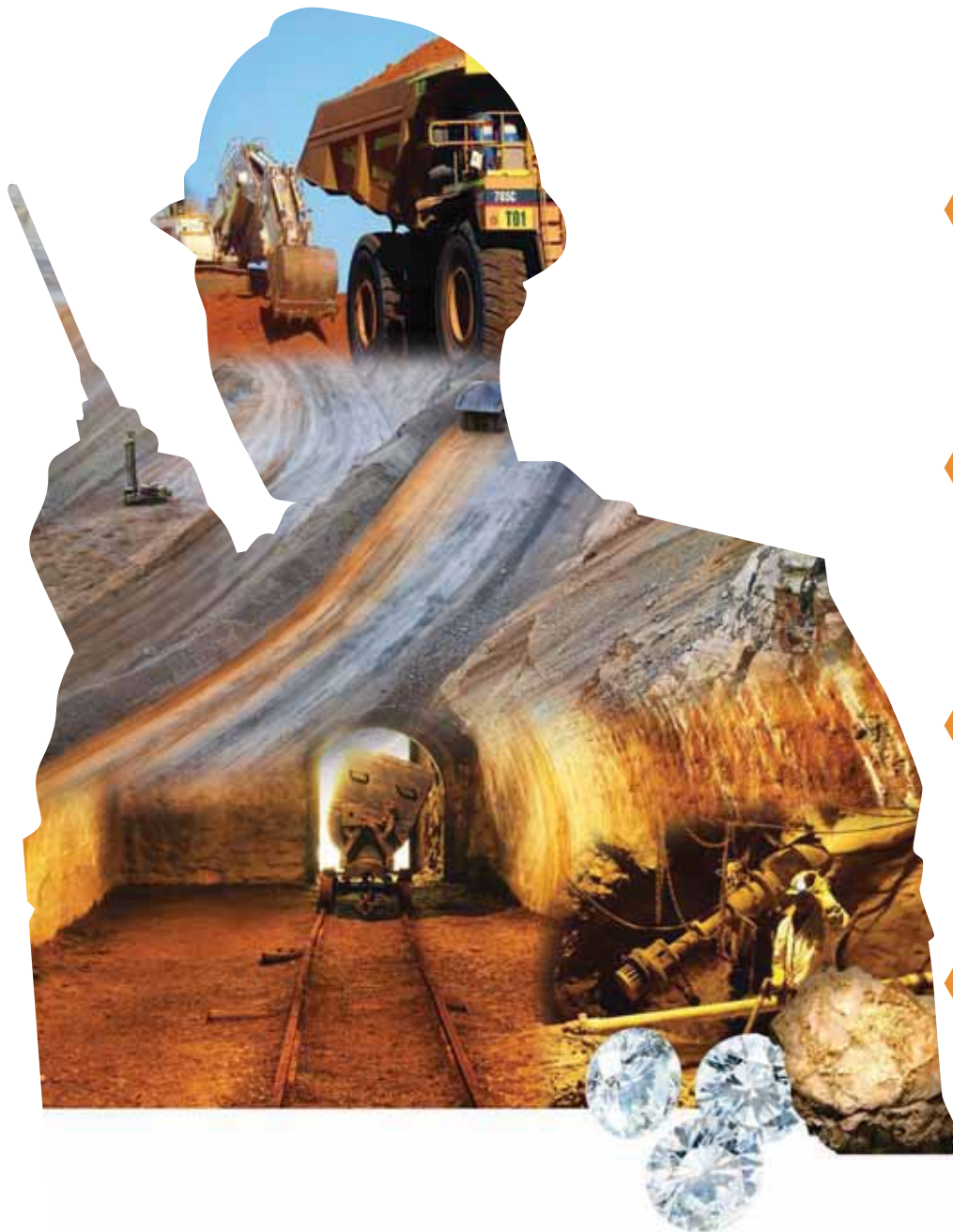


# ANNUAL REPORT 2013-14



**SKILLS DEVELOPMENT FOR EMPLOYABILITY AND GROWTH IN THE SECTOR**

**“Digging with Skills and Knowledge”**



**higher education  
& training**

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



**MINING QUALIFICATIONS AUTHORITY**

# MINING QUALIFICATIONS AUTHORITY (MQA)

## ANNUAL REPORT

2013 – 2014

### FORMER MINISTER



**Ms Susan Shabangu**  
Minister of Mineral Resources

### CURRENT MINISTERS



**Advocate Ngoako Ramatlhodi**  
Minister of Mineral Resources



**Dr Bonginkosi "Blade" Nzimande**  
Minister of Higher Education  
and Training

### HONOURABLE MINISTERS

IT IS A PLEASURE TO PRESENT THE ANNUAL REPORT OF THE MINING QUALIFICATIONS  
AUTHORITY FOR THE FINANCIAL YEAR  
1 APRIL 2013 TO 31 MARCH 2014



**Mr David Msiza**  
Chairperson

**"Digging with Skills and Knowledge"**



**higher education  
& training**

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



## VISION

A competent health and safety orientated mining and minerals workforce.

## MISSION

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

## VALUES

The MQA subscribes to the following values:

- Continuous learning
- Empowerment
- Professionalism
- Honesty and mutual respect
- Service excellence

## STRATEGIC OBJECTIVES

1. Support sector transformation through skills development.
2. Support objective decision-making for skills development through sector research.
3. Enhance information management for skills development in the sector.
4. Facilitate and support the development and implementation of core skills development programmes aligned with the sector qualifications framework.
5. Enhance the monitoring, evaluation and review of the delivery, capacity and quality of skills development in the sector.
6. To run an efficient, effective and transparent corporate governance system within the legislative framework.

