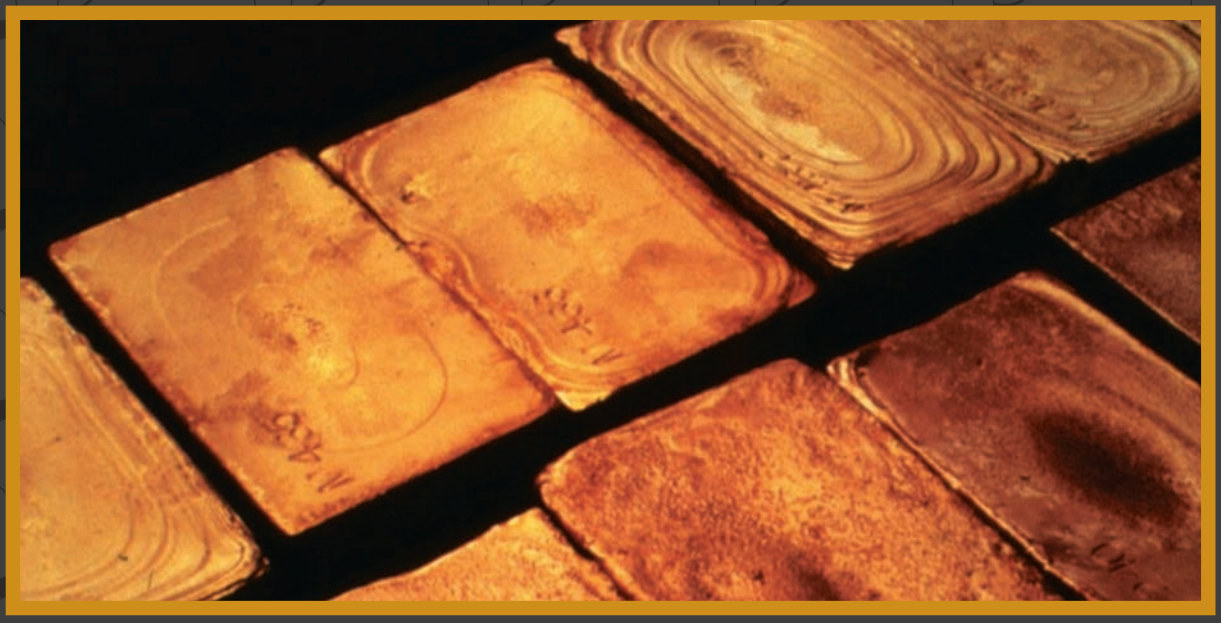
MINING QUALIFICATIONS AUTHORITY

ANNUAL REPORT

2005-2006



labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA

Vision

The vision of the MQA is to have sufficient and appropriate knowledge and skills in order to support the productivity, occupational health and safety and transformation of the Mining and Minerals Sector

Mission

To facilitate and promote human resources development in the sector, the MQA undertakes to:

- Develop and facilitate the implementation of a Sector Skills Plan;
- Generate Unit Standards and Qualifications;
- Establish, Administer and promote Learnerships, Skills Programmes and Apprenticeships;
- Maintain the quality of training provision:
- Disburse skills grants from skills levies.

Legislative Mandate

- Mine Health and Safety Act (No.29 of 1996)
- Skills Development Act (No. 97 of 1998)
- South African Qualifications Authority Act (No. 58 of 1995)

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General Information

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1.1. Strategic Overview By Chairperson



May Hermanus
Chairperson

On behalf of the governing Board of the Mining Qualifications Authority (MQA), it is my pleasure to present this Annual Report to the Minister of Labour, Mr. M Mdladlana and Minister of Minerals and Energy, Mrs. B.P Sonjica and our industry stakeholders on the activities of the MQA for the 2005 - 2006 financial year.

In fulfilling its statutory mandate of facilitating skills development in the Mining and Minerals Sector in terms of the Skills Development Act of 1998, the MQA has positively impacted on our society through the application of sector specific skills development projects. In addition, the MQA in the execution of its mandate supports the broad based socio economic empowerment charter (Mining Charter) in terms of the Mineral and Petroleum Resources Development Act of 2002 and the Mine Health and Safety Act of 1996.

"The year under review saw the appointment of Livhu Nengovhela as CEO on 02 May 2005 and at the same time the introduction of the National Skills Development Strategy (NSDS) 2, 2005 - 2010."

The year under review saw the appointment of Livhu Nengovhela as Chief Executive Officer on 02 May 2005 and at the same time the introduction of the National Skills Development Strategy (NSDS) 2, 2005 - 2010. This transition was challenging as whilst the MQA workforce had to come to terms with the appointment of a new CEO, they had to, at the same time re - focus to meet objectives outlined in the new 2005 - 2010 National Skills Development Strategy.

Highlights for the 2005-2006 financial year

One of the most prominent highlights is that the Department of Labour rated the MQA as "over performing" based on the achievements in the NSDS 1 reporting period.

Despite the exemption of employers with an annual payroll less than R500 000.00 and the shrinking of the mining industry, the MQA's total revenue increased from R 332 million in 2004 - 2005 to R 347 million in the year under review.

Due to the additional work load associated with the increase in revenue the staff compliment of the MQA increased from 54 staff members to 65 including interns. The Administration budget based on the 10% statutory allocation was R39.4 million. The amount allocated in respect of discretionary projects and grants were R227 million. The amount available for reserves reduced from R305 million in the 2004 - 2005 financial year to R175 million in the year under review.

A very successful Annual Consultative Conference with its theme "Collectively Transforming the Mining and Minerals Sector" was held in October 2005. The stakeholders requested the MQA to focus its resources on addressing the following strategic issues:

Communication to stakeholders to be improved; Beneficiation support in the Mining and Minerals Sector to be expedited; The implementation of a language policy to be expedited; and accessibility to grants to be improved.

A projects management unit was established to effectively implement the new project management philosophy embarked upon to streamline the management of discretionary projects and grants.

The review on the effectiveness of the Board and Standing Committees was finalized and presented at the Board strategic planning session in July 2005. The findings reflected that members are working collectively together to meet statutory requirements and members have the required expertise to ensure the facilitation of skills development in the Sector.

The Board identified Transformation, Health and Safety, New Enterprise Development, Quality Training and Development, Transition from Employed to Unemployed, New Entrants and the Current Workforce as strategic objectives to be included in the 2006 - 2007 Business Plan.

During the year under review, the MQA further strengthened its relationship with levy paying companies in a number of service delivery focus areas:

Fifteen (15) independent skills development facilitators were appointed to assist levy paying companies with the preparation and submission of Workplace Skills Plans (WSP) and Annual Training Reports (ATR);

The MQA hosted its first Alumni and Executive Preparation Programme (EPP) certification ceremony in October 2005. The keynote address at the event was delivered by the Honourable Minister of Minerals and Energy, Ms Lindiwe Hendricks. The flagship Executive Preparation Programme saw 103 candidates completing their training in this year;

In collaboration with the South African Women in Mining Association, 320 women entrepreneurs have been given exposure to the Mining and Minerals Sector;

The launching of the small scale mining project in 2004 gained further momentum with the training of an additional 600 small scale miners;

ABET was once again recognized as an important strategic initiative with the approval of R36.9 million for disbursement to the Sector in the form of ABET grants. A new ABET grant disbursement and verification model has been developed for implementation in the 2006 – 2007 financial year;

Collaborative initiatives and formal relationships to ensure the development of suitable standards and qualifications for the Mining and Minerals Sector were established and maintained with a number of Standard Generating Bodies, such as SGB's serving the Chemicals, Manufacturing and Assembly Processes (MAP), Electrical Engineering and Construction, Civil Engineering and Construction, Disaster Management and Bomb Disposal/Explosives Control industries;

The efforts to increase learnerships have finally paid off when we experienced an unprecedented uptake of learners in August 2005. The Board approved additional surplus funds to the Learnerships grant to maintain the existing grant payment regime. A total grant of R81.7 million had been paid for the period under review to support Learnerships and Skills Programmes;



The Graduate Development Programme is now in its second year with 93 candidates in training. 15 candidates have been permanently placed in companies within the Sector;

The MQA Provincial Linkages Strategy has been developed and approved by EXCO; and implimented by the MQA;

The MQA accreditation status as an ETQA was reaffirmed by SAQA and extended until 30 September 2008. The MQA is recognized as a "Green SETA" in terms of its link to the National Learning Record Database (NLRD) system with a success rating of 75% and above. An application to extent the scope of coverage to include all qualifications registered by the Mining and Minerals SGB has been submitted to SAQA. Memorandums of Understanding were signed with 15 ETQA's and 2 Cooperation Agreements with Provincial Departments of Education were concluded. 46 979 certificates for skills programmes for the financial year and a grand total of 84 290 certificates were issued to learners to date;

The bursary scheme enabled 796 Higher Education bursars access to funding. This represented an investment of R47 million in our scarce and critical skills identified in our 2005-2010 Sector Skills Plan research.

Corporate Governance

The MQA Board has since its inception identified the application of good corporate governance principles in line with the Public Finance Management Act (PFMA) and King II report on Corporate Governance as critical success factors. The development and implementation of policies and procedures are benchmarked against best practices aimed at capacitating stakeholder representatives. A Risk Management workshop for Board members and MQA Management has been conducted. The Fraud Prevention Plan and Internal Audit Coverage Plan has been approved. The Board also approved the development of a new Performance Management System for the MQA aimed at retaining suitably qualified and experienced staff.

Appreciation

Ministers and Stakeholders, on behalf of the MQA governing body I wish to convey my appreciation to members of the Authority, The Chief Executive Officer, Management and Staff for their dedicated leadership and diligent manner in which the mandate of the MQA was executed over the past year.

Ms M Hermanus
Chairperson
Pretoria
31 May 2006

1.2. Board Members

State


M Hermanus*


M Zondi


D Maphutha


N Mojapelo


J Subramoney

Labour


A Teterne*


J Nkosi


E Majadibodu


R Samuel


T Kruger

Employers


V Mabena*


G Brokenshire


A Knock


J Mathebula


A Van Wyk

*** Stakeholder Convenor**

1.3. Board and Committee Structure

	Name	Function	Composition	Quorum	Chairperson	Secretary	Meeting
1.	MQA Board	Accounting Authority, policy, strategies and resource allocation.	5 Representatives per stakeholder group present	2. Stakeholder groups present	Chief Inspector of Mines	External Service Provider	Quarterly
2.	MQA Executive Committee	Board delegated tasks & management oversight.	3 Conveners of stakeholder representative groups, CEO, COO & CFO	2. Conveners present	Chief Inspector of Mines	External Service Provider	Monthly
3.	Skills Development Levy/ Finance Committee	Advise on budget, financial control of projects & grants, levy grant disbursement.	2 Representatives per stakeholder group	2. Stakeholder Groups present	Board Member	External Service Provider	Every second month
4.	Sector Skills Planning Committee	Advise on development & implementation of the Sector Skills Plan, administration of Workplace Skills Plan & Annual Training Report & grants, unit projects & grants implementation.	2 Representatives per stakeholder group	2. Stakeholder Groups present	Board Member	External Service Provider	Every second month
5.	Learnerships Committee	Advise on learnerships, skills programmes registration, Learning Material development, apprentice administration, DataNet administration , unit projects & grants implementation.	2 Representatives per stakeholder group	2. Stakeholder Groups present	Board Member	External Service Provider	Every second month
6.	ETQA Committee	Advise on quality assurance accreditation, MoUs with SETAs, Monitoring of learning provision, unit projects & grants implementation.	2 Representatives per stakeholder group	2. Stakeholder Groups present	Board Member	External Service Provider	Every second month
7.	SGB Committee	Advise on development & registration of standards & qualifications, development of learnerships , skills programmes & ratification of learning materials , liase with other SGBs, unit projects & grants implementation.	4 Representatives per stakeholder Group, 2 representatives from SQCG Facilitators, 4 representatives from Professional Bodies, 2 representatives from Providers, 1 representative from Manufacturers & Suppliers	51 % of representatives (13 Representatives) present	Board Member	External Service Provider	Every second month
8.	Audit Committee	Advise on effectiveness of financial management systems & controls in terms of the PFMA.	2 External representatives, 1 representative per stakeholder group, representative from Internal Auditors, 1 representative from External Auditors	2. Stakeholders from different stakeholder groups & 1 external representative present	External Representative	External Service Provider	Every second month

1.4. Board meeting attendance 2005 - 2006

	Chairperson	Organisation	Constituency	Total
1.	May Hermanus*	Department of Minerals & Energy	State	5
	Members	**Organisation**	**Constituency**	**Total**
2.	Mthokozisi Zondi	Department of Minerals & Energy	State	6
3.	Ditshike Maphutha	Department of Minerals & Energy	State	5
4.	Nape Mojapelo	Department of Minerals & Energy	State	5
5.	Jeff Subramoney	Department of Minerals & Energy	State	3
6.	Amon Teteme*	National Union of Mineworkers	Labour	5
7.	Joseph Nkosi	National Union of Mineworkers	Labour	3
8.	Eddie Majadibodu	National Union of Mineworkers	Labour	3
9.	Tim Kruger	UASA	Labour	0
10.	Richard Samuel	UASA	Labour	0
11.	Vusi Mabena*	Chamber of Mines	Employers	6
12.	Graham Brokenshire	Anglogold Ashanti	Employers	4
13.	Alistair Knock	Anglo Platinum	Employers	4
14.	Aaron Van Wyk	Retsibogile Mining	Employers	1
15.	Jackie Mathebula	Harmony Gold	Employers	4



* Convenor of Stakeholder delegation

The MQA Board held a total number of six (6) meetings for the period under review.

1.5. Operational Review by Chief Executive Officer



Livhu Nengovhela
Chief Executive Officer

It is my privilege to present this Annual Report on the activities of the Mining Qualifications Authority (MQA) for the period 01 April 2005 to 31 March 2006 to our industry stakeholders. The year under review created the opportunity to explore the implementation of various mechanisms to deal with the challenges brought by the establishment of the National Skills Development Strategy (NSDS) 2 for 2005-2010. Following the MQA's excellent rating by the Minister of Labour on NSDS I, the MQA geared itself to meet the objectives of NSDS 2.

In addition to the NSDS, the MQA also had to deal with sectoral focussed challenges associated with the Mining Charter such as the increase of literacy levels through Adult Basic Education and Training (ABET), broad based socio economic empowerment, human resources development and employment equity with specific emphasis on the advancement of women in the Mining and Minerals Sector.

"Our efforts to increase the uptake of learners in learnerships finally paid off when we experienced an unexpected uptake of learners into learnerships in August 2005."

The year under review was highlighted by amongst others the following:

The shrinking of the mining industry and the promulgation of legislation that exempt organisations with a payroll of less than R500 000 from paying skills levies would in future have a profound impact on the MQA. To accelerate skills Development in the Sector, the MQA will continue to foster partnerships with Non Governmental Organisations (NGO's), other SETA's, UMALUSI, The Engineering Council of SA (ECSA), the Mine Health and Safety Council (MHSC) and most recently the National Business Initiative (NBI);

The year under review saw the establishment of a Controls Systems Task Team aimed at ensuring that adequate controls exist in the payment of grants and ultimately streamlining the grant payment regime including minimising incorrect payment of grants;

The Work Place Skills Plan year 6 and Annual Training Report templates were revised to ensure compliance with the new National Skills Development Strategy (NSDS) to meet Employment Equity (EE) and Broad Based Black Economic Empowerment (BBBEE) charter compliance criteria;

The Board at its Strategic planning session held in July 2005 identified six key strategic thrusts as fundamental to skills development. These strategies are: supporting transformation of the Sector, health and safety training and development, development of the current workforce, development of new entrants to the labour market, stimulation of new enterprise development and facilitation of the transition from employed to unemployed;

The importance of the management of projects was reaffirmed with the establishment of a projects management unit to drive our new project management philosophy;

Our efforts to increase the uptake of learners in learnerships finally paid off when we experienced an unexpected uptake of learners into learnerships in August 2005. Additional surplus funds were channeled to the learnerships grant to maintain the grant payment regime;

The MQA flagship "Executive Preparation Programme" aimed at equipping candidates in the mining industry with knowledge and skills to succeed at executive level continued with a total number of 103 candidates completing training;

Unemployed Historically Disadvantaged South Africans (HDSA) graduates who completed degrees and diplomas in the scarce disciplines identified in the Sector Skills Plan (SSP) 2005-2010 such as mechanical and electrical engineering, mining engineering, electro mechanical engineering, jewellery design and manufacturing, chemical engineering, metallurgical engineering, mineral processing, mine surveying, industrial engineering and environmental managment continued to be provided with training which will equip them for employment in the Mining and Minerals Sector;

The EXCO recommended the Provincial Linkages Strategy to the Board for approval. Implementation is expected to take place in the new financial year;

The importance of communications as highlighted in many forums such as the Roadshows and Annual Consultative Conference (ACC) was acknowledged with the development of a five year communications strategy to be implemented in the new financial year;



To improve the writing of unit standards and qualifications and the registration thereof with the South African Qualifications Authority (SAQA), the Standards Generating Body (SGB) maintained collaborative initiatives with Bodies serving the Chemicals, Manufacturing and Assembly Processes (MAP), Electrical Engineering and Construction, Civil Engineering and Construction, Disaster Management and Bomb Disposal/Explosives Control Industries;

The status of the MQA as an accredited ETQA was reaffirmed by SAQA until September 2008. In the process the MQA was commended for the manner in which the requirements were met and obligations as an ETQA executed;

The MQA intervention to establish ABET forums to be used as a platform to reach out to the Sector and inform them of the available opportunities to reduce illiteracy is well underway.

Challenges

The MQA continue to face a number of challenges.

