31 716** | **70** | **-** |
| Unemployment Insurance Fund | **-** | **20** | **310** | **70** | **-** |
| National Skills Fund | **8 627** | **-** | **31 040** | **-** | **-** |
| Mine Health and Safety Council | **-** | **-** | **128** | **-** | **-** |
| ETDP SETA | **115** | **800** | **238** | **-** | **-** |
| Quality Council Trades and Occupations | **-** | **6 714** | **-** | **-** | **-** |

| **Other public entities** | 2019 | | | | |
|---|---|---|---|---|---|
| | Receipts | Payments | Debtor | Payable | Commitment |
| | R '000 | R '000 | R '000 | R '000 | R '000 |
| | 515 | 6 545 | 39 849 | 90 | - |
| Unemployment Insurance Fund | 220 | - | 310 | 90 | - |
| National Skills Fund | - | - | 38 305 | - | - |
| Mine Health and Safety Council | 272 | 58 | 128 | - | - |
| ETDP SETA | 23 | - | 192 | - | - |
| Quality Council Trades and Occupations | - | 6 487 | - | - | - |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**Universities and TVET colleges**

| Name | Amount Payable | Amount Committed |
|---|---|---|
| Cape Peninsula University of Technology | R2 761 152,63 | R1 295 785,00 |
| Capricorn College For FET | R25 530,00 | R64 794,00 |
| Central University of Technology Free State | R1 890 590,40 | R601 358,00 |
| Durban University of Technology | R581 195,06 | R89 920,00 |
| Ekurhuleni East TVET College | R412 306,00 | R658 739,00 |
| Flavius Mareka TVET College | R9 120,00 | R43 160,00 |
| Goldfileds TVET College | R470 921,29 | R674 793,50 |
| Mangosuthu University of Technology | R1 621 805,00 | R297 880,00 |
| Mopani South East TVET College | R86 175,00 | R156 585,50 |
| Nelson Mandela Metropolitan University | R1 467 301,21 | R124 260,40 |
| Nkangala TVET College | R309 818,37 | R437 359,50 |
| North West University | R63 785,56 | R207 100,00 |
| Northern Cape Urban TVET College | R12 715,00 | R10 799,00 |
| Orbit TVET College | R66 000,00 | R199 781,50 |
| Sekhukhune TVET College | R204 356,00 | R410 362,00 |
| South West Gauteng College | R10 556,00 | R48 595,50 |
| University of Johannesburg | R4 822 966,54 | R6 861 358,94 |
| Tshwane University of Technology | R7 898 505,43 | R742 812,68 |
| University of Venda | R2 915 602,27 | R1 580 914,00 |
| University of Venda | R3 059 153,65 | R723 608,53 |
| University of Fort Hare | R214 500,83 | R62 660,00 |
| University of Stellenbosch | R614 245,49 | R21 617,00 |
| University of KwaZulu Natal | R651 796,00 | R175 300,00 |
| University of the Free State | R1 246 034,56 | R268 010,00 |
| University of the Witwatersrand | R10 111 599,89 | R1 578 980,00 |
| University of Limpopo | R726 528,51 | R43 179,40 |
| Vhembe TVET College | R7 657,00 | R86 356, |
| Walter Sisulu University | R331 424,20 | R218 400,00 |
| University of the Western Cape | - | R350 185,00 |
| University of Cape Town | - | R252 700,00 |
| Maluti TVET College | - | R156 522,50 |
| Motheo TVET College | - | R32 370,00 |
| Buffalo City TVET College | - | R10 799,00 |
| Rhodes University | - | R26 290,00 |
| Northern Cape Rural TVET College | - | R64 794,00 |
| Vaal University of Technology VUT | - | R2 113 630,00 |
| Western TVET College | - | R21 598,00 |
| University of South Africa | - | R601 295,00 |
| Gert Sibanda College | - | R566 947,50 |
| Vuselela TVET College | - | R21 598,00 |
| King Sabata Dalinyebo TVET College | - | R107 990,00 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 26.3 Transactions with Board Members and Entities Where They are Employed or Hold Directorships