## LEGISLATIVE AND OTHER MANDATES

The Mining Qualification Authority (MQA) is a state owned entity of the Department of Higher Education and Training (DHET) mandated to facilitate skills development for the mining and minerals sector (MMS). There are various pieces of key legislation that govern the operations of the MQA, these are listed in the diagram below:

THE MQA LEGISLATIVE MANDATE		
Department of Mineral Resources (DMR)	Department Higher Education and Training (DHET)	Department of Finance (DOF)
<ul style="list-style-type: none"><li>• Mine Health and Safety Act (MHSA) of 1996</li><li>• Minerals and Petroleum Resources Development Act (MPRDA) of 2002</li><li>• Social and Labour Plan</li></ul>	<ul style="list-style-type: none"><li>• Skills Development Act 97 of 1998</li><li>• South African Qualifications Authority Act (SAQA) 58 of 1995</li><li>• Higher Education Act of 1997</li><li>• National Financial Aid Scheme Act of 1999</li><li>• Adult Basic Education and Training Colleges Act of 2006</li><li>• Further Education and Training Colleges Act of 2006</li><li>• National Qualifications Framework Act of 2008</li></ul>	<ul style="list-style-type: none"><li>• Skills Development Levies Act 9 of 1999</li><li>• Tax Act, Section 12H Learnership Allowances</li><li>• Public Finance Management Act (PFMA) of 1999</li></ul>
RELEVANT REGULATIONS	RELEVANT REGULATIONS	RELEVANT REGULATIONS

In addition to the legislations listed above, national policy documents guide the development of skills in the sector; namely the National Skills Development Strategy III, the New Growth Path – National Skills Accord, Mining and Minerals Sector Skills Plan (SSP), King III Report on Corporate Governance, Protocol on Corporate Governance in the Public Sector (2002), the Companies Act (2008), all labour legislation, the MQA policies and procedures.