The MQA will endeavour to ensure long-term sustainability through the continuous realignment of projects and grants due to the shrinking of the mining industry;

To ensure that employers claim the correct grants for learners trained regular site visits and verification audits will be conducted;

The alignment of projects and grants to meet the targeted 6% growth required by ASGI-SA in terms of accelerated growth in the Mining and Minerals Sector will pose a major challenge for the MQA;

The proposed amendment of the Skills Development Act and more specifically the changes to the Funding Regulations by the Department of Labour will impact substantially on the functions of SETA's;

The elimination of FANAKALO as communication medium through the promulgation of regulations will be one of the major challenges in the new financial year and onwards.

Governance

The MQA, as a public entity, has to adhere to the PFMA and is committed to ensure that the recommendations of the King Reports are adhered to. It is a pleasure to announce that the MQA fully complied with the provisions of the PFMA.

The draft Memorandum of Understanding (MOU) between the MQA and the Department of Minerals and Energy has been finalised and will be signed in the new financial year. The MQA Constitution was signed by the Minister of Labour on 26 January 2006 and published in the Government Gazette. The evaluation of the performance of the Board and Standing Committees in compliance with the principles of good corporate governance was conducted.

The Risk Management workshop for Board and Management addressed the key pervasive risks of the MQA with the objective of identifying control measures aimed at mitigating the risks. The Risk and Fraud Prevention Committee is also fully operational.

Appreciation

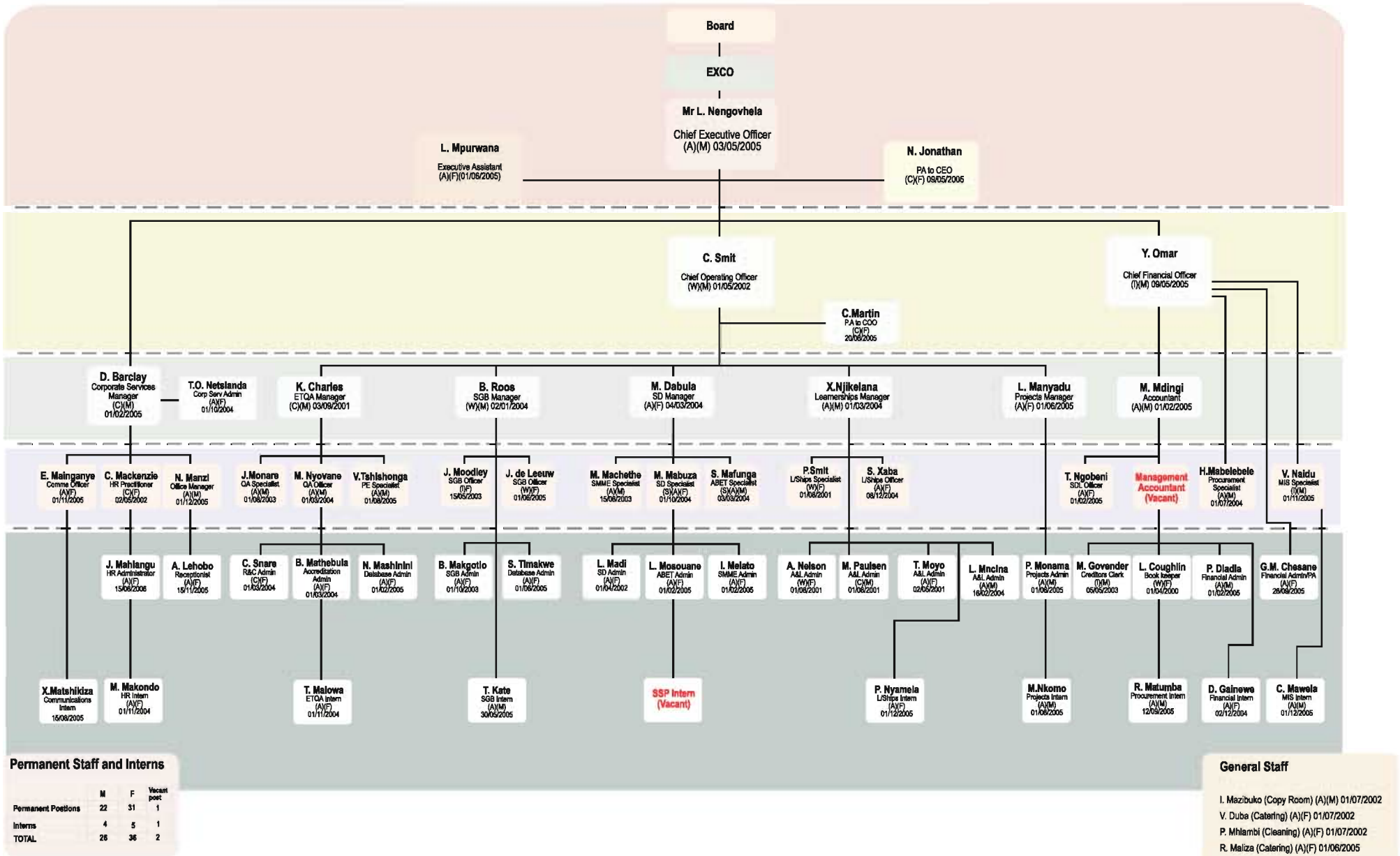
I would like to express my appreciation to members of the Board and more specifically the Chairperson for her support since my appointment as CEO. The support of Management, Staff and Stakeholders cannot be over emphasised and the efforts to accept me as the new leader of the MQA is much appreciated.



Livhu Nengovhela
Chief Executive Officer
Johannesburg, Gauteng
31 May 2006



1.6. Organogram



Permanent Staff and Interns

	M	F	Vacant post
Permanent Positions	22	31	1
Interns	4	5	1
TOTAL	26	36	2

General Staff

I. Mazibuko (Copy Room) (A)(M) 01/07/2002
V. Duba (Catering) (A)(F) 01/07/2002
P. Mhlambi (Cleaning) (A)(F) 01/07/2002
R. Maliza (Catering) (A)(F) 01/06/2005



Section Two

2005 - 2010 Sector Skills Plan

2. 2005 - 2010 Sector Skills Plan

Most of the National Skills Development Strategy targets set by the Department of labour were exceeded or achieved. Based on this report the Department of Labour rated the MQA performance as "Over Achieving".

NO	NSDS 2005 - 2010 Objectives	NSDS 2005 - 2010 Success Indicators, National Targets and Outcomes	SETA Plan for 2005 – 2010 Five Year Targets and Outcomes	SETA Plan for 2005 – 2006 Annual Targets and Outcomes	Projected 2005 – 2006 Budget . (Excludes SETA Administration Budgets)	Means of Verification (report) and Validation (confirm)	Assumptions	Reasons for Variances
1.	1. Prioritising and communicating critical skills for sustainable growth, development and equity.	Indicator 1.1. Skills development supports National and Sectoral growth, development and equity priorities.	Target is the same for each year from 2005 to 2010 as described under Annual Target.	**a)** SETA/DoL agreed growth, development and equity strategy driver. **b)** DoL Executive Manager responsible for quality assurance of SSP or annual update. The SSP or annual update submitted on time as per DoL Guidelines.	From current year funds **R 89 661**	A five year SSP or annual update based on a format provided by DoL. Validation: Signatures and timelines adhered to. Quality assurance validation conducted by SETA Support in conjunction with Researchers.	Signatories have been made aware by the Director General - DoL of the reasons why their signatures are required.	**N/A**
2.	1. Prioritising and communicating critical skills for sustainable growth, development and equity.	Indicator 1.2. Information on critical skills widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners.	Target is the same for each year from 2005 to 2010 as described under Annual Target.	Annual guide on critical skills needs for the Sector developed and available to learners. **150** SDFs or Sector Specialists trained in Sector for the year. **227** SDFs or Sector specialists were trained and are competent and certificated.	From current year funds **R 1 000 000**	A updated guide is submitted to DG by 31 March every year. Total number of learners trained and total number of certificated submitted to DG annually. Validation: On site inspection at SETA of random number of learner records with possible off site learner site visits.	Accredited training providers available for SDFs or Sector Specialists training certificated against NQF registered unit standard. SSP quality assured and available.	Target exceeded

NO	NSDS 2005 - 2010 Objectives	NSDS 2005 - 2010 Success Indicators, National Targets and Outcomes	SETA Plan for 2005 – 2010 Five Year Targets and Outcomes	SETA Plan for 2005 – 2006 Annual Targets and Outcomes	Projected 2005 – 2006 Budget. (Excludes SETA Administration Budgets)	Means of Verification (report) and Validation (confirm)	Assumptions	Reasons for Variances
3.	2. Promoting and accelerating quality training for all in the workplace.	Indicator 2.1. By March 2010 at least 80% of large firms' and at least 60% of medium firms' employment equity targets are supported by skills development. Impact on overall equity profile assessed.	Target is set for each year from 2005 to 2010 as described under Annual Target. Two scores will be calculated, one for each sub Sector. Score 3a for Large companies and Score 3b for medium companies.	The TARGET for the large firms is **144** firms.**170** large firms received WSP/ATR Grants. The TARGET for medium firms is **78** firms. **59** medium firms received WSP/ATR Grants.	From current year funds **R 1 200 000**	A grant disbursement report verified by the CEO of the SETA is submitted each year. The report gives the names and SDL Numbers of large and medium firms that received mandatory grants for each year. Validation: Random number of WSPs and ATRS reviewed on site at SETA and possibly at company site.	The baseline total number of large and medium firms in the Sector is accurately determined by the SETA before the start of each financial year. All outstanding SARS queries related to companies in the Sector are resolved.	Introduced an electronic submission methodology and more than anticipated, large companies submitted WSPs/ATRs. Medium size companies lacked the back-up systems required to submit their WSPs/ATRs electronically.
4.	2. Promoting and accelerating quality training for all in the workplace.	Indicator 2.2. By March 2010 skills development in at least 40% of small levy paying firms supported and the impact of the support measured.	Target is set for each year from 2005 to 2010 as described under Annual Target.	The TARGET for the different number of small firms is **358** firms (with reference to number of small firms after 1st August 2005). **386** small firms received WSP/ATR Grants.	From current year funds **R 1 200 000**	A grant disbursement report verified by the CEO of the SETA is submitted each year. The report lists the names and SDL numbers of each small business that received skills development support for each year. Validation: random number of small business support records checked at SETA and possibly at company site.	The baseline total number of small levy paying firms in the Sector is accurately determined by the SETA before the start of each financial year. All outstanding SARS queries related to companies in the Sector are resolved.	The appointment of independent contractor SDFs to assist small companies resulted better than expected submissions of WSPs/ATRs.

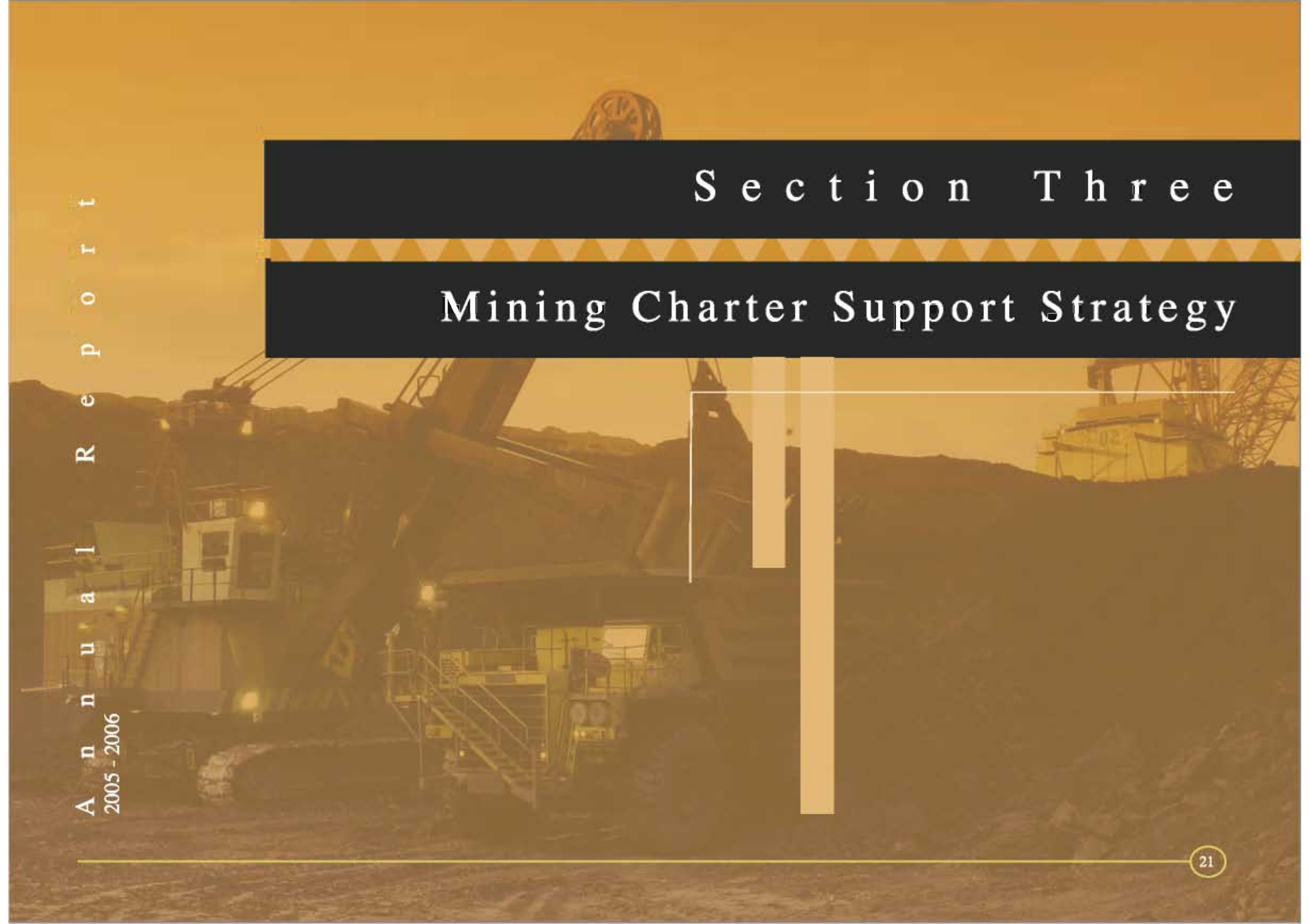
NO	NSDS 2005 - 2010 Objectives	NSDS 2005 - 2010 Success Indicators, National Targets and Outcomes	SETA Plan for 2005 – 2010 Five Year Targets and Outcomes	SETA Plan for 2005 – 2006 Annual Targets and Outcomes	Projected 2005 – 2006 Budget . (Excludes SETA Administration Budgets)	Means of Verification (report) and Validation (confirm)	Assumptions	Reasons for Variances
5.	2. Promoting and accelerating quality training for all in the workplace.	Indicator 2.4. By March 2010, at least 500 enterprises achieve a national standard of good practice in skills development approved by the Minister of Labour.	Target for the Sector for the period 2005 to 2010 is **25** enterprises.	Not applicable for 2005 - 2006	Not applicable for 2005 - 2006	Not applicable for 2005 - 2006 Validation: A National Standard Agency Certificate	That a national standard will be recognised by the Minister during before 1st April 2006. That a national standard will be recognised by the Minister as from 1st April 2006.	**N/A**
6.	2. Promoting and accelerating quality training for all in the workplace.	Indicator 2.5. Annually increasing number of small BEE firms and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE co-operatives within the Sector from the second year onwards. Impact of support measured.	Target for the Sector for the period 2006 – 2010 will be established after completion of first annual survey during 2005 – 2006.	Not applicable for 2005 - 2006	Not applicable for 2005 - 2006	Not applicable for 2005 - 2006 Validation: Review of random number of BEE enterprises records on site at SETA and possibly enterprise site visits.	That there are BEE companies in the Sector and that a baseline can be determined during 2005 – 2006.	**N/A**
7.	2. Promoting and accelerating quality training for all in the workplace.	Indicator 2.7. By March 2010 at least 700 000 workers have achieved at least ABET Level 4.The MQA has increased the ABET Grants incentives tremendously in 2005, which includes learner grant, to increase uptake of learners in ABET Programmes. Even after implementing the new grants, we are still experiencing slow uptake of learners in the industry.	Target for the Sector for the period 2005 to 2010 is **2500** Learners. (Subject to stakeholder support in ABET training delivery).	Target for the Sector for the period 2005 to 2006 is **330** Learners. **541** learners were registered for the NQF 1 qualification. MQA Board agreed a target of **330** learners and the ABET Summit to confirm 2006-2007 targets (November 2005).	From current year funds **R 18 740 600**	A DoL format training report verified by the CEO of the SETA is submitted each quarter. Validation: Learner records at SETA and/or Learner site visits.	ABET training is required by employed persons in the Sector or Sector sets up an agreement with another Sector to support ABET training.	**541** New registrations occurred. However, ABET 4(NQF level 1) can only be achieved over 18 months and registered Learners will only complete the programme in the next business cycle.