| 2020 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Constituency | Related party | Related party representative | Received | Fees paid | Grants paid | Debtors | Payable | Commit-ments |
| | | | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 |
| | | | 187 519 | 870 | 72 122 | 1 585 | 4 354 | 23 767 |
| Employers | Harmony Gold Mine | M Mashego | 64 995 | - | 31 540 | - | - | 17 506 |
| Employers | Colliery Training College | J Venter | 565 | - | 1 639 | - | - | 1 393 |
| Employers | Minerals Council of South Africa | M Ally and D Julyan | 803 | 208 | 356 | - | - | 987 |
| Employers | Anglo Platinum | L Mogaki | 58 323 | - | 17 749 | - | 4 354 | 9 992 |
| Employers | Impala Platinum | E Howes | 62 833 | - | 20 838 | - | - | 7 271 |
| Labour | NUM | A Teteme | - | 360 | - | - | - | - |
| Labour | NUM | D Shikati | - | 129 | - | - | - | - |
| State | DMRE** | D Msiza | - | - | - | 1 585 | - | - |
| Labour | NUM | M Naki | - | 84 | - | - | - | - |
| Labour | NUM | M Tshilidzi | - | 28 | - | - | - | - |
| Labour | UASA* | W van Rooyen | - | - | - | - | - | - |
| Labour | UASA* | F Stehring | - | 61 | - | - | - | - |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| 2019 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Constituency | Related party | Related party representative | Received | Fees paid | Grants paid | Debtors | Payable | Commit-ments |
| | | | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 |
| | | | 200 724 | 1 170 | 86 517 | 1 966 | 9 768 | 25 060 |
| Employers | Harmony Gold Mine | M Mashego | 65 696 | - | 31 133 | 381 | 603 | 8 651 |
| Employers | Colliery Training College | J Venter | 531 | - | 1 242 | - | 20 | 1 747 |
| Employers | Minerals Council of South Africa* | M Ally and D Julyan | 664 | 428 | 1 448 | - | - | 118 |
| Employers | Anglo Platinum | L Mogaki | 61 529 | - | 19 267 | - | 8 591 | 7 795 |
| Labour | UASA** | F Van Straten | - | 10 | - | - | - | - |
| Employers | Petra Diamonds | S Rogers | 1 767 | - | 648 | - | 71 | - |
| Employers | Impala Platinum | E Howes | 68 685 | - | 32 779 | - | 483 | 6 749 |
| Labour | NUM*** | A Teteme | - | 408 | - | - | - | - |
| Labour | NUM | D Shikati | - | 231 | - | - | - | - |
| Labour | NUM | A Tshangase | - | 32 | - | - | - | - |
| State | DMRE**** | D Msiza | 1 852 | - | - | 1 585 | - | - |
| Labour | NUM | M Naki | - | 11 | - | - | - | - |
| Labour | NUM | M Tshilidzi | - | 11 | - | - | - | - |
| Labour | UASA | W van Rooyen | - | 1 | - | - | - | - |
| Labour | UASA | F Stehring | - | 73 | - | - | - | - |

* Fees in respect of the members are paid directly to the Minerals Council of South Africa.
UASA** - United Association of South Africa
NUM***- National Union of Mineworkers
DMRE**** - Department of Mineral Resources and Energy

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 26.4. Other Direct Financial Interest by Board Members and Staff

| Staff or Board member | Entity | 2020 | | | |
|---|---|---|---|---|---|
| | | Amount received | Amounts paid | Amount receivable | Amount payable |
| | | R '000 | R '000 | R '000 | R '000 |
| A Tshangase | Tshepo Recruitment Mining | **5** | **-** | **-** | **-** |
| | | **-** | **-** | **-** | **-** |

| Staff or Board member | Entity | 2019 | | | |
|---|---|---|---|---|---|
| | | Amount received | Amounts paid | Amount receivable | Amount payable |
| | | R '000 | R '000 | R '000 | R '000 |
| A Tshangase | Tshepo Recruitment Mining | 7 | - | - | 720 |
| | | 7 | - | - | 720 |