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## > SECTION 1: GENERAL INFORMATION



Young learners on work experience at a mine

- 1.1 Strategic Overview by the Chairperson
- 1.2 Operational Review by the Chief Executive Officer
- 1.3 Organisational Structure

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7  
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**“Digging with Skills and Knowledge”**

## 1.1 STRATEGIC OVERVIEW BY THE CHAIRPERSON



**Mr David Msiza** - Chairperson

**“I am privileged to be part of an organisation that is well managed and is able to deliver favourably on its mandate”**

It gives me great pleasure, on behalf of the governing Board of the Mining Qualifications Authority (MQA), to present the Annual Report for the period 01 April 2013 to 31 March 2014 to the Ministry of the Department of Higher Education and Training (DHET), the Department of Mineral Resources (DMR), various industry stakeholders, labour organisations and employees in the mining and minerals sector. We welcome the re-appointment of the Honourable Minister of DHET, Dr Blade Nzimande and wish him well during the next term in office. We extend a warm welcome to the newly appointed Honourable Minister of DMR, Advocate Ngoako Ramatlhodi in his new role and wish him many successes in the mining and minerals sector. Our gratitude is extended to the former Honourable Minister of Mineral Resources, Ms Susan Shabangu for her support during the financial year and we wish her well in her new role in women empowerment at the Office of the Presidency.

The MQA was established as a Sector Education and Training Authority (SETA) in terms of the Skills Development Act of 1998 and the National Skills Development Strategy (NSDS) 3 for the period 2011 to 2016. It plays an important role in the transformation, and skills development support within the mining and minerals sector. In addition the MQA, in the execution of its mandate, supports the Broad Based Socio-Economic Empowerment Charter (Mining Charter) in terms of the Minerals and Petroleum Resources Development Act of 2002 and the Mine Health and Safety Act of 1996. The guidelines set out in the NSDS 3 document of the Department of Higher Education and Training (DHET) direct the following strategic objectives adopted by the MQA:

- Support sector transformation through skills development
- Support objective decision making for skills development through sector research
- Enhance information management for skills development in the sector
- Facilitate and support the development and implementation of core skills development programmes aligned with the sector qualifications framework

- Enhance the monitoring, evaluation and review of the delivery, capacity and quality of skills development in the sector
- To run an efficient, effective and transparent corporate governance system within the legislative framework

The Risk and Audit Committee of the MQA expressed satisfaction with risks identified and controls implemented during the period under review. The MQA's risk strategy and its fraud prevention campaign, including the MQA toll-free hotline where the public and stakeholders can in absolute confidentiality, report fraudulent activities, is commendable.


The MQA as a public entity, is also guided by National Treasury in terms of the Public Finance Management Act (No. 1 of 1999 as amended by Act 29 of 1999). The Board has exercised sufficient oversight over the core and support functions of the MQA for the period under review, and is satisfied that control measures are sufficiently efficient and effective to mitigate potential risks to the MQA. Furthermore, the Board and supporting Committees are fully functional and support the strategic mandate of the MQA in their respective operational and technical capacities.

I am privileged to form part of an organisation that is well managed so as to deliver favourably on its mandate.

### Highlights

Despite the known challenges that affected the sector, such as the labour instability within the platinum mines, which affected the number of workplace skills plans (WSPs) and annual training reports (ATRs) submitted, the MQA ensured that all the commitments in the Service Level Agreement with the Department of Higher Education and Training are achieved. This will ultimately improve on skills development of the youth and mine workers and assist in addressing the triple challenges of unemployment, inequality and poverty that our country faces.





Also, the MQA forged ahead with the establishment of regional offices in partnership with the identified Technical, Vocational, Education and Training (TVET) colleges ex Further Education and Training (FET) colleges in six provinces with the aim of fostering a positive interaction and to improve the service accorded to all stakeholders.

## Occupational Health and Safety Support

The health and safety of employees continues to be of great importance in the mining and minerals sector. Hence, the relationship between the MQA and the Department of Mineral Resources (DMR) is an important one as it also pertains to the health and safety of all employees in the mining and minerals sector. This continued partnership ensures that health and safety issues are adequately addressed, through various skills development initiatives. In this regard, I must commend the work undertaken by the relevant stakeholders (employers, labour organisations, the MQA and the Mine Health and Safety Council) who form part of the Mine Health and Safety Tripartite Leadership Summit Agreement.