NO	NSDS 2005 - 2010 Objectives	NSDS 2005 - 2010 Success Indicators, National Targets and Outcomes	SETA Plan for 2005 – 2010 Five Year Targets and Outcomes	SETA Plan for 2005 – 2006 Annual Targets and Outcomes	Projected 2005 – 2006 Budget . (Excludes SETA Administration Budgets)	Means of Verification (report) and Validation (confirm)	Assumptions	Reasons for Variances
8.	2.Promoting and accelerating quality training for all in the workplace.	Indicator 2.8. By March 2010 at least 125 000 workers assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.	Target for the Sector for the period 2005 to 2010 is **5590** Learners.	Target for the Sector for the period 2005 to 2006 is **820** Learners. **879** workers have entered into learning programmes.	From current year funds **R 83 428 124**	A DoL format training report verified by the CEO of the SETA is submitted each quarter. Validation: Learner records at SETA and/or Learner site visits.	Employers participate in the process of developing employees and programmes types and providers required are available.	Additional funding was allocated to accellerate the registration of non primary focused learnerships.
9.	3. Promoting employability and sustainable livelihoods through skills development.	Indicator 3.2 By March 2010, at least 2000 non-levy paying enterprises, NGOs, CBOs, and community-based co-operatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate.	Target for the Sector for the period 2005 to 2010 is **20** enterprises.	Target for the Sector for the period 2005 to 2006 is **4** enterprises. **27** enterprises were supported.	From current year funds **R 4 990 000**	A report verified by the CEO of the SETA is submitted each year. The report lists Names and Company or Reference Numbers of each organisation supported with skills development. Validation: random number of enterprise support records checked at SETA and possibly at company site.	Non-levy paying enterprises, NGOs, CBOs, and community-based co-operatives exist and are developing in the Sector.	An additional 16 FETs and 2 Universities were supported and more than the planned 4 Enterprises.
10.	4. Assisting designated groups, including new entrants to participate in accredited work, integrated learning and work based programmes to acquire critical skills to enter the labour market and self employment.	Indicator 4.1. By March 2010 at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.	Target for the Sector for the period 2005 to 2010 is **5590** Learners.	Target for the Sector for the period 2005 to 2006 is **1118** Learners. **2112** Learners have entered learning programmes of which **804** completed these programmes.	From current year funds **R 105 000 124**	A DoL format training report verified by the CEO of the SETA is submitted each quarter. Validation: Learner records at SETA and/or Learner site visits.	Unemployed people participate in the process of developing their skills and programmes types and providers required are available. NSF top up funds available IF SETA does not have funds.	Additional funding was allocated to accellerate the registration of non primary focused learnerships.

NO	NSDS 2005 - 2010 Objectives	NSDS 2005 - 2010 Success Indicators, National Targets and Outcomes	SETA Plan for 2005 – 2010 Five Year Targets and Outcomes	SETA Plan for 2005 – 2006 Annual Targets and Outcomes	Projected 2005 – 2006 Budget . (Excludes SETA Administration Budgets)	Means of Verification (report) and Validation (confirm)	Assumptions	Reasons for Variances
11.	4. Assisting designated groups, including new entrants to participate in accredited work, integrated learning and work based programmes to acquire critical skills to enter the labour market and self employment.	Indicator 4.2. 100% of learners in critical skills programmes covered by Sector agreements from FET and HET institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employment.	Target for the Sector for the period 2005 to 2010 is **1480** Learners.	Target for the Sector for the period 2005 to 2006 is **296** Learners. **323** Learners have been assisted with workplace experience grants.	From current year funds **R 50 663 781**	A DoL format training report verified by the CEO of the SETA is submitted each year. Validation: Learner records at SETA and/or Learner site visits.	Employers local and abroad participate in making work places available. Opportunities for employment or self employment are available.	The launch of the Graduate Development Programme made it possible for additional learners to be assisted with practical learning.
12.	4. Assisting designated groups, including new entrants to participate in accredited work, integrated learning and work based programmes to acquire critical skills to enter the labour market and self employment.	Indicator 4.3. By March 2010, at least 10,000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation in operation 12 months after completion of programme.	Target for the Sector for the period 2005 to 2010 is **445** young persons.	Target for the Sector for the period 2005 to 2006 is **89** young persons. The implementation of this target is planned for 2006 - 2007.	From current year funds **R 1 000 000**	A DoL format training report verified by the CEO of the SETA is submitted each quarter. Validation: Learner records at SETA and Learner site visits.	Agreements are in place with other agencies that can support learners in business support and mentoring after training completed.	The implementation of this target is planned for 2006 - 2007.
13.	5. Improving the quality and relevance of provision.	Indicator 5.1 By March 2010 each SETA recognises and supports at least five Institutes of Sectoral or Occupational Excellence (ISOE) within public & private institutions and through Public Private Partnerships (PPPs) where appropriate, spread as widely as possible geographically for the development of people to attain identified critical occupational skills, whose excellence is measured in the number of learners successfully placed in the Sector and employer satisfaction ratings of their training.	Target for the Sector for the period 2005 to 2010 is **5** institutes.	Target for the Sector for the period 2005 to 2006 is **5** institutes. **20** Institutes of Sectoral or Occupational Excellence (ISOE) supported.	From current year funds **R 6 500 000**	A situation analysis report verified by CEO of the SETA is submitted each year. The report lists names, locations of the Institutes that the SETA is supporting and the related critical skills that each institute is assisting learners to achieve. Validation: Site visit to a random number of institutes and review of random number of learners records at institute and at SETA.	Institutes are available and agreeable to enter into agreements with SETAs.	An additional 16 FETs and 4 Universities were supported.

NO	NSDS 2005 - 2010 Objectives	NSDS 2005 - 2010 Success Indicators, National Targets and Outcomes	SETA Plan for 2005 – 2010 Five Year Targets and Outcomes	SETA Plan for 2005 – 2006 Annual Targets and Outcomes	Projected 2005 – 2006 Budget . (Excludes SETA Administration Budgets)	Means of Verification (report) and Validation (confirm)	Assumptions	Reasons for Variances
14.	5. Improving the quality and relevance of provision.	Indicator 5.2. By March 2010, each province has at least two provider institutions accredited to manage the delivery of the new venture creation qualification. 70% of new ventures still operating after 12 months will be used as a measure of the institutions' success.	Target for the Sector for the period 2005 to 2010 is **5** institute.	Target for the Sector for the period 2005 to 2006 is **5** institutes. The implementation of this target is planned for 2006 - 2007.	From current year funds **R 500 000**	A situation analysis REPORT verified by CEO of the SETA is submitted by 30th April each year. The report lists names, locations of the Institutes that the SETA is supporting. Validation: Site visit to a random number of institutes. .	Institutes are available and agreeable to enter into agreements with SETAs. Joint Ventures among SETAs are allowed.	The implementation of this target is planned for 2006 - 2007.
15.	5. Improving the quality and relevance of provision.	Indicator 5.3. By March 2010 there are measurable improvements in the quality of the services delivered by skills development institutions and those institutions responsible for the implementation of the NQF in support of the NSDS.	Target is set for each year from 2005 to 2010 as described under Annual Target.	**Note: A measurement methodology with outcomes, targets and criteria is to be developed in conjunction with SAQA and SETA ETQAs.**	Not applicable for 2005 - 2006	Not applicable for 2005 - 2006.	A measurement methodology with outcomes, targets and criteria are established by 1st April 2006.	**N/A**
16.	5. Improving the quality and relevance of provision.	Indicator 5.4. By March 2010, there is an NSA constituency based assessment of an improvement in stakeholder capacity and commitment to the National Skills Development Strategy.	Target is the same for each year from 2005 to 2010 as described under Annual Target.	**Note: A measurement methodology with outcomes, targets and criteria is to be developed in conjunction with the NSA.**	Not applicable for 2005 - 2006	Not applicable for 2005 - 2006	A measurement methodology with outcomes, targets and criteria are established by 1st April 2006.	**N/A**





Section Three

Mining Charter Support Strategy

3. Mining Charter Support Strategy

The MQA Board approved the Mining Charter Support Strategy. This strategy defines the resources, financial and otherwise, the MQA will deploy to give effective support to companies in the Mining and Minerals Sector.

	Charter Objectives	The MQA plans to:	Available Resources:	Progress Report as at 31 March 2006:
1.	**Skills Audit and Sector Skills Strategy** "Stakeholders should formulate a comprehensive skills development strategy to include a skills audit."	Review the Sector Skills Plan (SSP) by October 2004 and produce a new SSP for 2005 - 2010. Review the criteria for Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs). Maintain an appropriate database to facilitate reporting by companies on the skills strategy.	To develop the SSP for 2005 – 2010, an amount of R870 000 was budgeted for.	The BOARD approved the 2005-2010 Mining and Minerals Sector Skills Plan which has been submitted to the Department of Labour (DoL) on 31 August 2005. 2005-2010 Mining and Minerals Sector Skills Plan also identified the scarce and critical skills in the Sector. This was backed up by the WSP & ATR analysis done for the 2004 – 2005 period. SSP 2005 - 2010 has been approved by DoL.
2.	**Career Paths** "Companies should implement career paths for their HDSA employees including skills development plans."	Popularise the use of the *Framework for existing and envisaged Qualifications, Learnerships and Skills Programme* and publish case studies as part of the Communication Strategy. Ensure qualifications remain relevant to support mobility of employees.	MQA and the GTZ to publish the Framework of Qualifications.	The Framework has been published and distributed. The Framework gives structure to work done by Technical Reference Groups. 17 Qualifications and 213 supporting Unit Standards were submitted to SAQA during 2005-2006.
3.	**Literacy and Numeracy** "Companies should offer opportunities for literacy and numeracy to every employee by 2005."	Implement a Recognition of Prior Learning (RPL) system at ABET 4/NQF1. Promote participation in ABET programmes among mineworkers.	A budget of R36,9mil has been set aside for disbursement to the Sector in the 2005 – 2006 financial year.	The RPL Toolkit was developed and distributed to the Sector. A total of **541** learners were registered on the NQF 1 Qualification. The review of the MQA language policy is underway. All MQA standing committees will discuss and make input on the draft language policy to be ratified by EXCO and Board prior to submission to the DME.
4.	**Generic Skills for Miners** "Companies should provide training opportunities to miners to improve their income earning capacity beyond the mine employment."	Promote multi-lingualism in ABET programmes. Provide technical training to informal miners. Adopt a Minerals Beneficiation Support Strategy.	A budget of R1mil has been set aside for Technical Training and a budget of R500 000 for Beneficiation.	Some **600** small scale miners were trained during 2005-2006. The MQA developed a concept Minerals Beneficiation Support Strategy and consultation with stakeholders is in progress. It is planned to have a Board approved strategy by July 2006.

	Charter Objectives	The MQA plans to:	Available Resources:	Progress Report as at 31 March 2006:
5.	**Maths and Science at Schools** "Stakeholders should promote Maths and Science at school level."	Support initiatives of the government or mines to promote Maths and Science at schools.	Promotional activities will be funded from the MQA Communications Budget.	The MQA did not plan to progress with this initiative during the 2005-2006 financial year.
6.	**Learnerships** "Stakeholders should increase registered Learnerships from 1 200 learners to not less than 5 000 by March 2005."	Encourage companies to take on more employed learners into learnerships. To ensure that the target of 820 employed learners and 1118 unemployed learners is achieved by March 2006. To also ensure that a target of 2236 learners registered in learnerships is achieved on a yearly basis until 2010.	The MQA pays a cash grant of R20 000 per learner per year to a maximum of R60 000 over 3 years. The Tax Incentive is also available from SARS per learner including a special Incentive for disabled learners.	The target of **820** employed learners was exceeded by **59** and the target of **1118** unemployed learners was exceeded by **994**.
7.	**Employment Equity (Management)** "Companies agree to spell out their employment equity plans for junior and senior management levels and to target a 40% HDSA participation in 5 years."	Extend the period of MQA bursary scheme to 2008. Give grants to mines that provide practical experience to MQA, NUM and other needy and qualifying students studying in similar fields.	The Bursary Scheme is currently funded from MQA Discretionary funds.	During the 2005-2006 period, 586 HET bursars participated in the MQA Bursary Scheme. During July to December 2005, 112 students were doing practical training with various Mining Houses. In January 2006 a further 98 students were placed to do practical training with 21 companies. A total of 796 students have been supported by the MQA Bursary Scheme and Practical training.
8.	**Employment Equity (Women)** "Companies agree to establish plans for the target of 10% women participation in mining within 5 years."	Give priority to women in MQA sponsored programmes. Continue the SAWIMA development program in 2005-2006. Link women initiatives to the MQA SMME Support Strategy, and related Department of Minerals and Energy (DME) activities.	About R500 000 is provided by MQA to support SAWIMA development programmes. R14 mil grant was received from NSF to support SMMEs with training.	**320** Women entrepreneurs were introduced to the MQA *Women in Mining Programme*. The NSF SMME projects were successfully completed in 2004-2005.

	Charter Objectives	The MQA plans to:	Available Resources:	Progress Report as at 31 March 2006:
9.	**Entrepreneurial Training** "Through its associated institutions, the government shall provide training courses in mining entrepreneur's skills."	Extended the period of the *Executive Preparation Programme(EPP)* to run until 2010 to cover over 200 participants.	The EPP is funded from MQA surplus funds. About R3,6mil was set aside for this in the 2005-2006 budget. A further R2.6 mil is set aside for this project in the 2006-2007 budget.	During 2005-2006, 103 candidates completed the programme.
10.	**Mentoring of Empowerment Groups** "Companies should develop systems to mentor empowerment groups."	BEE mentoring activities can be linked to other initiatives such as the EPP.	No financial provision has been made for this activity.	The MQA did not plan to progress with this initiative during the 2005-2006 financial year.
11.	**Exchange Opportunities for HDSAs** "In its bi-laterals with other countries, the government will secure opportunities for training and exchange for HDSA companies' staff."	Adopt a process to support HDSA exchange within the mandate of the Skills Development Act and in compliance with the PFMA.	No financial provision has been made for this activity.	The MQA did not plan to progress with this initiative during the 2005-2006 financial year.

	Charter Objectives	The MQA plans to:	Available Resources:	Progress Report as at 31 March 2006:
12.	**Beneficiation** "Companies should get involved in beneficiation activities beyond mining and processing, to include production of final consumer goods."	The Board to consider support of initiatives by the Jewellery Council and the DME towards the promotion of beneficiation. Design and implement a skills program for the development of coloured (semi-precious) gemstones.	About R500 000 is provided by MQA to support Beneficiation development initiatives.	During the 2005-2006 financial year, **25** learners from Historically Disadvantaged backgrounds were trained in Jewellery Manufacturing using precious metals. **12** out of **66** Accredited Training Providers provide minerals beneficiation training programmes. **21** out of **2784** Assessors are registered to assess and moderate learners on beneficiation programmes. (R500 000) from the Discretionary funds are used for training in rural or indigenous jewellery techniques. The MQA Bursary Scheme includes Technikon students studying *"Jewellery Design and Manufacture"*.
13.	**Mine Community and Rural Development** "Companies should co-operate in the formulation and implementation of IDPs for communities where mining takes place and for major labour sending areas, with special emphasis on development of infrastructure".	Allocate R10 mil NSF funds to 10 District Municipalities and manage the implementation of projects. Facilitate the partnerships with industry. Phase out the MQA role in ex-mineworker training. Transfer coordination role to development agencies, mines and DME.	During the 2005-2006 financial year, no financial provision has been made for this activity.	The MQA did not plan to progress with this initiative during the 2005-2006 financial year.
14.	**Procurement** Stakeholders undertake to give HDSAs preferred supplier status in the procurement of capital goods, services and consumables."	The MQA to appoint a Procurement Specialist and maintain a proper supplier database that clearly shows HDSA participation. To identify the current levels of MQA procurement from HDSAs and adopt procurement targets.	Internal resources from the administration budget will apply.	The Finance Unit appointed a Procurement Specialist by April 2004. The Board adopted HDSA procurement targets in 2004. An HDSA supplier database was set up in June 2004 and updated annually.



Section Four

Institutional Arrangements

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4. Institutional Arrangements

The MQA comprises of a total number of 64 positions including ten [10] interns.
The mandate of the MQA is achieved through the office of the Chief Executive Officer supported by the following divisions:

Yunus Omar

Chief Financial Officer

Financial Administration
Procurement
Levy Grant Administration
Risk and Fraud Administration
Management Information Systems

Corrie Smit

Chief Operating Officer

Skills Planning
Quality Assurance
Learnerships
Standards Generation
Strategic Projects

Darion Barclay

Corporate Services Manager

Human Resources
Communications
Office and Facilities
Corporate Governance
Stakeholder Capacity Building



Back Row - left to right:
Y. Omar, C. Smit, D. Barclay

Front Row (Seated):
L. Nengovhela



Tshidi Dabula
Skills Planning Manager

4.1. Skills Planning

During this year six Skills Development Facilitator (SDF) workshops were conducted in six Provinces. A total of 227 SDFs and Workplace Skills Committee members have attended these capacity building workshops.

Number of Skills Development Facilitators by Province

Province	Number of SDFs
Gauteng	117
Mpumalanga	76
North West	37
Kwa Zulu- Natal	13
Western Cape	27
Eastern Cape	8
Northern Cape	36
TOTAL	**314**

At the same time three Workplace Skills Committee visits have been undertaken by MQA staff members.

The Skills Planning Committee updated the Workplace Skills Plan (WSP) and Annual Training Report (ATR) formats in February 2006. The approved format was distributed to all SDFs and for the first time, an electronic version is available on the MQA website. As was the case during the last four years, an analysis of the information received from the 2005 – 2006 WSPs and ATRs will be done and a formal report tabled at the October 2006 Board meeting.

In an effort to assist companies with the submission of their WSPs and ATRs, 15 independent SDFs were appointed by MQA to assist SMMEs with the compilation of WSPs and ATRs and with claiming of the related mandatory and discretionary grants. The contracted SDFs submitted a total of 199 WSPs and 137 ATRs, which were all approved.

The Skills Planning Unit also assisted with the development of 320 women entrepreneurs who have been given exposure to the Mining and Minerals Sector. This initiative was done in collaboration with the South African Women in Mining Association.

Some 600 small scale miners completed the small-scale mining technical training course successfully.



Back Row - left to right : M. Tshamano, I. Melato
Front Row (Seated) : L. Madi, S. Mafunga, T. Machete

ABET

The MQA Board approved R38, 953 million for disbursement to the Sector in the form of ABET and ABET Practitioner. grants.

Learning support materials for the NQF 1 qualification were developed through the NSF funding and the Chamber of Mines initiative. These learning material packs are accessible through the MQA DataNet and are also availabe in disc format.