### 26.5. Bursary awarded to related party beneficiaries

In the past the Board resolved that, in respect of bursaries, the MQA may enter into Memorandum of Agreements (MOAs) with entities listed below. According to GRAP 20, related party relationships exist between the MQA and the entities by virtue of the Board members' significant influence on MQA policies. The bursary beneficiaries allocated as a result of the MOAs are selected by the entities using selection and funding criteria that may not be similar to the criteria used to select and fund other MQA bursary beneficiaries.

| 2019-2020 | | | |
|---|---|---|---|
| Stakeholder details | Constituency | Total amount paid R'000 | Total Commitment R'000 |
| DMRE | State | **R 5 777** | **R 1 038** |
| JB Marks | Organise Labour | **R 3 411** | **R 2 049** |
| Anglo Gold Ashanti | Organise Employers | **R 413** | **R 241** |
| Impala Platinum | Organise Employers | **R 70** | **R 0** |
| Richards Bay Mining | Organise Employers | **R 1 138** | **R 299** |
| | | **R 10 810** | **R 3 627** |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| 2018-2019 | | | |
|---|---|---|---|
| Stakeholder details | Constituency | Total amount paid R'000 | Total Commitment R'000 |
| DMRE | State | R 5 440 | R679 |
| JB Marks | Organise Labour | R 8 754 | R 2 251 |
| Anglo Gold Ashanti | Organise Employers | R 596 | R 99 |
| Petra State Diamond | Organise Employers | R 153 | R 41 |
| Impala Platinum | Organise Employers | R 329 | R 83 |
| Richards Bay Mining | Organise Employers | R 1 214 | R188 |
| Royal Bafokeng Platinum | Organise Employers | R309 | R100 |
| | | R 16 795 | R 3 440 |

### 26.6 Board Co-ordination Fees

Prior to regulation and payment of remuneration for Board Members by National Treasury, The MQA Board resolved that constituencies be paid a coordination grant for the time constituencies spend in coordination for effective engagement at Board.

| Constituency | Related party representative | **Fees Paid 2020 R'000** | Fees Paid 2019 R'000 |
|---|---|---|---|
| Employers | M Ally and D Julyan | **208** | 415 |
| Labour | Stanley Mokgothu | **404** | 336 |
| | | **612** | 751 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | Basic salaries | Performance Bonuses | Leave paid out | Non-Pensionable allowances | Acting Allowances | Pension contributions | Total 2020 | Total 2019 |
|---|---|---|---|---|---|---|---|---|
| | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 |
| **26.7. Executive Managers** | **3 967** | **804** | **254** | **3 763** | **1 594** | **587** | **10 969** | 10 450 |
| T G Mmotla (COO_ACEO) | 230 | 176 | 146 | 529 | - | 31 | 1 112 | 2 152 |
| M Palale (SPM_ACOO) | - | - | - | - | - | - | - | 1 542 |
| M Mdingi (CFO_ACEO) | 854 | 140 | - | 657 | 270 | 126 | 2 048 | 1 654 |
| L A Matlala (FM_ACFO, ACRMEO) | 645 | 144 | - | 420 | 377 | 95 | 1 681 | - |
| N B Nemagovhani (CRMEO, ACEO) | 780 | 22 | - | 639 | 270 | 115 | 1 826 | 1 546 |
| Z T Boikhutso (RMNW_AEMCS) | - | - | - | - | - | - | - | 1 619 |
| B Mathebula (RMFS_AEMSR) | 532 | 20 | - | 613 | 340 | 78 | 1 583 | 1 672 |
| M Tladinyane (EMCS) | 296 | - | 108 | 401 | - | 47 | 852 | 265 |
| V Mofu (ACOO) | 307 | 152 | - | 253 | 162 | 50 | 924 | - |
| T Tsotetsi (AEMCS) | 324 | 150 | - | 252 | 174 | 45 | 944 | - |

***Notes***

T G Mmotla, the Chief Operations Officer (COO) was Acting Chief Executive Officer (ACEO) until 31 March 2019 and his employment contract as the COO ended on the 30th of September 2019;

M Palale, the Strategic Planning Manager (SPM) was Acting Chief Operations Officer (ACOO) until 31 March 2019;

M Mdingi, the Chief Financial Officer (CFO) was Acting Chief Executive Office from 01 April 2019 to 30 September 2019;

L Matlala, the Finance Manager (FM) was Acting Chief Financial Officer from 01 April 2019 to 30 September 2019 and Acting Chief Risk Monitoring and Evaluation Officer (ACRMEO) from 01 October 2019 until 31 March 2020.