Improvements are continuously being made in terms of health and safety. This is also demonstrated by the 85% reduction in the number of mining fatalities from 615 in 1993 to 93 in 2013. The mining sector also reported the lowest fatalities ever recorded during 2013, and for the first time ever, the mining sector has recorded fatalities of less than a hundred, whilst mine fatalities have historically been trending in hundreds. Despite the improvement, it is still of great concern that we continue to experience loss of life, injuries and ill health of mineworkers in the sector, particularly in the gold sector. The sector is encouraged to continue with implementing effective measures to ensure that there is a significant and sustainable improvement on the health and safety of mine workers.

## Revenue – Administration Budget

The MQA's revenue for the period under review increased from R786 million to R881 million in 2013-2014. This is despite the instability in the sector largely due to labour unrest. A further increase is anticipated in 2014-2015 as a result of increased advocacy and partnerships established due to regional expansion projects. The MQA has, with the application of sound management practices, ensured that it remains within the 10.5% statutory allocation for the administration budget. The total spend on administration costs increased from R65 million to R89 million as opposed to the R114 million allocated, resulting in a saving of R25 million on its administrative funds.

## Mandatory grants

Skills development legislation requires that all mining companies, regardless of size, submit their workplace skills plans (WSPs) and annual training reports (ATRs) as part of their commitment to skills development. This is to ensure that the sector adopts a culture of continuous learning so that an informed profile of the scarce and critical skills needs within the sector is always available. Ongoing research efforts by the MQA encourage the submission of WSPs-ATRs, and those inputs are consolidated into the industry's sector skills plan (SSP).

The mining sector continues to be characterised by a shortage of skills especially in core mining careers. There is an urgent need to address this, as increasing skills shortages will have dire consequences for the sector in terms of productivity standards and this will have a direct impact on the sector's contribution towards the country's economy. It is for this reason that the MQA has developed a number of learning initiatives to ensure that relevant skills are developed and that skills retention is promoted in the sector.

The MQA has allocated R287 million for mandatory grant payments in the current financial year, compared to R492 million in the previous financial year; and a total of R230 million was disbursed for approved mandatory grant payments resulting in a saving of R57 million.

The submission date for WSPs-ATRs has been changed to 30 April annually. We anticipate that this change will exert more pressure on employers and may result in an increased number of requests for submission extensions received by the MQA.

## Discretionary grants

The MQA Board approved a total budget of R460 million for discretionary projects. The amounts committed for discretionary projects was R678 million. These funds are intended to address skills shortages and identify innovative ways of addressing the transformation needs of the mining and minerals sector. The MQA will ensure that measures are in place for continued stakeholder support through various learning programmes.

These projects are established with a focus of addressing the skills gaps identified in the Sector Skills Plan, to fulfil the strategic goals of the MQA that are informed by the deliverables outlined in the National Development Skills Strategy 3. The projects include various artisan (to support the increasing need for artisan trades) and non-artisan learning programmes, the occupational health and safety skills programme, mathematics and physical science extra-curricula support, bursaries, work experience, internships as well as projects to support historically disadvantaged individuals in their career progression within the sector.

## Transformation

The MQA remains unwavering in its support for the objectives outlined in the Mining Charter that are aimed at transforming the sector. The priorities outlined in the Mining Charter include amongst others human resources development to increase the number of qualified historically disadvantaged individuals, promoting the employment of women, people with disabilities and empowering disadvantaged communities in the sector.

There are challenges however, concerning the pace of transformation especially amongst the more senior roles within the sector. The MQA has undertaken to encourage transformation through its bursary scheme for learners who excel in maths and science; the internship programme that offers workplace experience for graduates with mining related qualifications; the work experience programme that assists undergraduates with experience to attain their qualifications; and the ABET learning programme to enrol adult learners in literacy classes.