ABET Grants Learners 2005 - 2006			
ABET Level	New registration learners	Completion learners	Total no. of learners qualifying for grants
ABET 1	1611	647	1611
ABET 2	1303	319	1303
ABET 3	987	213	987
ABET 4 / NQF 1	1024	356	1024
TOTAL:	**4925**	**1535**	**4925**

As of April 2003 to date, a total of 273 ABET Practitioners have been trained on the NQF 4 and 5 ABET Practitioner qualifications registered with the ETDP SETA. In the 2005 – 2006 financial year, the MQA contracted 1 accredited service provider to conduct training for 250 new ABET practitioners in the NQF 4 and 5 ABET Practitioner Learnerships programme. The revised ABET Practitioner project budget was utilized in full.

ABET Practitioner Training 2004 - 2006	
Province	Number of ABET Practitioners Trained
Gauteng	65
Mpumalanga	21
Free State	19
North West	95
Limpopo	37
Kwa Zulu- Natal	5
Eastern Cape	31
TOTAL	**273**

The Terms of Reference for the revision of the RPL assessment toolkit have been developed and the new RPL assessment toolkit will be developed upon the registration of the recently updated NQF 1 qualification by SAQA.



The MQA commissioned the development of learning support materials for the NQF 1 Qualification: Introduction to the Mining and Minerals Sector, through the Chamber of Mines and other Accredited Training Providers.

MQA Accredited Training Providers may access the learning materials through the MQA Data-Net.



Butch Roos
SGB Manager

4.2. Standards Setting

During the 2005-2006 financial year, the Mining and Minerals Standards Generation Body (SGB) developed and submitted 213 Unit Standards to the South African Qualifications Authority for registration on the National Qualifications Framework. At the same time, 17 qualifications were submitted for registration on the National Qualifications Framework. The MQA Qualifications Framework which is the "route map" used to develop required unit standards and qualifications was updated in November 2005. It should be noted that the various Technical Reference Groups are currently reviewing all registered Unit Standards and Qualifications that have reached their 3 year expiry date.

List of Learnerships registered with the Dept of Labour in 2005 - 2006

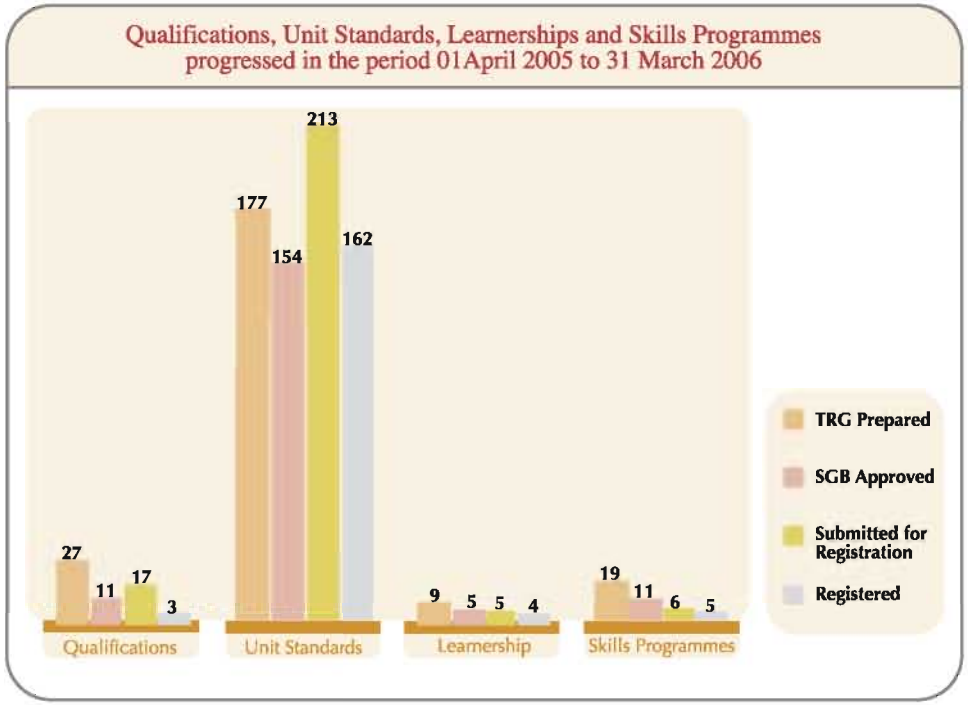
Registeration Number	Learnership Title
160001411572	Surface Mining Rock Breaking Level 2
160062611632	Lump Ore Beneficiation: Dense Medium Separation: Coal Level 2
160061611632	Lump Ore Beneficiation: Dense Medium Separation: Diamonds Level 2
160063611632	Lump Ore Beneficiation: Dense Medium Separation: Heavy Minerals Level 2
160064611632	Lump Ore Beneficiation: Jig Concentration Level 2
160065571412	Occupational Safety, Hygiene and Environmental Level 2

	Skills Programmes registered 2005 - 2006
1.	Scrubbing and screening
2.	Determining the physical properties of a coal sample in a laboratory
3.	Primary sample preparation in an analytical laboratory
4.	Secondary sample preparation in an analytical laboratory
5.	Blasting assistant operations in underground coal mines
6.	Separation of precious metals by means of the fire assay technique
7.	Gathering arm loader operation in an underground coal mine
8.	Continuous mining operations
9.	Tube set gemstones into jewellery
10.	Channel set gemstones into jewellery
11.	Pave set gemstones into jewellery
12.	Gas testing operations in underground coal mines

The SGB also assisted with the development of six Learnerships which were registered with the Department of Labour and 12 Skills Programmes which was registered at the MQA.



Back Row - left to right : S. Timakwe, B. Raseroka, B. Makgotlo
Front Row (Seated) : J. Moodley, J. De Leeuw



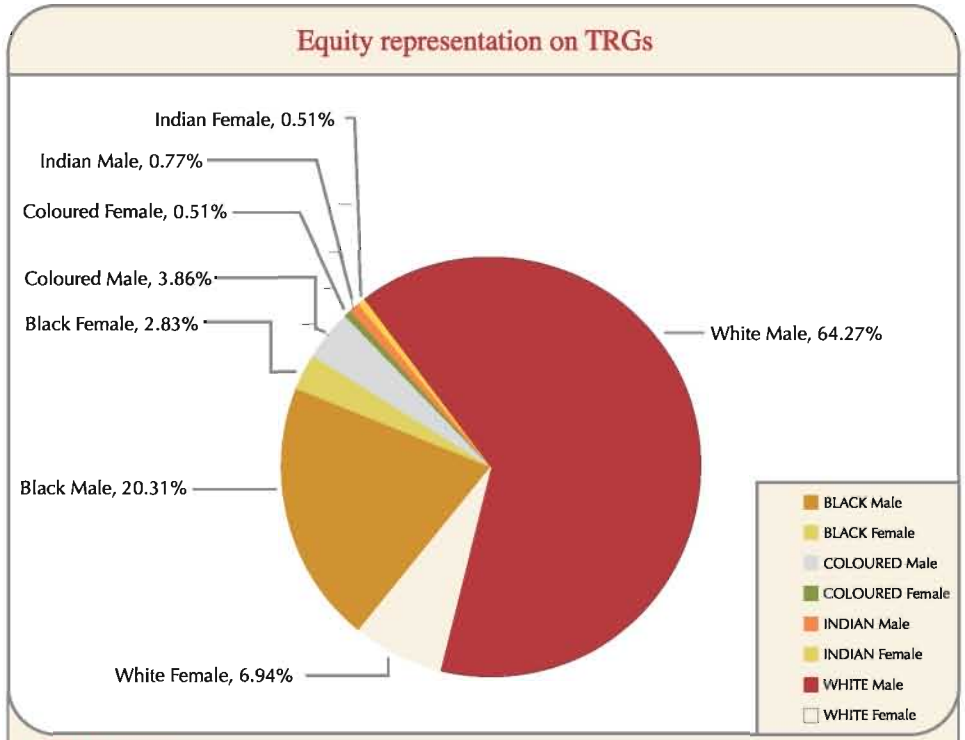
To ensure the development of suitable standards and qualifications for the Mining and Minerals Sector, formal relationships were maintained with a number of Standard Generating Bodies. At SAQA discussions on their Joint Implementation Plan were held. Formal representation and meetings with the Engineering SGB, Occupational Health and Safety SGB, ECSA and the Environmental Services Environmental Management and Waste Management SGB (ESEMWM) occurred regularly during the year.

Collaborative initiatives were started and maintained with SGBs serving the Chemicals, Manufacturing and Assembly Processes (MAP), Electrical Engineering and Construction, Civil Engineering and Construction, Disaster Management, Bomb Disposal/Explosives Control Industries.

An employment equity strategy has been developed to increase the equity profile of the TRGs. Imprivement in participation of certain groupings have been achieved due to the increased number of nominations of HDSAs from both labour and employer constituencies.

To further strengthen the relationship between the Mine Health and Safety Council and the MQA, the SGB Manager attended MRAC meetings on a regular basis.

This enabled the MQA to give constant advice on recommended revisions to legislation to ensure competency principles are provided for. Furthermore, developments with regards to License to Practice and Registration of Engineering Work were coordinated extensively. The Explosives Regulations, Survey and Mapping and Winding Engine Driving implementation plans were developed, coordinated and reported on. New TRGs were set up for Locomotive Drivers, Marine Mining and Off Shore installations.



HDSA Grouping

Total 389 TRG members

	BLACK		COLOURED		INDIAN		WHITE	
	Male	Female	Male	Female	Male	Female	Male	Female
% Participation	20.31	2.83	3.86	0.51	0.7	0.5	64.27	6.94
% Targets	24.07	3.57	2.50	0.41	1.67	0.30	62.59	5.78

To support and incentivise companies who release their employees to write unit standards and qualifications, the MQA continued with the payment of a Standards Setting Grant. This grant of R6 461 076 supported 389 TRG members to attend 253 TRG meetings over a period of 425 days during the 2005-2006 year.



Xolisa Njikelana
Learnerships Manager

4.3. Learnerships

The Learnerships Unit registered six additional learnerships in the 2005-2006 financial year. This bring the total number of MQA registered learnerships to 60. 12 additional skills programmes were registered, bringing the total number of MQA registered skills programmes to 39.

1526 unemployed learners and 271 employed learners were registered in the 01 April 2005 to 31 March 2006 period. During this period 804 learners have completed learnerships with 2658 learners in learnerships currently undergoing training.

Summary of Learnerships Statistics for 2005 - 2006 by Province (New Registrations)

PROVINCE	Learnerships		Apprentices	Blasting Certificates	Skills Programmes
	*18 (1)	#18 (2)			
Eastern Cape	0	27	0	3	36
Free state	8	75	0	124	1 523
Gauteng	88	525	65	0	10 587
KwaZulu Natal	1	31	0	6	179
Limpopo	27	210	0	0	129
Mpumalanga	46	255	6	187	2 348
North West	83	164	6	169	7 430
Northern Cape	17	142	0	38	570
Western Cape	1	97	3	1	0
Totals	**271**	**1526**	**80**	**528**	**22 802**

*Employed learners
#Unemployed learners

Also during this period, 80 new apprenticeships were registered on the MQA database. 275 apprentices completed their training and there are currently 137 apprentices in training.

Skills programmes remain the cornerstone of training and development in the Mining and Minerals Sector. 22802 employees were found competent in skills programmes during the financial year.

The MQA experienced an unexpected uptake of learners into Learnerships in August 2005. Additional surplus funds had to be channeled to the Learnerships grant to maintain the grant payment regime. At total grant of R82, 269 million has been paid since 01 April 2005 to support learnerships and skills programmes.

All the learnerships promotional material was updated in October 2005 and distributed to all the DME and DoL Provincial offices, including the Provincial offices of the Labour Constituency.

R6 997 500 had been paid for 340 approved learning material packs which exhausted the learning materials budget in January 2006. All approved learning materials have been captured on DataNet and are accessible to all MQA Accredited Training Providers at no cost.

In terms of the MQA Database, it can now be reported that the VeriDataNet system has been completed and is fully operational. The Learnerships Unit continues to implement DataNet Change Requests to improve service delivery to all customers. This was further strengthened with two DataNet and three VeriDataNet workshops and 81 site visits to companies during the year.



Back Row - left to right : S. Vilakazi, L. Mncina, A. Nelson, M. Paulsen, T. Moyo
Front Row (Seated) : P. Smit, X. Njikelana, S. Xaba

The Graduate Development Programme is now in its second year with 93 candidates in training. 15 candidates have been permanently placed with companies within the Sector. An amount of R23, 204 million has been spent on the project.

Graduate Development Programme, Gender breakdown		
Gender	Current Graduates	
	No.	Percentage
Male	48	52%
Female	45	48%
Total	93	100%

The Graduate Development Programme candidates were carefully selected to meet the MQA critical and scarce skills requirements. The table below reflects this profile.

	Graduate Development Programme - Discipline breakdown		
No.	Discipline	Current Graduates	
		No.	Percentage
1.	Mechanical Engineering	21	23%
2.	Electrical Engineering	18	20%
3.	Analytical Chemistry	20	22%
4.	Metallurgical Engineering	5	5%
5.	Environmental Management	6	6%
6.	Geology	5	5%
7.	Chemical Engineering (Mineral Process)	2	2%
8.	Mining Engineering	1	1%
9.	Jewellery D&M	15	16%
10.	Electro-Mechanical Eng.	0	0%
	Total	93	100%

The MQA flagship programme Executive Preparation Programme saw 103 candidates completing their training in this year. An amount of R3, 614 million has been spent on the project.



The MQA Provincial Linkages Strategy has been developed and approved by EXCO. The document will be submitted to the 2006 April Board for final approval.



Lulama Manyadu
Projects Manager

4.4. Strategic Projects

To create a pool of qualified students to pursue careers within the Mining and Mineral Sector, 796 HET bursars participated in the MQA Bursary and Practical Training Scheme.

Bursary and Practical Training Statistics

NO	Critical and Scarce Skills	Total 2005-2006 Bursars	Studying 2005	Practical 2005	Practical 2006
1.	Electrical Eng	146	98	25	23
2.	Mining Eng	111	88	10	13
3.	Geology	88	80	3	5
4.	Mechanical Eng	93	65	13	15
5.	Metallurgy	80	46	26	8
6.	Analytical Chem	90	57	18	15
7.	Chemical Eng	74	50	13	11
8.	Jewellery Design	50	50	0	0
9.	Environmental	19	19	0	0
10.	Industrial Eng	18	18	0	0
11.	Mine Survey	13	9	0	4
12.	Electro/Mech	14	6	4	4
	Total	796	586	112	98

To further assist students to complete their undergraduate training 112 students were placed to do practical training with 18 companies. In January 2006, a further 98 students were placed to do practical training with 21 companies. 25 students were trained in Jewellery Manufacturing using precious metals.

The MQA is required to create a close and sustainable partnerships between Colleges and the Mining and Minerals Sector, which will benefit both the colleges and the industry concerned. The 16 FET Colleges serving the Mining and Minerals Sector were assisted to achieve high standards in college governance, improvement in curriculum & programme development and also build staff capacity. This represented an investment of R47m in our scarce and critical skills this year.

The MQA decided to assist selected Universities achieve employment equity and transformation within their Mining Engineering and Mine Survey Departments. 4 Universities are currently participating with a target of 15 lecturers to be appointed. At 31 March 2006, 11 lecturers were appointed.

The Universities are: UNISA, University of Johannesburg, University of Pretoria and WITS University.



Back Row - left to right : J. Mnguni, H. Meyer
Front Row (Seated) : L. Manyadu



Keith Charles
ETQA Manager

4.5. Quality Assurance

The MQA accreditation status as an ETQA was fully endorsed (certificated) by SAQA and extended to the end of September 2008.

The ETQA applied to SAQA to extent its scope of coverage to include all qualifications registered by the Mining and Minerals SGB. Memorandums of Understanding were signed with 15 ETQAs and 2 Cooperation Agreements with Provincial Departments of Education were concluded.

To support Training Providers who implement the ISO 9001: 2000 quality standard, a grant of R 2, 775 million was paid out to 18 providers who either obtained or started implementing the ISO 9001:2000 standard.

Providers that have received ISO Certification in 2005 - 2006

	Company Name		Company Name
1.	Glitterati Goldsmith and Training	11.	Middindi
2.	Vuselela Empowerment Institute	12.	Hotalzel Managanese Mine
3.	Bema Gold South Africa	13.	De Beers Tau Mine
4.	Imfundiso Skills Development	14.	Diamond Education and Training
5.	Dynamic New Approach	15.	Zurel Bros SA
6.	Harry Openheimer Diamond School	16.	Mancas
7.	E.G.L College of Gemology	17.	Metskill
8.	Mintek	18.	Afrimond Diamond and Jewellery School
9.	Barberton Mine		
10.	Intsika Skills Beneficiation		

With assistance from the ETQA accreditation sub commitee, 16 new accreditation audits were conducted and 14 training providers obtained their provisional accreditation status. Three programmes evaluations were done and all three FETs received programme approval status. A further 38 Verification of Compliance audits for accreditation status upgrade were conducted and 11 training providers received their full accreditation.

The MQA link to the National Learner Record Database (NLRD) system has remained "green" ito the SAQA criteria, rating it 100% successful.

The ETQA unit registered 841 assessors for the financial year and a grand total of 2766 assessors were registered to date. A further 128 moderators were registered for the financial year and a grand total of 366 moderators were registered to date. An Assessor and Moderator Grant to the value of R600 000 was paid to the relevant companies.

A further R880 000 was paid to 12 providers who maintained their ISO 9001:2000 certified sites.

The use of Personal Digital Assistants (PDA) tools to speed-up the assessments processes and reduce the paper work reports were introduced. A grant of R3 738 000 was paid to companies which enabled them to purchase 623 Personal Digital Assistants for use by their registered assessors when assessing learners in the field.



Back Row - Left To Right : D. Malatji, T. Malowa, M. Nyovane, Z. Mashinini, C. Snare
Front Row - (Seated) : R. Monare, K. Charles, B Mathebula



The MQA accreditation status as an ETQA was fully endorsed (certificated) by SAQA and extended to the end of September 2008.