N B Nemagovhani, the Chief Risk Monitoring and Evaluation Officer (CRMEO) was Acting Chief Executive Officer (ACEO) from 01 October 2019;

Z T Boikhutso, the Regional Manager: North West Office (RMNW) was Acting Executive Manager : Corporate Services (AEMCS) until 31 January 2019;

M Tladinyane was as the Executive Manager: Corporate Services (EMCS) from 01 February 2019 and resigned in September 2019;

B Mathebula, the Regional Manager : Free State office (RMFS) was Acting Executive Manager : Stakeholder Relations (AEMSR) in the financial year;

V Mofu, the Skills Development Research Manager was Acting Chief Operations Officer (ACOO) from 01 October 2019 to March 2020;

T Tsotetsi, the Regional Manager: Mpumalanga Office (RMMP) was Acting Executive Manager: Corporate Services (AEMCS) from 01 October 2019.

## 27. Events after the Reporting Date

### Adjusting Events

On the 2nd of September 2020, National treasury issued instruction note no. 12 of 2020-2021 in relation to retention of surpluses by constitutional institutions and public entities listed in schedules 3A and 3C of the Public finance management act (PFMA), 1999 (Act No.1 of 1999), which amends the formula used to calculate surpluses. In the amended formula, commitments have been removed. Therefore, this is an adjusting subsequent event and as a result note 21.3 has been updated accordingly.

### Non-adjusting Events

His Excellency, the President of the Republic of South Africa, Mr Cyril Ramaphosa, on economic and social measures in response to the COVID-19 Pandemic, on 21 April 2020, stated, amongst others, that: *"in addition to existing tax relief measures, the government will also be introducing a four-month skills development levy contribution holiday by companies to SETAs"*. This implies that the MQA will not receive levies to the tune of about R400 million. The levy payment holiday is a non-adjusting subsequent event in line with the standard.

## 28. New Standards and Interpretations

At the date of authorisation of these annual financial statements, the following Generally Recognised Accounting Practice standards and interpretations were in issue but not yet effective. These include the following standards and interpretations that are applicable to the MQA, and may or may not have an impact on future annual financial statements.

### GRAP 34: Separate Financial Statements

The standard was issued in March 2017 and its effective date is not yet determined. The standard prescribes the accounting and disclosure requirements for investment in controlled entities, joint ventures and associates by the investor in its separate financial statements. The separate financial statements are those statements presented in addition to consolidated financial statements by the investor that has investments in controlled entities and or joint ventures and or associates.
It is not expected that the standard will impact future accounting and disclosures of the MQA since it is currently not an investor entity and there is no intention of becoming one in the future.

### GRAP 35: Consolidated Financial Statements

The standard was issued in March 2017 and its effective date is not yet determined. The standard prescribes the principles for presentation and preparation of consolidated financial statements by an entity that controls one or more other entities. An entity controls another entity when the entity is exposed, or has rights, to variable benefits from involvement with the other entity and has the ability to affect the nature or amounts of those benefits through its power over the other entity.
It is not expected that the standard will affect future presentation of financial statements of the MQA since the MQA is not a controlling entity and there are no intensions of becoming one in the future.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**GRAP 36: Investments in Associates and Joint Ventures**

The standard was issued in March 2017 and its effective date is not yet determined. The standard prescribes the accounting principle for investments in Associates and application of the equity method when accounting for such investments. An Associate is defined as an entity over which the investor has significant influence. The significant influence is further defined as power to participate in the financial and operating policy decisions of another entity but not control or joint control of those policies.