The MQA has, in the process of ensuring that targets are met, implemented a number of internal processes and co-operation agreements with a number of other role-players. In the Board's view this is paramount to the continued success of the MQA.

## Challenges

The “*first-come-first-serve*” approach was introduced during the 2013-2014 financial year in an effort to encourage employers to enrol more learners in different MQA learning programmes. Although there have been some challenges experienced, a number of stakeholders have responded positively and I am convinced this and other initiatives will go a long way towards facilitating greater employer participation.

The issue of adult literacy in the sector continues to pose a challenge and requires concerted efforts from all stakeholders. An advocacy campaign to promote the role of ABET amongst both learners and employers is of paramount importance.

The role of occupational health and safety in the workplace remains a priority which the MQA is intent on addressing, by increasing the pool of training providers.

We cannot ignore the threat of increased unemployment levels in the sector due to the recent instability that plagued the platinum mining sector. The MQA needs to ensure measures are in place to lessen the impact of possible retrenchments. The increased activity and establishment of labour organisations has resulted in a greater need to ensure consolidation and inclusion for increased unity and stability in the sector.

## Appreciation

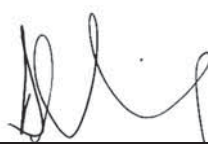
To the Ministries of both Higher Education and Training and Mineral Resources, I extend my gratitude.

I would also like to extend my gratitude to the MQA Board, the Audit and Risk Committee, the Remuneration Committee, as well as Internal and External Auditors. It is indeed an honour to serve as a member of the Board together with committed Board members.

My sincere appreciation is also extended to the employers and labour organisations for their continued support and feedback during the various stakeholder engagements.

I extend my gratitude, on behalf of the MQA Board, to the MQA employees for their support in meeting the MQA's mandate over the past year in spite the challenges.

It is this commitment to service delivery and efforts for increased improvement that will ensure the MQA continues to be a vehicle for accelerated skills development training for the mining and minerals sector.



**Mr David Msiza**

Chairperson of the MQA Board

31 May 2014



## 1.2. OPERATIONAL OVERVIEW BY THE CHIEF EXECUTIVE OFFICER



**Mr Sam Seepei** - Chief Executive Officer

**“I had the privilege of forging strong partnerships during the financial year”**

It gives me great pleasure to present the overview of the MQA's performance during the financial year 01 April 2013 to 31 March 2014, measured against targets set out in the National Skills Development Strategy (NSDS) 3, the Mining Charter and the MQA's Strategic Plan. It is also an honour to table the MQA's annual report.

I had the privilege of forging strong partnerships with organisations that include the Department of Higher Education and Training (DHET), Department of Mineral Resources (DMR), Higher and Further Education institutions, employers, labour organisations, employees, accredited training providers, as well as employed and unemployed learners during the past financial year, in the mining and minerals sector.

The 2013-2014 financial year presented the MQA with a number of significant developments that saw the MQA making great strides in skills development. The MQA's commitment to skills development is guided by six strategic themes which override the MQA's activities and its implementation of skills development projects in the mining sector. The MQA has established a Monitoring and Evaluation Unit to assess the impact of skills development projects following their implementation.

In line with the above objectives the MQA has achieved the following in the 2013-2014 financial year.

### Research

The MQA conducts ongoing research to determine the skills needs of the sector and thereby inform the learning and training programmes that are required to address the identified needs. One of the ways of achieving this, is through the submission of the workplace skills plans and the annual training reports. A total of **585** WSP-ATRs were submitted against the planned target of 642, by the new WSP-ATR submission date of 30 April annually. Although the submission process was conducted manually, the national workshops that were conducted in the run-up to the submission date, provided the necessary training for skills development facilitators to ensure a seamless submission process.