The MQA continued to extend full accreditation to training providers active in the Mining and Mineral Sector. To date 15 training providers received full accreditation status.

	Providers that have received full Accreditation as at 31 March 2006		Providers that have received Provisional Accreditation in 2005 - 2006
1.	Anglo Platinum	1.	Baden Training and Computing Services
2.	Anglo Gold Ashanti	2.	Barberton Mine
3.	Colliery Training College	3.	Concor Mining
4.	Diamond Education College	4.	De Beers Cullinan Mine
5.	De Beers Engineering Training Center	5.	DNA Bracha C.C Dynamic New Approach
6.	De Beers Finsch Mine	6.	Senzeko Risk Executive
7.	De Beers Venetia Mine	7.	Shaft Sinkers
8.	Goldfields Training Academy	8.	Siyemba Mining
9.	Harmony E.T.D Centre	9.	South Deep Mine
10.	Impala Platinum Limited	10.	Technology Risk Solutions
11.	Ingwe / I-Campus	11.	TM Training Initiative (PTY) Limited
12.	Kumba Sishen	12.	Traisc Consultants (PTY) Limited
13.	Lonmin	13.	Tshikondeni Mine
14.	Sasol Mining	14.	Verwey's Selection and Training
15.	Xstrata	15.	Vuselela Empowerment Institute
		16.	Xtract Training Services SA
		17.	Zurel Bros
		18.	Bema Gold

The following colleges provide training programmes relevant to the Mining and Minerals Sector (includes Mechanical and Electrical Engineering and Jewellery Manufacturing and Design)

	FET Colleges supported by the MQA		
	College	Prov	Related Activities
1.	PE College	EC	Jewellery Design and Manufacturing
2.	Goldfields	FS	Jewellery Design and Manufacturing and Engineering
3.	Motheo	FS	Jewellery Design Manufacturing and Engineering
4.	South West	GTG	Jewellery Design Manufacturing and Engineering
5.	Western	GTG	Engineering and Introduction to Mining
6.	Umfolozi	KZN	Engineering
7.	Lephalale	Limp	Electrical and Mechanical Engineering
8.	Capricorn	Limp	Engineering, Occupational Safety
9.	Waterberg	Limp	Electrical Mechanical Engineering
10.	Nkangala	MPM	Surveying and Geology Engineering
11.	Gert Sibande	MPM	Electrical, Mechanical, Civil Engineering
12.	NC Urban	NC	Jewellery Design Manufacturing and Engineering
13.	NC Rural	NC	Electrical, Mechanical, and Surface Mining
14.	Orbit	NW	Engineering
15.	Vuselela	NW	Engineering
16.	College of Cape Town	WC	Jewellery Design Manufacturing and Engineering





Darion Barclay
Corporate Services Manager

4.6 Corporate Services

The Corporate Services unit renders support services to MQA management, staff and stakeholders in the execution of our mandate which is to facilitate Skills Development in the Mining and Minerals Sector in terms of the Skills Development Act, 1998.

Over the year under review, the units have ensured continued support to the core functions of the MQA in the execution of its mandate. The highlights per unit are outlined here under.

Communications

The year under review continued with the implementation of a communications operations plan in support of the organization's overall strategic objectives. This included a number of integrated marketing communications activities aimed at creating awareness of the MQA's involvement in skills development and training within the Mining and Minerals Sector and also enhancing it's image amongst stakeholders.
The appointment of an external service provider was commissioned to develop a five year communications strategy to ensure a structured approach to communications activities over the NSDS 2 period. The strategy is more comprehensive as it took a broader approach on how the MQA can best meet and exceed the expectations of our stakeholders without losing focus on our legislative mandate, vision and mission.

Roadshows

Our annual roadshows are aimed at providing stakeholders with information on the MQA's activities and also to provide the general public with information on projects, services and opportunities in the Mining and Minerals Sector.

The MQA held roadshows in Johannesburg, Polokwane, Rustenburg, Welkom, Witbank, Kimberley, Port Elizabeth and Cape Town from 31 May to 30 June 2005.

Website

The MQA continued the use of the website as the primary source of information for our existing and potential customers. For the period April to 2005 – March 2006, 441 332 users visited the website, in comparison with 279 317 in the 2004-2005 financial year. In March 2006, the MQA revised and updated the website to make it more user-friendly and accessible to our customers. The revised website includes new sections to facilitate easy navigation through a number of services offered by the MQA. The website also have links to stakeholder organizations as well as accredited Further Education and Training (FET) Colleges on the home page to market MQA related services offered by the colleges.

The MQA has also introduced a customer service programme via the website where customers can log their queries, complaints and compliments relating to the level and standard of service they receive from the MQA. This information is required for purposes of maintaining our ISO 9001:2000 office accreditation status.



Back Row - left to right : A. Masilo, O. Netsianda, I. Mahlangu, N. Sibisi
Front Row (Seated) : N. Manzi, E. Mainganye, D. Barclay, C. Mackenzie

Special Events

As part of continued consultation with focus stakeholder groups, all business units within the organization held a number of quarterly forums to keep their customers informed of progress within their areas of service delivery. The MQA also hosted the following strategic events to provide information, educate and celebrate successes and achievements with stakeholder groups during 2005 -2006 financial year:

- The Executive Preparation Programme Alumni (EPP) and Certification Ceremony was held on 11 October 2005 at the Parktonian Hotel. The event was graced by the Honourable Minister of Minerals and Energy, Lindiwe Hendricks. The event provided EPP candidates with a good networking opportunity to share success stories as a result of the knowledge gained through the programme.

- The MQA Annual Consultative Conference was held on 25 October 2005 at the Sunnyside Park hotel in Parktown, Johannesburg. The conference was aimed at presenting the 2004-05 Annual Report to stakeholders as well as consult stakeholders on the contents of the business plan for the 2005–06 financial year.

- The Standards Generations Body (SGB) Plenary Session was held on 25 November 2005 to thank all Technical Reference Groups (TRGs) for their participation in unit standards generation and registration of qualifications. The groups also discussed success indicators and challenges encountered during the year and measures to further increase the current successes were addressed.



Customer Satisfaction Survey

The MQA recognises the importance of stakeholder satisfaction in its efforts to facilitate skills development in the Mining and Minerals sector. In October 2005, A Customer Satisfaction Survey amongst all stakeholders and clients were conducted to determine the level of satisfaction with MQA services. The survey was conducted in the form of structured interviews with Board members, executive management and industry role players. Unstructured interviews with a number of other role players took place as well as field workers in all provinces ensured that all clients and stakeholders have an equal opportunity to be selected as part of the sample size of the survey. The final results will be released in the first quarter of the new financial year.



Office and Facilities Management

Supportive of sound business practices, the MQA has aligned its internal business processes to the requirements of the International Standard Organisation, ISO 9001:2000. An on-going capacity building programme for staff to contribute to the achievement of the ISO requirements has been initiated. The MQA maintained its office accreditation status in September 2005 and was awarded the certificate at the Annual Consultative Conference on 25 October 2005. An internal audit was conducted by Alpha Certification services on 30-31 January 2006, and only minor observations and recommendations were noted.

Human Resources

Staff Capacity

The year under review saw the appointment of the new MQA Chief Executive Officer, Livhu Nengovhela on 02 May 2005, who succeeds the long serving and late CEO, Dr Menzi Mthwecu. The MQA also appointed Yunus Omar as Chief Financial Officer on 07 May 2005 in place of Haroun Moolla who was medically boarded due to health reasons.

Remuneration Packages of MQA Staff as at 31 March 2006

	Male				Female					
Occupational Category	**A**	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Total**	**Total Cost to Company**
General Support staff	1	0	0	0	3	0	0	0	4	R 80 000 - 99 000
Administrators / Specialists	3	1	1	0	12	3	0	2	22	R 100 000 - 200 000
Senior Specialists	7	0	1	0	5	1	1	2	17	R 201 000 - 300 000
Managers	2	1	0	1	2	0	0	0	6	R 401 000 - 500 000
Senior Officials / Managers	0	1	1	1	0	0	0	0	3	R 501 000 - 600 000
Executive Managers	1	0	0	0	0	0	0	0	1	R 601 000 - 700 000

A need for additional staff was identified within the MQA and the following positions were created in accordance with the Patterson grading system:

Projects Manager	D Band
Assistant Accountant	C Band
Programme Evaluation Specialist	C Band
Projects Administrator	B Band
Financial Administrator	B Band

Performance Evaluations Management

The Performance Management system has been aligned with the business processes of the MQA. Performance Assessments are conducted bi-annually to reward staff performing above the expected requirements. Evaluations for the first six months of the financial year were effected and bonuses for staff were approved by the Executive Committee [EXCO] in October 2005. The average performance of staff for the period April to September 2005 was 81% in comparison with 80.5%, which is a 0.5% improvement from the previous cycle.



In September 2005, a proposal to investigate the implementation of a new performance management system was approved. The new system will be a combination of the balance scorecard and 360 degrees performance management principles. The new system will be implemented in the first quarter of the new financial year.

Review of Human Resources Procedures manual

The need for the amendment of the Human Resources policy was identified to ensure alignment with the Labour Relations Act, 1995 and Basic Conditions of Employment Act, 1997. The revised policy incorporates a staff retention strategy aimed at retaining critical and scarce skills. The MQA's commitment to employee wellness will ensure the establishment of corporate social investment programmes including an Employee Assistance Programme [EAP].

Evaluation of Job Profiles, Grades and Remuneration structures

The MQA adopted the Patterson grading system, where all positions are placed within classical Paterson Bands. A comprehensive job evaluation and remuneration survey was undertaken with the primary aim to determine the intrinsic worth of jobs based on systematic assessments of the job content and requirements. The secondary aims of the exercise were to eliminate remuneration discrepancies and positions equal in responsibility and authority are paid equal salaries.

Sixteen [16] days of Activism against Abuse of women and children

The MQA has reaffirmed its commitment to violence against women, children and vulnerable groups and supported the campaign of 16 days of activism. The MQA also participated in a health day where all staff could voluntary be tested on site by qualified medical practitioners for HIV/Aids, Cholesterol, high blood pressure and diabetes.

Training and Development

As part of the strategic initiative by government to develop a successful Human Resources Development Strategy [HRD], the MQA set an example through the aggressive implementation of training and development initiatives. The MQA has aligned the training and development needs of staff to their Personal development plans. The MQA Workplace Skills Plan (WSP) and Annual Training Report (ATR) were completed and submitted timeously.

In the 2005 - 2006 financial year the amount of R990 000, 00 was spent on training and development of MQA staff in comparison with the amount of R 665 000,00 for the 2004 - 2005 financial year. The MQA identified two flagship training courses for the year namely, Finance for Non-Financial Managers and Project Management for Managers and Specialists.

The MQA continued to support staff through the study aid policy who intends to further their studies.

Resignations in the 2005 - 2006 financial year

	Male				Female				
Occupational Category	**A**	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Total**
General Support staff	0	0	0	0	0	0	0	0	0
Administrators / Specialists	1	0	0	0	1	2	0	0	4
Senior Specialists	2	0	0	0	2	1	0	0	5
Managers	0	0	0	0	0	0	0	0	0
Senior Officials / Managers	0	0	0	0	0	0	0	0	0
Executive Managers	1	0	0	0	0	0	0	0	1
TOTAL	4	0	0	0	3	3	0	0	10

Stakeholder Capacity Building

To ensure the capacitation of stakeholders, A Labour Coordinator has been appointed to ensure training and support of labour representatives. The primary objectives of the Labour Coordinator is to ensure the release of labour representatives to attend meetings in MQA structures. The attendance of meetings by labour representatives during the period under review have improved to 70% in comparison with the previous year.

A very successful labour capacity building workshop was held on 07 March 2006 as a mechanism to capacitate labour representatives on the core functions of the MQA.

Corporate Governance

In compliance with the principles of good corporate governance, the MQA has fully functional standing committees of the Board with clear terms of reference guiding the activities of each committee.

A Risk and Fraud Prevention Committee has been established as sub-committee of the Audit Committee. The MQA Constitution has been approved by the Minister of Labour on 26 January 2006.

The Institute of Directors [IOD] conducted the following courses for Board members, Managers and Specialists;

- Corporate Governance for Executive Directors and Non Executive Directors;
- The impact of amended skills development regulations on the activities of the MQA;

The MQA conducted a comprehensive evaluation of the Board and Standing Committees in compliance with the recommendations contained in the King II report on Corporate Governance.

Appointments in the 2005 - 2006 financial year

	Male				Female				
Occupational Category	**A**	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Total**
General Support staff	0	0	0	0	1	0	0	0	1
Administrators / Specialists	1	0	0	0	4	3	0	0	8
Senior Specialists	2	0	1	0	1	0	0	1	5
Managers	0	0	0	0	1	0	0	0	1
Senior Officials / Managers	0	0	1	0	0	0	0	0	1
Executive Managers	1	0	0	0	0	0	0	0	1
TOTAL	4	0	2	0	7	3	0	1	17



Mfundo Mdingi
Accountant

4.7. Finance, Grant Disbursement and Management Information Systems

Financial Management

The MQA is faced with the challenges of meeting NSDS targets, the Mining Charter targets, the SSP targets as identified in our recent SSP research as well as the recent ASGISA initiatives. These targets place a heavy burden on the MQA financial resources to implement and monitor effective financial management measures and report to the accounting authority and its structures.

The finance unit is responsible for the management of these financial resources through effective budgeting processes. This involves the assessment of adequate levels of financial reserves, quantifying existing commitments, estimating future cash flows from past trends and current economic conditions. The challenge is to prioritize the funding of discretionary grants in order to achieve these targets.

The MQA's financial resources depend directly on employment levels within the Mining and Minerals Sector. The Sector has a history of job losses, and prudence dictates that precautionary funds (reserves), based on the level of commitments, need to be maintained. A five year plan has been developed to ensure current and future funding levels are adequate for investment in skills development.

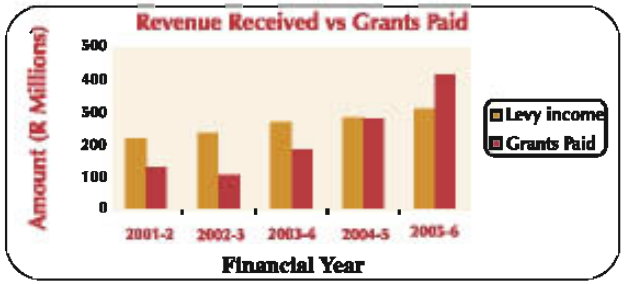
Consultants used for the Period ending 31 MARCH 2006

	2003-2004	2004-2005	2005-2006	Variance	Comments
Consultants Used	59	54	47	-7	The use of Consultants reduced as a result of the introduction of specialist staff members in each operating Unit.
Amount	R2 922 898	2 782 000	4 170 329	+R1 388 329	The increase in costs is as a result of once off projects and unforeseen expenses.

The total amount spent on Consultants for the period under review is R4, 170 million in comparison with R 2, 782 million for the previous year. The reason for the increase was due to once off projects and additional unforeseen expenditure relating to projects approved during the financial year. The total amount representing once off projects including an impact study of our projects and grants is R2 731 million. Excluding the once off projects the total amount of consultants is R1 439 million which is a decrease of R1, 343 million in comparison with the 2004-05 financial year.

Revenue

The graph depicts past trends in our SDL revenue and our grants and projects expenditure.



Risk Management and Internal control Systems

The PFMA and the Treasury Regulations require of us to maintain sound and effective financial controls. We continue to review our internal controls around the approval and disbursement of grants and we constantly monitor their adequacy and that they are operating as designed. We have also implemented budgetary controls with early detection measures and included financial reporting measures that support sound decision making by the accounting authority.



Back Row - left to right : T. Matsebe, L. Coughlin, R. Chesane, P. Diadla, R. Matumba
Front Row (Seated) : V. Naidu, M. Govender, M. Mdingi, T. Nkuna

4.7.1. PFMA Compliance Schedule

Area	Compliance	Comments
Listed as a public entity	Yes	Effective 01 April 2001.
Have an accounting authority accounting authority.	Yes	Duly constituted Management Board of MQA is the powers in writing to officials.
Accounting authority to delegate powers in writing to officials.	Yes	Effective 01 April 2003.
Accounting authority must appoint a Chief Financial Officer.	Yes	CFO appointed in February 2003.
Implement effective, efficient and transparent systems of financial and risk management and internal control.	Yes	Effective 01 April 2003.
Develop a system of internal audit.	Yes	Internal auditors appointed.
Establish an audit committee	Yes	Audit committee established.
Implement fair, equitable, transparent, competitive and cost-effective procurement system.	Yes	Part of the Financial Policies and Procedures.
Take effective and appropriate steps to collect all revenue.	Yes	MQA has no authority over the collection of revenue and requirement. A control to monitor levy payments from employees to SARS has been implemented.
Take effective and appropriate steps to manage available working capital efficiently.	Yes	Part of the Financial Policies and Procedures. Monthly management reports have been developed to monitor working capital.
Develop measurable, objective and pre-determined targets for MQA SETA and report quarterly on the achievement thereof.	Yes	The Memorandum of Understanding / Service Level Agreement is signed with DoL. Quarterly reports are submitted to DOL timeously.
Comply with any tax, levy, duty, pension, and audit commitments as required by legislation.	Yes	All other statutory requirements have been fully complied with.
Develop effective and appropriate disciplinary procedures for non-compliance with law and internal controls in the case of employees who make or permit an irregular or fruitless or wasteful expenditure.	Yes	Part of the Financial Policies and Procedures. This was also included in the HR manual.
Comply (and ensure compliance by MQA with the provisions of the PFMA and any other legislation applicable to MQA SETA.	Yes	No contravention of any provisions of the PFMA found.
Submit a budget / corporate plan / strategic plan covering all the affairs of MQA SETA to the Director-General of DoL.	Yes	Business plan and budget submitted to DoL before the required deadline.
Keep full and proper records of the affairs of MQA.	Yes	Financial systems implementation to keep full and proper records of all the financial affairs of MQA.
Quarterly reports to be submitted to the Director-General of DoL on financial matters as well as on compliance with PFMA.	Yes	Report in relation to revenue and expenditure submitted to DoL on a quarterly basis.
Prepare financial statements in accordance with GAAP and the regulatory requirements.	Yes	The financial year of MQA SETA ended on 31 March 2005 and financial statements for this period have been prepared according to GRAP financial reporting framework. This framework is defined as GRAP and GAAP, including any interpretations of such statements, where no GRAP standards exist.