It is not expected that the standard will affect future presentation of the MQA's financial statements since the MQA does not have any investment in Associates and there are no intentions for acquiring such investments.

**GRAP 37: Joint Arrangements**

The standard was issued in March 2017 and its effective date is not yet determined. The standard prescribes the accounting principle for financial reporting by entities that have interest in arrangements that are controlled jointly. Joint Arrangements are defined as arrangements of which two or more parties have joint control. The joint control is further defined as agreed sharing of control by a way of binding arrangement, which exist only when decision about relevant activities require unanimous consent of parties sharing control. It is not expected that the standard will affect the MQA's future accounting and disclosures because it currently does not have any Joint Arrangements nor future intentions to enter into such arrangements.

**GRAP 38: Disclosure in Other Entities**

The standard was issued in March 2017 and its effective date is not yet determined. The standard requires entities to disclose information that enables users of its financial statements to evaluate the nature of, and risks associated with, its interest in controlling entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated and the effects of those interests on its financial position, financial performance and cash flows. The MQA does not have any controlled entities, interest in associates, joint ventures and is not party to any joint arrangements.

It is not expected that the standard will affect future accounting and disclosures of the MQA.

**GRAP 110: Living and Non-Living Resources**

The standard was issued in March 2017 and its effective date is not yet determined. The standard prescribes the recognition, measurement, presentation and disclosure for living resources and disclosure requirements for non-living resources. Living resources are those resources that undergo biological transformation and non-living resources are resources, other than living resources that occur naturally and have been extracted.

Non-living resources includes, water, minerals, oils, gas and other non-regenerative resources which have not been extracted. The principles in the standard do however not apply to land and extracted water, minerals, oils, and gas and other non-regenerative resources.

It is not in the MQA mandate to transform non-living resources into living resources and is thus not expected that the effective implementation of the standard will affect future accounting and disclosures of the MQA.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 29. Prior Period Errors

In the current year some line items of the financial statements disclosed in the prior years were restated due to errors which were identified. The errors were as a result of transactions erroneously omitted and or erroneously accounted for. The restatements were done retrospectively in line with the standard. Below are classes of transactions, account balances and disclosure notes which were restated as a result of errors:

| | 2019<br>R '000 |
|---|---|
| **29.1. Statement of Financial Performance** | |
| **29.1.1. Employer grant and project expenditure** | |
| As previously disclosed | 735 281 |
| Discretionary grants expenses erroneously omitted and/or previously overstated | 4 014 |
| Restated amount | 739 295 |
| | |
| **29.1.2. Receivables from non-exchange (statement of financial performance)** | |
| As previously disclosed | 1 164 516 |
| Inter-Seta erroneously included 2018-2019 | (72) |
| NSF artisan admin income erroneously included 2018-2019 | (914) |
| Restated amount | 1 163 530 |
| | |
| **29.1.3. Surplus for the year** | |
| As previously disclosed | 324 617 |
| Employer grants erroneously omitted and/or previously overstated (as stated above) | (4 014) |
| Donor funding admin erroneously included | (914) |
| Inter-Seta income adjusted | (72) |
| Restated amount | 319 617 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | 2019<br>R '000 |
|---|---|
| **29.2. Statement of Financial Position** | |
| **29.2.1. Grant and transfer payables** | |
| As previously disclosed | 408 272 |
| Prior year accruals erroneously included 2017-2018 | (6 729) |
| Prior year creditors omission 2017-2018 | 2 793 |
| Prior year creditors omission 2018-2019 | 4 014 |
| Erroneously mapped | 81 |
| Mandatory grants omission 2017-2018 | 59 |
| Restated amount | 408 490 |
| | |
| **29.2.2. Receivables from non-exchange (statement of financial position)** | |
| As previously disclosed | 60 058 |
| Inter-Seta erroneously included 2017-2018 | (6) |
| Inter-Seta erroneously included 2018-2019 | (72) |
| Donor Admin income erroneously included 2018-2019 | (913) |
| Restated amount | 59 067 |
| | |
| **29.2.3. Trade and other payables from exchange transactions** | |
| As previously disclosed | 8 906 |
| Incorrect classification of leave provision | (4 575) |
| Erroneously mapped | (81) |
| Restated amount | 4 250 |
| | |
| **29.2.4. Provision** | |
| As previously disclosed | 13 141 |
| Incorrect classification of leave provision | 4 575 |
| Restated amount | 17 716 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | 2019<br>R '000 |
|---|---|
| **29.2.5. Discretionary reserves** | |
| As previously disclosed | 356 684 |
| Expenses erroneously omitted and/or previously overstated 2017-2018 | 3 872 |
| Revenue erroneously included 2018-2019 | (986) |
| Expenses erroneously omitted and/or previously overstated 2018-2019 | (4 014) |
| Restated amount | 355 556 |
| | |
| **29.2.6. Reserves** | |
| As previously disclosed | 420 963 |
| Expenses erroneously omitted and/or previously overstated 2017-2018 | 3 872 |
| Revenue erroneously included 2018-2019 | (986) |
| Expenses erroneously omitted and/or previously overstated 2018-2019 | (4 014) |
| Restated amount | 419 835 |
| | |
| **29.3. Disclosures** | |
| **29.3.1. Commitments** | |
| As previously disclosed | 385 947 |
| Commitments erroneously included 2018-2019 | (24 476) |
| Restated amount | 361 471 |
| | |
| **29.3.2 Related party transcations** | |
| As previously disclosed | 0 |
| Board coordination fees erroneously omitted 2018-2019 | 751 |
| Restated amount | 751 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 30. Statement of comparison of budget and actual amounts – Variances explanations