The decrease in the number of submitted WSP-ATRs can be attributed to the recent labour unrest in the platinum sector which hampered the submission process for many employers. This may impact on the compilation of a comprehensive SSP, but we are confident that through the advocacy campaigns and engagements with employers, the submission process will improve in the next financial year.

### Youth and Learner Development

The MQA invests in youth development in the sector by providing various learning opportunities that will skill learners interested in pursuing mining related careers. The sector also requires a pool of these skilled new entrants to facilitate transformation.

The MQA supported the training of **1 000** youth in portable skills in conjunction with the mines and the DHET. The trained youth were sourced from the Limpopo and North West provinces. The portable skills training included welding, house electrification, plumbing and preparatory mining which would eventually present prospects for absorption of the trained youth into the mines.

The MQA supported a total of **787** undergraduate bursars with bursaries, at various Higher Education and Training (HET) institutions enrolled in mining and minerals related disciplines, against a target of 750. This was further enhanced by the support of the regional offices.

A total of **600** graduate interns against the set target of 600, were placed with different mining companies for structured work experience opportunities to complement their scarce and critical skills qualifications, as required by the mining and minerals sector.

### Mineral Beneficiation

The MQA is committed to continuous skills development in the diamond and jewellery manufacturing sub-sectors. A total of **200** learners including **7** National Institute for the Deaf (NID) learners benefited from the diamond and jewellery skills programmes.

## Occupational Health and Safety

Health and safety in the mines is promoted to ensure the well-being of all employees in the sector, and decrease the frequency of accidents that occur during mining activities. In an effort to achieve this, the MQA exceeded the target set for training in the occupational health and safety skills programme, with a total of **10 068** occupational health and safety (OHS) representatives trained against a target of 5 000.

The MQA further supported **50** mine inspectors from the Department of Mineral Resources against a total of 50. The required training, demonstrated the MQA's commitment to ensuring that health and safety standards in mining workplaces are in place, as well as encourage better partnerships with the DMR.

## Empowerment

The MQA prioritises empowerment in the sector by developing learning programmes and skills development training initiatives that include previously disadvantaged individuals, to ensure their contribution towards transformation in the sector. To date, a total of **137** people with disabilities, against a target of 68, have been accommodated in various mainstream learning programmes.

The MQA supports the development of historically disadvantaged individuals and has supported 93% of suppliers.

A total of **1 735** artisan aides received certifications upon completing their artisan related programmes, against the set target of 1 200. This indicates the MQA's drive towards ensuring that employed artisan learners in the sector are equipped with relevant qualifications that will enable them to progress in their chosen trades.

## Highlights

There were a number of challenges that faced the mining and minerals sector but despite these, the MQA succeeded in offering the same level of service that the sector and stakeholders have become accustomed to. There were a number of events which took place such as stakeholder engagement forums and accredited training provider forums which ensured consistent availability of information.

Career guidance events, in partnership with various mining houses, were undertaken and learners in rural mining communities were informed about the role of the MQA and about the diverse number of careers within the mining and minerals sector.

The MQA also participated in DHET career guidance events such as the annual Mandela Day Career Exhibition held in the Free State. The Sector Education and Training Authority (SETA) took an active role by participating in the DHET's Year of the Artisan initiative that encouraged the youth to participate in artisan related trades to develop the sector and the economy of the country.

The regional expansion programme saw the introduction of six regional offices in the Eastern Cape, Free State, Limpopo, Mpumalanga, Northern Cape and the North West provinces. These offices will ensure regional presence of the MQA and provide an extension of the services that are currently being offered through the MQA's head office.

## Challenges

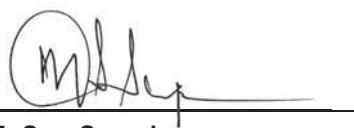
The MQA continues to experience challenges with the intake of learners in various learning programmes, especially in the enhancement of literacy levels in the sector. The SETA is engaging with all relevant stakeholders to devise solutions that will not further impede the empowerment of our adult learners and encourage employers to invest in the skilling of their employees. Our key goal as the MQA is to enhance skills for the benefit of employment and the creation of jobs.