Section Five

Report of Audit Committee

5. Report of the Audit Committee

Report of the Audit Committee required by Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) issued in terms of the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999

We are pleased to present our report for the financial year ended 31 March 2005 - 2006.

Audit Committee Members and Attendance

The audit committee consists of the members listed hereunder. During the period the Audit Committee met on five occasions and appropriate feedback was provided to the Board on matters that fell within the mandate of the Committee.



Audit Committee members and attendance 2005-2006

Member	Designation	Constituency	Number of meetings attended	Date Started	Fees Paid 2005 - 2006
H Qangule*	Audit Partner	Independent	4	Oct-00	R 89 919 (1)
Prof. Y N Gordhan	Independent Auditor and Financial Consultant	Independent	5	Sep-04	R 27 479
T Mlonzi	Snr Manager: Audit	Independent	2	Sep-04	R 4 983
V. Mabena	Skills Development Advisor	Board	4	Apr-04	
S Madikizela	Finance Advisor	Labour	2	Feb-04	
E Ragimana	Deputy Director	State	4	Apr-04	
J.R. Winson (Alternate)	Exec Manager: Finance & Admin	Employer	2	Feb-04	
T. Zungu (Alternate)	Chief Director: Compliance	State	1	Apr-05	
T. Tlhabeli (Alternate)	HR Training	Labour	2	Apr-05	

* Chairperson
(1) Fees for current year R35 531 and prior years R54 388

Audit Committee Responsibility

The Audit Committee reports that it has adopted appropriate formal terms of reference as its Audit Committee charter, and has regulated its affairs in compliance with this charter and has discharged all it's responsibilities as contained therein.

Internal Control and Risk Management

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are adequate and effective to mitigate the risks applicable to the MQA. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. In order to enhance the risk management process the MQA has established a Risk Management and Fraud Prevention Committee.

In the conduct of its duties, the Audit Committee has amongst other things, reviewed the following:

- The effectiveness of internal control systems.
- The effectiveness of the internal audit function.
- The risk areas of the entity's operations covered in the scope of internal and external audits.
- The adequacy, reliability and accuracy of financial information provided by management for users of such information.
- Accounting and auditing concerns identified as a result of internal and external audits.
- The entity's compliance with legal and regulatory provisions.
- The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.
- The independence and objectivity of both the internal and external auditors.

The Audit committee is of the opinion, based on the information and explanations given by management and the internal auditors and discussions with the independent external auditors on the results of their audits, that the internal accounting controls are operating to ensure that the financial records may be relied upon for preparing the annual financial statements, and accountability for assets and liabilities is maintained.

For the period under review the Audit Committee is satisfied that it has carried out the mandate in accordance with its charter, good governance principles and the requirements of the Public Finance Management Act.

We can report that the key systems of internal controls for the period under review were adequate and operating partially effectively in most areas. Management have taken corrective steps to address problems identified during the course of the financial year.

Evaluation of Annual Financial Statements

Following our review of the Annual Financial Statements for the year ended 31 March 2006, we are of the opinion that they comply in all material respects with the relevant provisions of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, and South African Statements of Generally Recognised Accounting Practice, and the South African Statements of Generally Accepted Accounting Practice, including any interpretations of such statements, where no GRAP standard exists and that they fairly present the results of operations, cash flow and the financial position of the MQA. We therefore recommend that the financial statements submitted be approved.

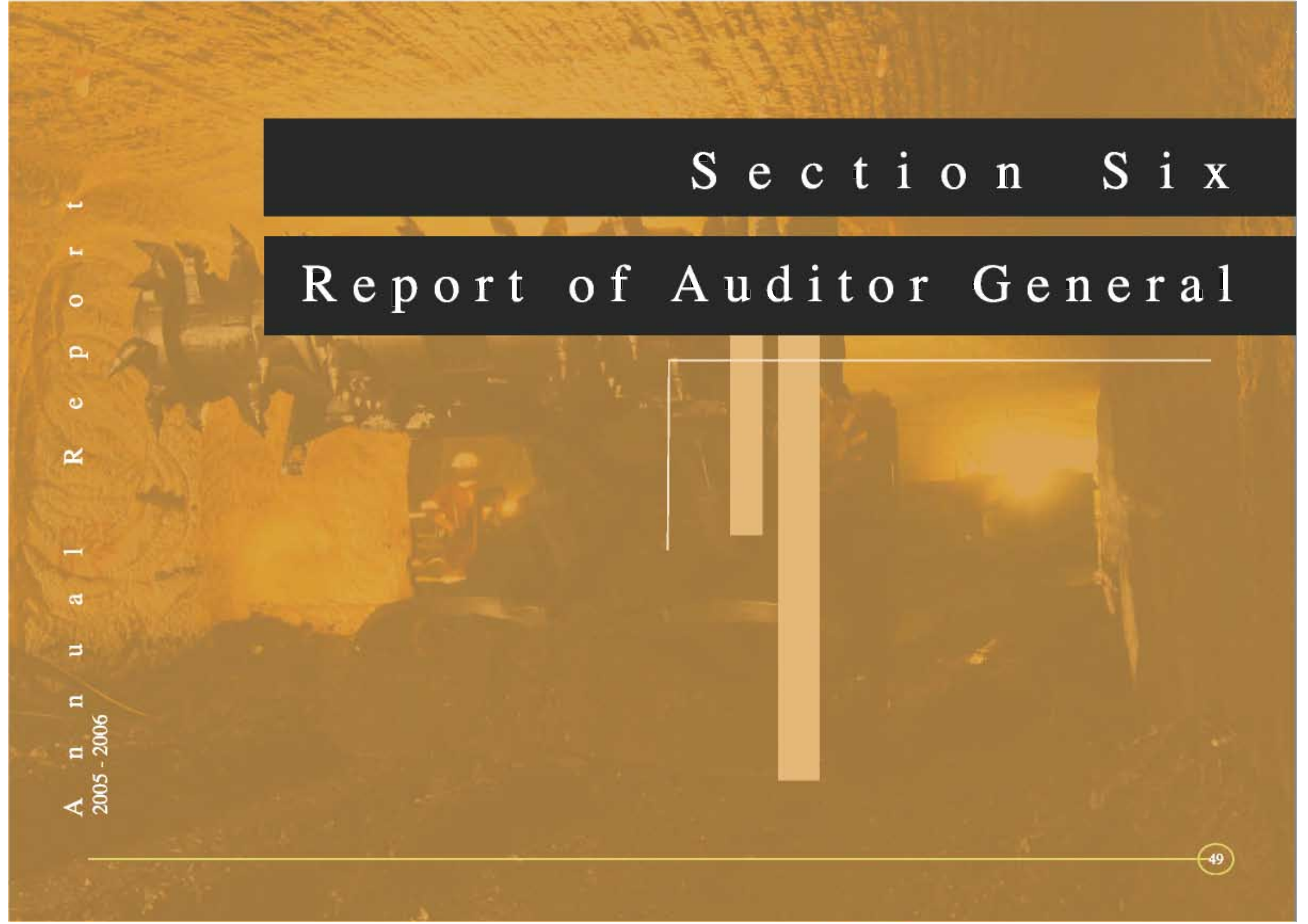
The Audit Committee concurs with members of the Board that the adoption of the going concern assertion in the preparation of the annual financial statements is appropriate.



H. Qangule

31 July 2006





Section Six

Report of Auditor General

6. Report of Auditor General to Parliament on the Financial Statements of the Mining Qualifications Authority for the year ended 31 March 2006

1. Audit Assignment

The financial statements as set out on pages 54 to 86, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 14(6)(a) of the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

2. Scope

The audit was conducted in accordance with the International Standards on Auditing read with *General Notice 544 of 2006*, issued in *Government Gazette* no. 28723 of 10 April 2006 and *General Notice 808 of 2006*, issued in *Government Gazette* no. 28954 of 23 June 2006. Those standards require that the audit is planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

3. Basis of Accounting

The entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as described in note 1 to the financial statements.

4. Audit Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mining Qualifications Authority at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in note 1 to the financial statements, and in the manner required by Public Finance Management Act, 1999 (Act No.1 of 1999).

5. Appreciation

The assistance rendered by the staff of the Mining Qualifications Authority during the audit is sincerely appreciated.

N Manik for Auditor-General
Pretoria
28 July 2006

AUDITOR-GENERAL






03

Section Seven

Annual Financial Statements

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Responsibilities of the Accounting Authority

The Accounting Authority (Governing Board) is responsible for the preparation and presentation of 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 their responsibilities, the Accounting Authority has set standards, which require that management implement effective and efficient systems of financial and risk management and internal controls, as well as transparent financial reporting and accounting information systems.

Further responsibilities of the Accounting Authority include:

- The management and safeguarding of the assets of the MQA, as well as the management of revenues, expenditures and liabilities of the MQA.
- The submission by the MQA of all reports, returns, notices and other information to Parliament or the relevant provincial legislature and to the relevant executive authority or treasury, as may be required by the Act.

Indicators

Total revenue for the MQA excluding National skills fund income for 2005 - 06 amounted to R341 million (2004/05 R300 million). The effect was an increase of R41 million. This coupled with the Discretionary Grants and Projects expenditure budget of R243 million led to increased activity with regards to discretionary projects and as such, the staff complement of the MQA was increased from 54 to 64 staff members, including interns.

The administration income received was R40, 6 million for the year. Actual administrative expenditure amounted to R39, 5 million.

The administration reserve from the previous financial year amounting to R 4 million has been transferred to discretionary funds.

The MQA has budgeted for a deficit for the current financial year. The reason for this was to utilise excess reserves that has been built up during past years. The MQA reserves at year end amounts to R 174, 9 million. In order to effectively use these funds the MQA will continue to budget for a deficit for the next two financial years.

During the year the MQA funded R 431, 5 million towards mandatory and discretionary grants and projects. This is the highest amount ever invested in a financial reporting period by the MQA. Discretionary grant and project expenses for the period under review totalled approximately R 227 million. The following are some of the major allocations of discretionary grants to the Mining and Minerals Sector:

	2005-06	2004-05
	R mil's	R mil's
Adult basic education (ABET)	28	30
Apprenticeship/Blasting certificates	14	14
Bursary Scheme	47	15
Learnerships & skills programmes	82	60
Graduate Training Programme	23	3
Learning material development grants	7	4
Unit standard generation grants	8	2
Other various projects	18	12
	227	140

1. REPORT OF THE ACCOUNTING AUTHORITY
31 MARCH 2006

Allowances for Board Members

The MQA board members receive no allowances from the MQA. Board members may however claim travel expenses incurred as a result of their attendance of Board and Standing committee meetings. The names and attendance of Board members are covered in the Chairpersons Report.

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Executive Management Remuneration

Name & Title	Basic salaries R'000	Performance bonuses R'000	Service bonus R'000	Non-pensionable allowances R'000	Medical aid allowances R'000	Pension contribution R'000	Totals 2006-06 R'000	Totals 2004-05 R'000
L. Nengovhela (CEO)	423	20	35	70	25	67	640	-
Y. Omar (CFO)	389	19	36	65	18	62	589	-
C. Smit (COO)	370	57	30	62	25	59	603	601
M. Mthwecu (former CEO)	-	-	-	-	-	-	-	824
H. Moolla (former CFO)	-	-	-	-	-	-	-	619
	1182	96	101	197	68	188	1 832	2 044

VAT assessment after year end

SARS revised its 2004 VAT assessment relating to prior years and will refund the MQA approximately R1, 4m. This income has been included in the income statement under note 10 of the Annual Financial Statements.

Events after reporting date

The Chairperson of the Board resigned effective 31 March 2006.

Going Concern

The MQA is dependent on skills development levies from the mining industry. Board members believe that the MQA will be a going concern in the foreseeable future. For this reason they continue to adopt a going concern basis in preparing the annual financial statements.

Responsibility for annual financial statements

The members of the Accounting Authority are responsible for the preparation of the annual financial statements.

Approval of MQA Financial Statements

The Annual Financial Statements for the year ended 31 March 2006, set out on pages 56 to 86 , have been approved by the Accounting Authority in terms of section 51(1)(f) of the Public Finance Management Act, of 1999 (Act No. 1 of 1999) as amended (PFMA) on 30 May 2006, and are signed on their behalf by:



L. Nengovhela
Chief Executive Officer
28 July 2006



M.M.A. Zondi
Chairperson MQA Board
28 July 2006

2. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2006

REVENUE	Note	2005 - 06 R'000	2004 - 05 R'000 (Restated)
Revenue from non exchange transactions		**332 152**	312 822
Skills Development Levy: income	3.1	**323 381**	279 790
Skills Development Levy: penalties and interest	3.2	**1 807**	1 379
Transfers from the other government entities	3.3	**1 553**	-
Government grants & donor funding income recognised	17	**5 411**	31 653
Revenue from exchange transactions		**14 412**	19 228
Investment income	4.1	**14 395**	19 227
Other income	4.2	**17**	1
Total revenue		**346 564**	332 050
EXPENSES			
Employer grant and project expenses	5	**(431 568)**	(287 243)
Administration expenses	6	**(39 468)**	(28 024)
Finance costs	7	**(7)**	-
Government grants and donor funding expenses	17	**(5 411)**	(31 653)
Total expenses		**(476 454)**	(346 920)
NET DEFICIT FOR THE YEAR	2	**(129 890)**	(14 870)

Mining Qualifications Authority
ANNUAL FINANCIAL STATEMENTS

3. STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2006

ASSETS	Note	2005 - 06 R'000	2004 - 05 R'000 (Restated)
Non-current assets			
Property, plant and equipment	8	**2 404**	1 905
Non current trade receivable from exchange transaction	9	**215**	172
		2 619	2 077
Current assets			
Trade and other receivables from non - exchange transactions	10	**75 154**	52 858
Trade and other receivables from exchange transactions	9	**11**	9
Cash and cash equivalents	11	**217 765**	309 358
		292 930	362 225
TOTAL ASSETS		**295 549**	364 302
LIABILITIES			
Non-current liabilities			
Finance lease obligations	12	**56**	-
Current liabilities			
Grants and transfers payable	14.1	**113 594**	37 746
Trade and other payables from exchange transaction	15	**4 378**	12 495
VAT payable	16	**-**	2 495
Government Grants and donor funding received in advance	17	**1 065**	6 073
Current Portion of Finance lease obligations	12	**12**	-
Provisions	18	**1 514**	673
		120 563	59 482
TOTAL LIABILITIES		**120 619**	59 482
Net Assets		**174 930**	304 820
NET ASSETS			
Funds and reserves			
Administration reserve		**-**	4 088
Employer grant reserve		**211**	152 480
Discretionary reserve		**174 719**	148 252
Total Net Assets		**174 930**	304 820

4. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2006

	Note	Administration Reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Accumulated Deficit R'000	Total (R'000) (Restated)
Balance at 1 April 2004		-	**168 473**	**151 217**	-	**319 690**
Deficit for the year		-	-	-	(14 870)	(14 870)
As previously stated		-	-	-	(2 758)	(2 758)
Prior period error	5.2	-	-	-	(12 112)	(12 112)
Allocation of unapropriated deficit for the year	2	4 088	74 061	(93 019)	14 870	-
Employer grant reserves transferred to discretionary reserves		-	(90 054)	90 054	-	-
Balance at 31 March 2005		**4 088**	**152 480**	**148 252**	-	**304 820**
As previously stated		4 088	152 480	160 364	-	316 932
Prior period error	5.2	-	-	(12 112)	-	(12 112)
Restated balance		**4 088**	**152 480**	**148 252**	-	**304 820**
Deficit for the year		-	-	-	(129 890)	(129 890)
Allocation of unapropriated deficit for the year	2	2 717	(2 230)	(130 377)	129 890	-
Administration and employer grant reserves transferred to discretionary reserves		(6 805)	(150 039)	156 844	-	-
Balance as at 31 March 2006		-	**211**	**174 719**	-	**174 930**

5. CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2005 - 06 R'000	2004 - 05 R'000
Operating activities			
Cash receipts from stakeholders		**304 379**	302 691
Levies, interest and penalties received	3	**304 293**	302 371
Other cash receipts from stakeholders		**86**	320
Cash paid to stakeholders, suppliers and employees		**(409 398)**	(313 598)
Grants and project payments		**(354 365)**	(266 402)
Special projects		**(5 411)**	(31 653)
Compensation of employees		**(15 535)**	(11 759)
Payments to suppliers and other		**(31 592)**	(4 225)
VAT paid		**(2 495)**	441
Cash utilised in operations	19	**(105 019)**	(10 907)
Interest received	4	**14 395**	19 227
Interest paid		**(7)**	-
Net cash (outflow)/inflow from operating activities		**(90 631)**	8 320
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	**(1 090)**	(841)
Proceeds from disposal of property, plant and equipment		**18**	6
Net cash outflow from investing activities		**(1 072)**	(835)
CASH FLOW FROM FINANCING ACTIVITIES			
Government grants and donor funding	17	**117**	33 792
Repayment of finance lease obligation and interest	12	**(7)**	-
Net cash inflow from financing activities		**110**	33 792
Net (decrease)/increase in cash and cash equivalents		**(91 593)**	41 277
Cash and cash equivalents at beginning of year	11	**309 358**	268 081
Cash and cash equivalents at end of year	11	**217 765**	309 358

6. NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

1. Accounting policies

1.1. Basis of preparation

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board and the Public Finance Management Act (Act No.1 of 1999) as amended.