The budget for income, current and capital expenditure is prepared on the accrual basis of accounting. The budget is based on anticipated operational activities, tangible and intangible assets required to achieve targets set out in the Annual Performance Plan (APP) as well as estimated costs to carry out such activities or acquire the required assets.

The approved budget includes only the activities of the MQA and is for the period 1 April 2019 to 31 March 2020.

**Material (more or less than 10%) differences between the revised budget and actual amounts.**

### 30.1 Government Grants Revenue

Government grant revenue was not budgeted for because this is the amount received for actual expenditure incurred on the NSF project,hence, 100% variance.

### 30.2 Discretionary grants recoveries

Discretionary grants recoveries are amounts recovered for grants already paid and in exceptional cases such must be paid back, hence, the was no budgeted amounts for recoveries and this resulted in a 100% variance.

### 30.3 Levy Interest and penalties

Levies interest and penalties are due to non-compliance with the Skills Development Levies Act and the MQA did not anticipate that Employers will not comply, hence there was no budget and this resulted in a 100% variance.

### 30.4 Employer grant and project expenditure

Employer grants and project expenditure was 18% less than the approved budget and that was because the MQA only issued and contracted with employers later than what was anticipated.

### 30.5 General Expenses

Actual expenditure was below the budget due to various factors, including savings from travel costs due to alternative procedures used by monitoring and evaluation for learner verifications and activities that were planned to take place during March 2020 not happening due to COVID 19 guidelines restrictions.

### 30.6 Capital Expenditure

Actual expenditure was below the budget mainly because the development and implementation of the new Enterprise Resource Planning System (ERP) which was planned to take place during the year under review, did not take place.