## Appreciation

I would like to extend my gratitude to the DHET, DMR, the MQA Board and Standing Committees for continuing to support the objectives of the MQA throughout the various stages of the organisation's growth that are, at times, beset with challenges.

To the various employers in the sector and labour organisations, I value your engagement efforts and the feedback provided, which continues to guide our ongoing improvements. Without the supporting organisations in our sector, it would not be possible to implement our learning programmes.

My sincere appreciation is conveyed to the MQA management and staff members for their contribution and tireless efforts during this past financial year. The success of the MQA relies on a joint effort and your continued support in the years to come.



**Mr Sam Seepei**

Chief Executive Officer

31 May 2014

## 1.3. ORGANISATIONAL STRUCTURE



\*Commencement in current position



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“Digging with Skills and Knowledge”

## 2.1. CORPORATE GOVERNANCE

In terms of Regulation 30 of the Treasury Regulations, a Service Level Agreement (SLA) must be concluded annually between the MQA and the Executive Authority namely, the Department of Higher Education and Training. This agreement should contain key performance indicators and outcomes expected. The Board is appointed by the Executive Authority and its mandate is to provide strategic direction, leadership, determine goals and objectives of the MQA, and approve key policies, financial objectives, plans, goals and strategies. The MQA Constitution, the Board Charter and the Terms of Reference for all standing committees are aligned to the principles incorporated in the Code of Corporate Practices and Conduct in the King III Report. The Board Standing Committee's played a critical oversight role that created an enabling environment for the

achievement of the goals. The manner in which power is exercised in an organisation, is seen in the maturity of its corporate governance framework. The MQA has a sound corporate governance framework. From an institutional and operational perspective, the MQA continuously produces a good set of financial results. This could not have been achieved without the visionary leadership of the Board, which exercises strategic leadership over the MQA legislative mandate and operational oversight of performance.

### 2.1.1 GOVERNANCE STRUCTURE

In the execution of its oversight function, the Board is assisted by eight committees that provide strategic support. Below is the governance structure of the MQA:



## 2.1.2 BOARD MEMBERS



**CHAIRPERSON**

David Msiza  
DMR



Thulani Tshozane  
DHET



Nomathemba Kubeka  
DHET

**MINISTERIAL**



Headman Mbiko  
DMR



Mollatso Kobe  
DMR



Mthokozisi Zondi  
DMR



Pat Gamede  
DMR

**STATE**



Johan Venter  
Colliery Training Centre



Lorato Mogagi  
Anglo Platinum



Mashego Mashego  
Harmony Gold



Sheridan Rogers  
Petra Diamonds



Vusi Mabena  
Chamber of Mines

**EMPLOYERS**



Amon Teteme  
NUM



Azaria Tshangase  
NUM



Faith Letlala  
NUM



Zwelitsha Tantsi  
NUM



Richard Samuel  
UASA

**LABOUR**



## 2.1.3 BOARD AND STANDING COMMITTEES' ROLES AND RESPONSIBILITIES

Summary of the roles, functions, composition, quorum requirements and frequency of the meetings of each structure.