Standard of GRAP	Replaced Statement of GAAP
GRAP 1 : Presentation of financial statements	AC 101 : Presentation of financial statements
GRAP 2 : Cashflow Statements	AC 118 : Cashflow statements
GRAP 3 : Accounting policies, changes in accounting estimates and errors	AC 103 : Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in financial statements. The implementation of GRAP 1, 2 and 3 has resulted in the following significant changes in the presentation of the financial statements.

1. Terminology differences

Standard of GRAP	Replaced Statement of GAAP
Statement of financial perfomance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus / deficit for the period	Profit / loss for the period
Accumulated surplus / deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends
Reporting date	Balance sheet date

2. The cashflow statement can only be prepared in accordance with the direct method.

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

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

Paragraph 11-15 of GRAP has not been implemented as the budget reporting standard is in the process of being developed by the international and local standard setters. Although the inclusion of budget information would enhance the usefulness of the financial statements, non disclosure will not affect fair presentation.

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

The annual financial stetements have been prepared on the historical cost basis except where adjusted for present/fair values as required by the respective accounting standards.

1.2. Currency

These financial statements are presented in South African Rands since that is the currency in which all of the entity transactions are denominated.

1.3. Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

1.3.1 Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, Act No.9 of 1999 as ammended, registerd member companies of the MQA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS).

Eighty percent (80%) of the skills development levies are paid over to the Seta (net of the 20% contribution to the National Skills Fund)

Levy income is recognised on the accrual basis.

A net receivable/payable is recognised for levies accrued as well as estimated SARS adjustments. Estimated amounts due to retrospective adjustments by SARS and outstanding levies due at year-end are based on the extrapolation of historical data including details of SARS reversals and the actual levy payments received subsequent to year end. Levies with respect to the financial year which are not yet received by year end are estimated and changes to prior year estimates are accounted for in revenue in the current period.

The MQA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are in excess of the amount the Seta is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant over paid, net of bad debts and provision for irrecoverable amounts.

Revenue is adjusted for interseta transfers due to employers changing Setas. Such adjustments are disclosed separately as Interseta transfers. The amount of the interseta adjustment is calculated according to the Standard Operating Procedure issued by the Department of Labour in June 2001.

When a new employer is transferred to the MQA, the levies transferred by the former Seta are recognised as revenue and allocated to the respective category to maintain its original identity.

1.3.2 Interest and penalties received

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

1.3.3 Government grants and other donor income

Conditional government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then 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 when the amounts have been received.

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the MQA as a liability until the related eligible special project expenses are incurred, when the liabilty is extinguished and revenue recognised.

Property, plant and equipment acquired by the MQA for NSF Special Projects are capitalised, as the the MQA controls such assets for the duration of the project. Such assets can however only be disposed of in terms of agreement and specific written agreement with the NSF.

1.3.4 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.

1.4. Grants and project expenditure

A registered company may recover a maximum of 70% of its total levy payment by complying with the mandatory and discretionary grant criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Act, 1998 (Act No.97 of 1998) as amended.

Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a 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 50% of the total levies paid by the employer during the corresponding financial period for the skills planning grants. (2004 - 05 15% for skills planning grant and 45% for implementation grant).

A provision is recognised for grant payments once the specific criteria set out in the regulations to the Skills Development Act, 1998 as amended has been complied with by member companies and it is probable that the MQA will approve the payment. The measurement of the obligation involves an estimate, based on the levy months in respect of which no grants have been disbursed.

1.4.2. Discretionary grants and project expenditure

The MQA may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed format within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the application has been approved and the conditions have been met.

Project expenditure comprises:

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

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

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

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

1.5. 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 would have been avoided had reasonable care been exercised.

All irregular, fruitless and wasteful expenditure is charged against the respective expenditure class in the year in which they are incurred and disclosed in a note in the year that it has been identified.

1.6. Property, plant and equipment

Property, plant and equipment (owned and leased) are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is calculated on the straight-line method to write off the cost of each asset to estimated residual.

• Computer equipment	2 - 3 years
• Office furniture and fittings	8 - 10 years
• Office equipment	5 - 6 years
• Motor vehicles	4 - 5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

The useful life and residual values of all items of property, plant and equipment are re-evaluated on an annual basis. No revaluation was done in respect of prior years as the result of revaluation was immaterial.
The estimated useful life of the assets are limited to the remaining period of the licence issued to the MQA by the Minister of Labour. For the current year, the remaining period is 4 years (2004 - 05 : 5 years)

1.7. Borrowings and borrowing costs

In terms of section 66(3)(c) of the Public Finance Management Act 1999 as ammended, a Public Entity may only through the Minister of Finance borrow money or, in the case of the issue of a guarantee, indemnity or security, only through the Minister of Labour, acting with the concurrence of the Minister of Finance.

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

Borrowing costs are recognised as an expense in the period that it has been incurred.

1.8. Leasing

Finance Leases
Finance leases as per the Treasury Regulations refers to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Finance leases are recognised as assets and liabilities at amounts equal to the lesser of the leasehold property or the present value of minimum lease payments at the inception of the lease. The discount rate used to calculate the present value of minimum lease payments is the interest rate implicit in the lease or not practicable to determine, the prime lending rate at the inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Operating leases
The lease payments of an operating lease are recognised as an expense on a straight - line basis over the lease term unless another systematic basis relates better to the time pattern of benefits expected from the leased asset.

1.9. Retirement benefit costs

The entity operates a defined contribution plan, the assets of which are generally held in separate trustee-administered funds. The plan is funded by payments from the entity and employees.

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

The MQA is not liable for post-retirement employee benefits and accordingly no provision has been made for any benefits.

1.10. Provisions

Provisions are recognised when the MQA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.

1.10.1. Provision for employee entitlements

The cost of other employee benefits (not recognised as retirement benifits) is recognised during the period in which the employee renders the related services. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by the employees up to the reporting date.

1.11. Financial instruments

Recognition

Financial assets and financial liabilities are recognised on the MQA's statement of financial position when the MQA becomes a party to the contractual provisions of the instrument.

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

Measurement

Financial instruments are initially measured at fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset/liability. Subsequent to initial recognition these instruments are measured as set out below:

Financial Assets

The MQA's principal financial assets are accounts and other receivables, prepayments and advances and cash and cash equivalents.

Costs and amortised costs are inclusive of any impairment loss recognised to reflect irrecoveralble amounts. The financial assets are subject to review for impairment at each reporting date.

Accounts and other receivables

Accounts and other receivables are measured at amortised cost, using the effective interest method where considered applicable. Impairment loses are recognised in an allowance account where the carrying value exceeds the present value of estimated future cashflows, discounted at the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Financial Liabilities

The MQA's principal financial liabilities are accounts and other payables.

All financial liabilities are measured at amortised cost, comprising original debts less principle payment and armortisations.

Derecognition

A financial asset or a portion therof is derecognised when the MQA realises the contractual rights to the benefits specified in the contract, the right expire, the Seta surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset.

On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in net assets is inlcuded in surplus or deficit for the period.

Fair value considerations

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

Offsetting

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

1.12. Reserves

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

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Accumulated surplus/deficit

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, Act No. 97 of 1998 as amended.

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

	2005 - 06 %	2004 - 05 %
Administration costs of the Seta	10	10
Employer Grant Fund Levy	50	60
Mandatory Workplace Skills Planning Grant	50	15
Mandatory Workplace Skills Implementation Grant	-	45
Discretionary grants and projects	20	10
	80	80

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

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

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

Surplus funds are moved to the discretionary fund reserve from the administration reserve on the basis of covering the required funding for prior year obligations and from the employer grant reserve on the basis of holding the required amounts to meet the MQAs' obligations in terms of the relevant legislation.

1.13. Comparative figures

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

2. Allocation of net deficit for the year to reserves:

	2005 - 06				
	Total per Statement of financial performance	Administration reserve	Mandatory skills planning grant	Discretionary grants	Special projects
	R'000	R'000	R'000	R'000	R'000
Total revenue	**346 564**	42 192	202 111	96 850	5 411
Skills development levy: income	**325 188**	40 622	202 111	82 455	-
Admin levy income (10%)	**40 622**	40 622	-	-	-
Grant levy income (70%)	**282 759**	-	202 111	80 648	-
Skills development levy: penalties and interest	**1 807**	-	-	1 807	-
National Skills Fund income	**5 411**	-	-	-	5 411
Investment income	**14 395**	-	-	14 395	-
Other income	**1 570**	1 570	-	-	-
Total expenses	**476 454**	39 475	204 341	227 227	5 411
Administration expenses	**39 468**	39 468	-	-	-
Finance costs	**7**	7	-	-	-
National Skills Fund expenses	**5 411**	-	-	-	5 411
Employer grants and project expenses	**431 568**	-	204 341	227 227	-
Net deficit per statement of financial performance allocated	**(129 890)**	2 717	(2 230)	(130 377)	-

7. NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

	2004 - 05				
	Total per Statement of financial performance	Administration reserve	Mandatory skills planning grant	Discretionary grants	Special projects
	R'000	R'000	R'000	R'000	R'000
Total revenue	**332 050**	32 112	221 636	46 649	31 653
Skills development levy: income	**281 169**	32 111	221 636	27 422	-
Admin levy income (10%)	**32 111**	32 111	-	-	-
Grant levy income (70%)	**247 679**	-	221 636	26 043	-
Skills development levy: penalties and interest	**1 379**	-	-	1 379	-
Donations for special projects	**31 653**	-	-	-	31 653
Investment income	**19 227**	-	-	19 227	-
Other income	**1**	1	-	-	-
Total expenses	**346 920**	28 024	147 575	139 668	31 653
Administration expenses	**28 024**	28 024	-	-	-
National Skills Fund expenses	**31 653**	-	-	-	31 653
Employer grants and project expenses	**287 243**	-	147 575	139 668	-
Net deficit per Statement of Financial Performance	**(14 870)**	**4 088**	**74 061**	**(93 019)**	-

The items of revenue and expenditure are recognised on the accural basis of accounting in the annual financial statements, consequently, the reserves disclosed in this note do not represent cash reserves or fund monies as implied in grants Regulations issued in terms of the Skills Development Act, Act No. 97 of 1998 as amended.

3. Revenue from non exchange transactions

3.1. Skills Development Levy Income

	2005 - 06 R'000	2004 - 05 R'000
Levy income: Administration	**40 622**	32 111
Levies received	**37 332**	34 470
Levies received from SARS	**36 474**	35 195
Interseta transfers in	**867**	53
Interseta transfers out	**(9)**	(778)
Movement in levies accrued	**3 290**	(2 359)
Levy income: Employer Grants	**202 111**	221 636
Levies received	**197 528**	237 743
Levies received from SARS	**192 378**	241 855
Interseta transfers in	**5 202**	344
Interseta transfers out	**(52)**	(4 456)
Movement in levies accrued	**4 583**	(16 107)
Levy income: Discretionary Grants	**80 648**	26 043
Levies received	**68 994**	28 779
Levies received from SARS	**68 136**	29 477
Interseta transfers in	**867**	62
Interseta transfers out	**(9)**	(760)
Movement in levies accrued	**11 654**	(2 736)
	323 381	279 790

3.2 Interest and penalties: skills development levy income

Levy interest	**523**	391
Levy penalties	**1 284**	988
	1 807	1 379

Employers that fail to file returns and pay skills Development levies for which they are liable within 7 days after the end of the month in respect of which such amount is payable are charged interest at rates prescribed by SARS from time to time and a penalty equal to 10% of such amount. The interest and a penalties collected are remitted to the SETA with which that employer is registered.

3.3 Government Grants and donor funding income recognised	Note	2005 - 06 R'000	2004 - 05 R'000
Value added Tax		1 553	-
		1 553	-

4. Revenue from non exchange transactions

4.1. Investment income			
Interest on bank account		14 395	19 227
4.2. Other income			
Issue of training certificate		1	1
Insurance recoveries		16	-
		17	1

5. Employer Grant and Project expenses

Mandatory grants		**204 341**	147 575
Disbursed		**129 570**	144 524
Movement in liabilities and accruals		**74 771**	3 051
Discretionary grants	5.2	**156 561**	109 697
Disbursed		**154 130**	91 907
Movement in liabilities and accruals		**2 431**	17 790
Project expenditure disbursed	5.1	**70 666**	29 971
		431 568	287 243

5.1 Project expenditure consists of		
Direct project costs	**70 666**	29 971
	70 666	29 971

5.2 Prior period error

Correction of error relating to Standard Generation and ABET grants approved in the 2004 - 05 financial year but not recognised as an expense. Comparative amounts were restated accordingly. The effect of the adjustment of this error on the result of 2004/05 was an increase of R12, 112 million in grants and projects expenses and a corresponding increase in discretionary skills development grants payable. This resulted in an increase in the deficit for the year from R2, 758 million to R14, 870 million.

6. Administration expenses

	Note	2005 - 06 R'000	2004 - 05 R'000
Depreciation		622	575
Loss on disposal of property, plant and equipment		25	6
Operating lease rentals		1 790	1 396
Buildings		1 656	1 186
Plant, machinery and equipment		134	210
Maintenance, repairs and running costs		877	1 022
Property and buildings		697	760
Machinery and equipment		180	262
Research and development costs		1 477	1 365
Advertising, marketing and promotions, communication		2 675	2 000
Entertainment expenses		43	32
Consultancy and service provider fees		4 170	2 782
Legal fees		606	640
Cost of employment	6.1	16 700	11 759
Travel and subsistence		3 831	2 220
Staff training and development		990	665
Remuneration to members of the audit committee		188	48
Internal auditor's remuneration		578	218
External auditor's remuneration		353	164
Allowance for doubtful debts		(301)	301
Bad debts written off		301	-
Other		4 543	2 831
Printing and Stationery		2 019	1 280
Conference costs		1 548	1 162
Interest and penalties		153	157
Insurance		161	112
Rates & taxes, water & lights & security		371	107
Sundry items		291	13
		39 468	28 024

	Note	2005 - 6 R'000	2004 - 5 R'000
6.1. Cost of employment			
Salaries and wages		**14 657**	10 172
Basic salaries		**9 326**	5 990
Performance awards		**2 620**	1 023
Other non-pensionable allowance		**2 069**	1 772
Temporary staff		**351**	1 041
Leave payments		**291**	346
Social contributions		**2 043**	1 587
Medical aid contributions		**518**	460
Pension contributions: defined contribution plans		**1 205**	922
UIF		**64**	46
Other salary related costs		**256**	159
	6	**16 700**	1 759
Average number of employees		**62**	**54**

Refer to the report by the Accounting Authority for disclosure concerning the emoluments of members of the accounting authority, the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer.

7. Finance costs

Interest expense:		
Obligations under finance leases	7	-
Total interest expense	7	-

8. Property, Plant and Equipment

	Cost	Accumulated depreciation/ impairment	Closing carrying amount
	R'000	R'000	R'000
Owned assets Year ended 31 March 2006			
Computer equipment & software	1 835	(1 245)	**590**
Office furniture and fittings	1 755	(667)	**1 088**
Office equipment	1 021	(568)	**453**
Motor vehicles	384	(111)	**273**
Balance at end of the year	**4 995**	**(2 591)**	**2 404**
Made up as follows:			
- Owned assets	**4 698**	**(2 417)**	**2 281**
- NSF assets	223	(166)	57
- Lease assets - office equipment	74	(8)	66
Owned assets Year ended 31 March 2005			
Computer equipment & software	1 761	(1 274)	**487**
Office furniture and fittings	1 548	(514)	**1 034**
Office equipment	855	(471)	**384**
Motor vehicles	103	(103)	**-**
Balance at end of the year	**4 267**	**(2 362)**	**1 905**
Made up as follows:			
- Owned assets	**4 029**	**(2 223)**	**1 806**
- NSF assets	238	(139)	99

Movement summary 2006	Carrying amount 2004 - 05 R'000	Additions R'000	Disposals R'000	Depreciation/ Amortisation charge R'000	Accumulated Depreciation on disposals R'000	Carrying amount 2005 - 06 R'000
Computer equipment & software	487	401	(327)	(288)	317	590
Office furniture and fittings	1 034	236	(29)	(166)	13	1 088
Office equipment	384	246	(80)	(160)	63	453
Motor vehicles	-	281	-	(8)	-	273
Balance at end of the year	1 905	1 164	(436)	(622)	393	2 404

Movement summary 2005	2003 - 04					2004 - 05
Computer equipment & software	364	393	-	(270)	-	487
Office furniture and fittings	1 003	181	(9)	(144)	3	1 034
Office equipment	253	267	-	(136)	-	384
Motor vehicles	25	-	-	(25)	-	-
Balance at end of the year	1 645	841	(9)	(575)	3	1 905

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining net deficit for the period.

The MQA has reviewed the residual values used for the purposes of depreciation calculations in light of the amended definition of residual value. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values & useful lives will be reviewed annually in the future.

The impairment of all classes of property, plant & equipment was considered at year end and no impairment adjustments have been taken into account.

There are no restrictions on title of property, plant and equipment and no items have been pledged as security for liabilities except for items classified as finance leases and assets held on behalf of the NSF.

There are no commitments for the acquisition of property, plant and equipment.