# ACRONYM LIST

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|---|---|
| ABET | Adult Basic Education and Training |
| ADSL | Asymmetric Digital Subscriber Line |
| AET | Adult Education and Training |
| AgriSETA | Agriculture Sector Education and Training Authority |
| AGSA | Auditor-General of South Africa |
| APP | Annual Performance Plan |
| ARC | Audit and Risk Committee |
| ATR | Annual Training Reports |
| AQP | Assessment Quality Partner |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BUSA | Business Unity South Africa |
| CEO | Chief Executive Officer |
| ATR | Annual Training Reports |
| AQP | Assessment Quality Partner |
| BEE | Black Economic Empowerment |
| CEO | Chief Executive Officer |
| CETA | Construction Education and Training Authority |
| CFO | Chief Financial Officer |
| CHIETA | Chemical Industries Education and Training Authority |
| COO | Chief Operating Officer |
| CoS | Centre of Specialisation |
| CRM | Customer Relationship Management |
| CRMEO | Chief Risk Monitoring and Evaluation Officer |
| CSD | Central Supplier Database |
| CSIR | Council for Scientific and Industrial Research |
| CTC | Colliery Training College (Pty) Ltd |
| DHET | Department of Higher Education and Training |
| DSI | Department of Science and Innovation. |
| DMRE | Department of Mineral Resources and Energy |
| DoF | Department of Finance |
| DQP | Development Quality Partner |

| | |
|---|---|
| DVD | Digital Versatile Disk |
| EE | Employment Equity |
| EMCS | Executive Manager Corporate Services |
| EMSR | Executive Manager Stakeholder Relations |
| ERP | Enterprise Resource Planning |
| ETDSETA | Education, Training and Development Practices Sector Education and Training Authority |
| EXCO | Executive Committee |
| TVET | Further Education and Training (College) |
| FLC | Foundational Learning Competence |
| 4IR | Fourth Industrial Revolution |
| FVTPL | Fair Value Through Profit and Loss |
| GDP | Graduate Development Programme |
| GRAP | Generally Recognised Accounting Practice |
| HDI | Historically Disadvantaged Individuals |
| HRD | Human Resources Development |
| HVAC | Heating, Ventilation and Air Conditioning |
| IDC | Industrial Development Corporation of South Africa Ltd |
| ISDF | Independent Skills Development Facilitator |
| ICT | Information and Communication Technology |
| IESBA | International Ethics Standards Board for Accountants |
| ILD | International Literacy Day |
| ISA | International Standard on Accounting |
| MDP | Management Development Programme |
| MERSETA | Manufacturing, Engineering and Related Services Sector Education and Training Authority |
| MHSA | Mine Health and Safety Act |
| MIS | Management Information Systems |
| MMS | Mining and Mineral Sector |
| M&E | Monitoring and Evaluation |
| MoA | Memorandum of Agreement |

| | |
|---|---|
| MoU | Memorandum of Understanding |
| MPRDA | Mineral and Petroleum Resources Development Act |
| MQA | Mining Qualifications Authority |
| NC | National Certificate |
| NCV | National Certificate (Vocational) |
| NLRD | National Learner Records Database |
| NQF | National Qualifications Framework |
| NSA | National Skills Authority |
| NSDP | National Skills Development Plan |
| NSDS | National Skills Development Strategy |
| NSF | National Skills Fund |
| NUM | National Union of Mineworkers |
| NYDA | National Youth Development Agency |
| OHS | Occupational Health and Safety |
| PAA | Public Audit Act |
| PFMA | Public Finance Management Act |
| PSET | Post School Education and Training |
| QA | Quality Assurance |
| QCTO | Quality Council for Trades and Occupations |
| QALA | Quality Assurance of Learner Achievements |
| RMC | Risk Management Committee |
| RPL | Recognition of Prior Learning |
| SaaS | Software-as-a-Service |
| SAQA | South African Qualifications Authority |
| SARS | South African Revenue Service |
| SDA | Skills Development Act 1998 (Act 97 of 1998) |
| SDC | Skills Development Committee |
| SDF | Skills Development Facilitator |
| SDT | State Diamond Trader |
| SDL | Skills Development Levy |

| | |
|---|---|
| SDRU | Skills Development and Research Unit |
| SIC | Standard Industrial Classification |
| SLA | Service Level Agreement |
| SMME | Small, Micro, Medium Enterprises |
| SSP | Sector Skills Plan |
| TETA | Transport Education and Training Authority |
| ToR | Terms of Reference |
| UASA | United Association of South Africa |
| UIF | Unemployment Insurance Fund |
| UNISA | University of South Africa |
| W&RSETA | Wholesale and Retail Sector Education and Training Authority |
| WSP | Workplace Skills Plans |

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