9. Trade and other receivables from exchange transactions

	Note	2005 - 06 R'000	2004 - 05 R'000
Non current			
Deposit in respect of buildings		**215**	**172**
		215	**172**
Current			
Prepayments		**6**	-
Deposits		**5**	5
Staff Advances		**-**	4
Closing balance		**11**	9

10. Trade and other receivables from non - exchange transactions

Skills development levy debtors		**72 302**	52 775
Admin levy debtors		**9 045**	5 755
Employer grant levy debtors		**45 089**	40 506
Discretionary grant debtors		**18 168**	6 514
Interseta debtors	25	-	301
Employer receivables	10.2	**1 368**	-
SARS for VAT & SDL Reversals		**1 484**	83
Interest and Penalties		**-**	83
VAT		**1 484**	-
Allowance for doubtful debts		-	(301)
		75 154	52 858

10.1. Retrospective amendments by SARS

Included in Skills Development Levy debtors is:		
SARS receivable		
Opening carrying amount	**3 351**	-
Actual SARS amendments for the current year	**(1 955)**	12 129
Change in Estimate	**13 207**	(8 778)
Estimated remaining SARS amendments for the current year SARS receivable	**14 603**	3 351

During the year under review, SARS advised the MQA of erroneously designated skills development levies received in prior periods, resulting in retrospective adjustments of R1,9 million (2004 - 05:R12,1 million).

10.2. Employer receivable

	2005 - 06 R'000	2004 - 05 R'000
Employer receivable		
Overpayment to employers	**2 259**	1 903
Provision for doubtful debts	**(891)**	(1 903)
Net effect of SARS retrospective adjustments on affected employers	**1 368**	-

R2,259 million was recognised as a receivable relating to the overpayment to employers in earlier periods, and is based on the actual amount of such grant overpayments at year end. The MQA recovers such debts by witholding the overpayments from the next grant payments. An amount of R891 000 was provided for as doubtfull debt as those employers are no longer contributing levies to the MQA nor claiming grants.

11. Cash and cash equivalents

Cash at bank and in hand	**126 690**	40 348
Cash at bank	**126 685**	40 342
Cash on hand	**5**	6
Short term investments/instruments	**91 075**	269 010
Cash and cash equivalents at end of year	**217 765**	309 358

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 6.3% (2004 - 05: 5.5%).

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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

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.

12. Finance lease obligations

	2005 - 06 R'000	2004 - 05 R'000
Non-current finance lease obligation (recoverable after 12 months)	56	-
Current finance lease obligation (recoverable within 12 months)	12	-
Finance lease obligation	68	-
Reconciliation between the total of the minimum lease payments and the present value:		
Up to 1 Year		
Future minimum lease payments	23	-
Finance cost	(11)	-
Present value	12	-
1 to 5 years		
Future minimum lease payments	81	-
Finance cost	(25)	-
Present value	56	-
Finance lease repayments for the year	7	-

Assets held under finance leases comprise a photocopier, has been capitalised and classified as office equipment under Property Plant & Equipment. The lease agreement was entered into in September 2005 for a period of 5 years at 0% escalation rate.

The prime interest rate (10.50 %) prevalent at reporting date was used as a basis for estimating the finance costs.

13. Retirement benefit obligations

The MQA operates a defined contribution pension fund. Employees contribute 8% and the MQA 16%. The employees future benefits depend on the operating efficiency and investment earnings of the fund. Earnings of the fund were 18% (2004 - 05: 16%).

14. Grants and Transfers Payable

		2005 - 06 R'000	2004 - 05 R'000
Skills development grants payable - mandatory	14.1	**89 623**	14 852
Skills development grants payable - discretionary	14.1	**23 971**	21 540
Interseta payables	25	**-**	1 354
		113 594	37 746

14.1. Grants payable

	Mandatory grants	Discretionary grants	Total grants
Open carrying amount	14 852	21 540	36 392
Amounts utilised	(14 852)	(21 540)	(36 392)
Change in estimate	89 623	23 971	113 594
Closing carrying amount	89 623	23 971	113 594

The mandatory grants provision relates to grants expected to be paid in respect of skills development levies received in the last quarter of the reporting period in respect of which grants were not disbursed at reporting date as well as SARS retrospective adjustments. Estimation uncertainty exists due to the SARS retrospective adjustments reversals on levies received.

The provision for projects expenditure relates to periodical payments in respect of learnerships and Graduate Development Programme approved before reporting and is based on the number of learners enrolled in the programmes but are due to complete after the reporting date. Estimation uncertainty exists due to the possibility of the learners exiting the programmes before the prescribed completion period.

14.2 Prior period error

Correction of error relating to Standard Generation and ABET grants approved in the previous financial year but not recognised as an expense. Comparative amounts were restated accordingly. The effects of the adjustment of this error on the result of 2004/05 was an increase of R12,112 million in grants and projects expenses and in discretionary skills development grants payable. This resulted in increase in the deficit for the year from R2,758 million to R14,870 million.

15. Trade and other payables from exchange transactions

	2005 - 06 R'000	2004 - 05 R'000
Trade creditors	2 194	11 332
Trade creditors accruals	2 094	1 161
Operating lease payments due	90	-
Payroll creditors	-	2
	4 378	12 495

16. VAT Payable

VAT Payable	-	451
VAT assessment raised for previous years	-	2 044
	-	2 495

The MQA was exempted and deregistered as a VAT vendor with effect from 01 April 2005. The liability arose from a VAT assessment performed by SARS in respect of years 2001 - 2005. The liability was settled in June 2005 from the Administration Funds.

17. Government Grants and Donor Funding

	Note	2005 - 06 R'000	2004 - 05 R'000
NATIONAL SKILLS FUND			
Opening balance as previously stated		**6 073**	3 934
Prior period error	17.1	**286**	
Received during the year		**117**	33 792
Interest received and NSF funding for projects		**117**	33 792
Utilised and recognised as revenue-conditions met:		**(5 411)**	(31 653)
Bursaries & training		**(4 540)**	(28 826)
Salaries		**(157)**	(1 377)
Project management & administrative costs		**(714)**	(1 450)
Closing balance		**1 065**	6 073

During the current year no funds were received from the National Skills Fund. At year end, R1,065 million (2004 - 05:R6,073 million) continues to be accounted for as a liability until conditions for recognition as revenue have been met. Eligible special project expenses of R5,411 million were incurred and a corresponding amount was recognised as revenue.

17.1 Prior Period Error

A credit note for an invoice for R286 000 in respect of training expenditure was erronously not recognised in the previous financial year and has been corrected in the current financial year. The effect of the correction is on trade creditors and NSF income received in advance both classified under liabilities. The error was accounted for prospectively as it is insignificant in nature and amount.

18. Provisions

	Employee leave provision R'000	Employee Entitlements R'000	2005 - 06 R'000	2004 - 05 R'000
Open carrying amount	673	-	673	1 001
Amounts utilised	(328)	-	(328)	(746)
Change in estimate	291	878	1 169	418
Closing carrying amount	636	878	1 514	673

Employee leave provision is estimated by taking the number of annual leave days due to each employee and the rate per day prevalent at year end.

Employee entitlements comprise perfomance bonuses accrued at year end and is estimated by taking historical trends into account that each employee will achieve a perfomance standard that entitles them to 75% of the bonus.

19. Reconciliation of net cash flow from operating activities to net (deficit)/surplus

	Note	2005 - 06 R'000	2004 - 05 R'000
Net deficit as per Statement of financial performance		**(129 890)**	(14 870)
Adjusted for non-cash items:			
Depreciation		**622**	575
Loss on disposal of property, plant and equipment		**25**	6
Allowance for doubtful debts		**(301)**	301
Profit/(loss) on disposal of investments		**301**	-
Prior peroid error NSF		**286**	-
(Decrease)/Increase in provisions		**841**	(328)
Special project income recognised		**(5 411)**	(31 653)
Adjusted for items separately disclosed			
Investment income	4.1	**(14 395)**	(19 227)
Finance costs	7	**7**	-
Adjusted for working capital changes:			
(Increase)/decrease in receivables		**(22 340)**	21 521
Increase in payables		**67 731**	32 327
Movement in VAT receivable/payable		**(2 495)**	441
Cash utilised in operations		**(105 019)**	(10 907)

20. Contingencies

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury. The MQA has applied to the Department of National Treasury for exemption from the forfeiture of funds and has stated the reasons thereof as the constructive obligations created by the NSDS, the Mining Charter and the Minerals & Energy Sector Skills Plan targets.

21. Commitments

21.1 Mandatory reserve

The available balance of the Mandatory reserve at the end of March 2006 amounts to R211 000.

These funds are retained to satisfy the MQA's commitment to the payment of mandatory employer grants to employers that were registerered with the MQA subsequent to the 30 September 2005 mandatory grants application deadline.

21.2. Discretionary reserve

Of the balance of R174, 719 million available in the Discretionary reserve at the end of March 2006, R179,566 million has been approved and allocated for future projects and skills priorities. Amounts for expenses that have already been contracted or incurred, and therefore included in grant expenses in the Statement of financial performance, are also indicated.

7. NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

	Opening balance 2004 - 05	Approved by Accounting Authority	Utilised	Opening balance 2005/06	Approved by Accounting Authority	Utilised	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABET & ABET Practitioner grants	39 415	-	(30 408)	9 007	38 953	(28 130)	19 830
Apprenticeships & Blasting Certificates grants	-	14 000	(14 000)	-	14 000	(14 000)	-
Assessor & Moderator Grants	2 229	3 000	(2 437)	2 792	600	(600)	2 792
Bursary Scheme & Practical Training	46 949	-	(15 204)	31 745	47 000	(47 000)	31 744
Beneficiation initiatives & skills development	-	-	-	-	500	(500)	-
Capacity Bldg- Co. Skills Comm	-	1 000	(923)	77	-	-	77
Capacity Bldg- Labour	-	300	(300)	-	-	-	-
ETD Practitioners	-	-	-	-	500	-	500
ESDLE Learnerships	-	8 000	-	8 000	-	-	8 000
FET Support	-	3 500	(1 508)	1 992	1 481	(1 411)	2 061
Graduate Training Programme	-	10 500	(3 103)	7 397	25 235	(23 204)	9 428
Intro to Mining - Executive Preparatory Programme	15 408	-	(2 331)	13 077	3 606	(3 614)	13 069
Investors In People (National standard of good practice)	-	1 600	(593)	1 007	18	-	1 025
Jewelery Manufacturing skills promotion	-	-	-	-	500	(468)	32
Learnerships and skills programmes	17 911	44 000	(59 971)	1 940	83 428	(82 269)	3 099
Learning Materials Development grant	16 314	-	(4 237)	12 077	7 000	(6 998)	12 079
Levy & grant system participation improvement	-	-	-	-	200	(10)	190
NQF aligned training for skills development facilitators	-	-	-	-	1 141	(1 141)	-
NUM Training Grant	-	300	-	300	-	-	300
Personal Digital Assistants acquisition grant	-	9 600	-	9 600	4 602	(4 602)	9 600
Promotion of Women in Mining	304	1 990	(432)	1 862	500	(498)	1 864
Promotional Video	(6)	-	6	-	-	-	-
Provider Accreditation	5 491	-	-	5 491	-	-	5 491
Quality Managing System	-	2 400	(1 973)	427	2 776	(2 775)	428
SGB Attendance	6 271	1 989	-	8 260	7 317	(6 461)	9 116
Skills Committee Training	-	1 200	-	1 200	211	(214)	1 197
SMME skills development facilitators support	-	-	-	-	1 030	-	1 030
Small scale miners technical training	-	-	-	-	1 017	(1 017)	-
SMME capacity building - quality assurance	931	125	(787)	269	16	(15)	270
Unit standards generation & qualification registration	-	2 000	(1 767)	233	351	(473)	111
University EE Grant	-	31 500	-	31 500	2 730	(1 826)	32 404
Total project expenditure	151 217	137 004	(139 969)	148 252	244 712	(227 226)	165 737

21.3. Operating Leases

Total of future minimum lease payments under non-cancelable leases:

	2005 - 06 R'000	2004 - 05 R'000
Not later than one year	**1 748**	1 098
Later than one year and not later than five years	**5 681**	4 288
	7 429	5 386

The operating lease relates to the building premises; 4th and 5th floor 74-78 Marshall Street used for office accommodation. The lease agreement entered into effective 1 July 2004 and renegotiated on 1 July 2005 will be operational for a period of five years, expiring on 30 June 2010. No provision was made for an option to renew the lease on expiry. The rental payments escalate annually on 1 July by 9%.

22. Material losses through criminal conduct, irregular, fruitless and wasteful expenditure

To the best of our knowledge, no material losses through criminal conduct, or irregular, fruitless and wasteful expenditure were incurred during the year ended 31 March 2006 except as indicated under the relevant headings below

Material losses through criminal conduct

There were no material losses through criminal conduct.

Irregular expenditure

There was no irregular expenditures during the reporting period.

Fruitless and wasteful expenditure

The MQA incurred interest & penalties to the value of R10 000. This in respect of late payments to suppliers that occurred during the change in authorised signatories resulting from changes in executive management, that is the CEO & the CFO.

Calculation errors resulted in over payment of leave payements to employees that resigned during the year the total amount over paid in respect of all such employees amounted to R6345.51.

Management has implemented the necessary controls to eliminate reccurance of the above.

23. Events after reporting date

The Chairperson of the Accounting Authority resigned effective 31 March 2006.

24. Financial instruments

	Floating rate		Fixed Rate			Non-interest bearing		
	Amount R'000	Effective interest rate	Amount R'000	Weighted average effective interest rate %	Weighted average period for which the rate is fixed in years	Amount R'000	Weighted average period until maturity in years	TOTAL R'000
Year ended 31 March 2006								
Assets								
Cash	126 685	6.3%	91 075	6.3%	1 Year	5	-	217 765
Accounts receivable	-	-	-		-	75 154	1 Year	75 154
Total financial assets	**126 685**	6.3%	**91 075**	**6.3%**	-	**75 159**	1 Year	**292 919**
Liabilities								
Accounts payable	-					(113 594)	1 Year	(113 594)
Total financial liabilities	-	-	-	-	-	**(113 594)**	1 Year	**(113 594)**
								179 325
Year ended 31 March 2005								
Total financial assets	40 342		269 010				6	309 358
Account receivable							53 034	53 034
Total financial liabilities (restated)	-		-				(50 240)	(50 240)
	40 342		269 010				2 800	312 152

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 terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below:

Interest rate risk

The MQA is exposed to interest rate risk and the effective interest rates on financial instruments at balance sheet date.

Credit risk

The MQA management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation 31.3.5. The MQA's exposure is continuously monitored by the Finance Committee.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The MQA does not have any material exposure to any individual or counter-party. The MQA's concentration of credit risk is limited to the mining industry in which the MQA operates. Where events occurred in the mining industry during the financial year that may have an impact on the accounts receivable, the effect of such events have been adequately provided for. Accounts Receivable are presented net of allowance for doubtful debt.

Liquidity risk

The MQA manages liquidity risk through proper management of working capital, expenditure and actual vs. forecasted cashflows. Adequate reserves and liquidity resources are also maintained.

Market risk

The MQA is exposed to fluctuations in the employment market for example sudden increase in unemployment and changes in the wage rates. No significant events occurred during the year that the MQA are aware of.

Fair values

The MQA's financial instruments consist mainly of cash and cash equivalents, accounts receivable, and accounts 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. The following methods and assumptions are used to determine the fair value of each class of financial instruments:

Cash and cash equivalents

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

Accounts receivables

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

Accounts payable

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

25. Related party transactions

Transctions with other SETAs

Interseta transactions and balance arise due to the movement of employers from one SETA to another. No other transactions occured during the year with other SETAs.

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

	Note	Amount Receivable/ (payable) 2005 - 06 R'000	Transfers in/(out) during the year 2005 - 06 R'000	Amount receivable/ (payable) 2004 - 05 R'000	Transfers in/(out) during the year 2004 - 05 R'000
Receivables	11	-	**6 936**	301	466
CTFL SETA		-	-	-	7
CETA		-	-	-	270
TETA		-	-	-	78
Services SETA		-	23	301	111
CHIETA		-	6 913	-	-
Payables	16	-	**(70)**	(1 354)	(5 993)
FASSET		-	-	-	(3 975)
CHIETA		-	-	-	(340)
MAPP SETA		-	-	(47)	(52)
MERSETA		-	-	(1 166)	(1 313)
POSLEC SETA		-	-	-	(77)
TETA		-	-	(141)	(141)
W & R SETA		-	-	-	(95)
HW SETA		-	(70)	-	-
Total		-	**6 866**	(1 053)	(5 527)

Transactions with employer companies represented at the MQA Board

2005 - 06

Company represented	Board member	Amount Received R'000	Amount Paid R'000	Amount Payable R'000	Amount Receivable R'000
National Union of Mineworkers`	J. Nkosi, A. Teteme & E. Majadibodu	-	48	96	-
United Association of South Africa	J. Leenaerts & T. Kruger	-	28	-	-
Chamber of Mines	V. Mabena, S. Carthy	240	6 953	-	-
Anglo Gold	G.J. Brokenshire	28 485	34 217	645	-
Harmony	J. Mathebula	27 882	17 096	4 089	-
Ingwe	J. Ferguson	1 000	519	35	6 910
Anglo Platinum	A.G.W. Knock	46 185	23 007	120	1 103
Lonmin Platinum	H. Van Rensburg	15 855	6 031	3 074	-
Aggregates & Sand Producers Association	N. Pienaar	-	63	25	-
Anglo Coal	E. Jennings	11 673	9 639	279	53
		131 320	97 601	8 363	8 066

2004 - 05

National Union of Mineworkers	J. Nkosi, A. Teteme & E. Majadibodu	-	16	48	-
United Associations of South Africa	J. Leenaerts & T. Kruger	-	2	-	-
Chamber of Mines	V. Mabena, S. Carthy	216	3 880	-	-
Anglo Gold	G.J. Brokenshire	28 637	29 984	1 526	-
Harmony	J. Mathebula	30 618	15 111	401	74
Ingwe	J. Ferguson	2 191	217	295	7
Anglo Platinum	A.G.W. Knock	48 294	9 738	2 922	-
Lonmin Platinum	H. van Rensburg	14 991	13 833	599	-
Aggregates & Sand Producers Association	N. Pienaar	-	-	-	-
Anglo Coal	E. Jennings	9 811	7 381	266	16
		134 757	80 163	6 057	97

These grants have been allocated/approved on conditions similar to other MQA registered companies.

Notes

Notes


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