	Name	Function	Composition	Quorum	Chairperson	Secretary	Meeting
1.	MQA Board	Accounting Authority Policy, strategies and resource allocations.	Five representatives per stakeholder group present.	Two stakeholder groups present	Chief Inspector of Mines	External Service Provider	Quarterly
2.	Executive Committee (EXCO)	The Board delegated tasks and management oversight.	Chairperson of the Board, Three Conveners and MQA Executives.	Two stakeholder groups present	Chief Inspector of Mines	External Service Provider	Quarterly
3.	Audit and Risk Committee	Advises on the effectiveness of financial management systems and controls in terms of the PFMA.	Three external representatives, one representative per stakeholder group, representative from internal auditors, one representative from external auditors and MQA Executives.	Two stakeholder groups and one external representative present	External representative	External service provider	Every second month
4.	Finance Committee	Advises on budget, financial control of projects and grants and levy grant disbursement.	Two representatives per stakeholder group and MQA Executives.	Two stakeholder groups present	Board Member	External Service Provider	Every second month
5.	Skills Planning and Research Committee	Advise on development and implementation of the Sector Skills Plan, administration of the workplace skills plan and annual training report and grants, unit projects and grants implementation.	Two representatives per stakeholder group and MQA Management.	Two stakeholder groups present	Board Member	External Service Provider	Every second month
6.	Standards Generating Body (SGB) Committee	Advises on development and registration of standards and qualifications, development of learning programmes, skills programmes, ratification of learning materials, unit projects and grant implementation, and liaises with other SGBs.	Four representatives per stakeholder group, two representatives from the Standards and Qualifications Co-ordinator Group (SQCG) facilitators, four representatives from professional bodies, two representatives from providers, one representative from manufacturers, suppliers and MQA Management.	51% of representatives	Board Member	External service provider	Every second month
7.	Learning Programmes Committee (LP)	Advises on learning programmes, skills programme registration, learning material development, apprentice administration, MQA-I-Share administration, and unit projects and grants implementation.	Two representatives per stakeholder group and MQA Management.	Two stakeholder groups present	Board Member	External Service Provider	Every second month
8.	Quality Assurance Committee (ETQA)	Advises on quality assurance, accreditation, MoUs with SETAs, monitoring of learning provision, unit projects and grants implementation.	Two representatives per stakeholder group and MQA Management.	Two stakeholder groups present	Board Member	External Service Provider	Every second month
9.	Human Resources and Remunerations Committee (HREMCO)	Oversees the implementation of a Remuneration Framework for the MQA.	Three external representatives, one representative per stakeholder group and MQA Executive.	Two stakeholder groups and one external representative present	External Representative	External Service Provider	Quarterly

\* **Stakeholders:** Comprises the State, Employer and Labour representatives.

## 2.1.4 BOARD MEETING ATTENDANCE 2013-2014

The meeting attendance schedule by the members of the Board:

	Chairperson	Organisation	Constituency	Meeting Dates				TOTAL
				30 May 2013	25 July 2013	22 November 2013	27 February 2014	
1	***D. Msiza	DMR - Pretoria	State	✓	✓	✓	✓	4
	<b>Members</b>	<b>Organisation</b>	<b>Constituency</b>					
2	^T. Tshozane	Ministerial Appointee	Ministerial Appointee	x	x	x	x	0
3	^N. Kubheka	Ministerial Appointee	Ministerial Appointee	✓	✓	x	✓	3
4	A. Tshangase	NUM – Head Office	Labour	✓	x	✓	x	2
5	F. Letlala	NUM – Head Office	Labour	✓	x	✓	x	2
6	R. Samuel	UASA	Labour	✓	x	x	✓	2
7	Z. Tantsi	NUM – Head Office	Labour	✓	x	✓	x	2
8	*A. Tete	NUM – Head Office	Labour	✓	✓	✓	✓	4
9	*V. Mabena	Chamber of Mines	Employer	✓	✓	x	✓	3
10	**L. Mogaki	Anglo platinum	Employer	✓	✓	x	x	2
11	**J. Venter	CTC	Employer	x	✓	✓	✓	3
12	**M. Mashego	Harmony	Employer	✓	x	x	✓	2
13	**S. Rogers	Petra Diamonds	Employer	✓	x	x	✓	2
14	**P. Gamede	DMR	State	✓	x	✓	x	2
15	**H. Mbiko	DMR	State	✓	x	x	✓	2
16	**M. Kobe	DMR	State	✓	✓	✓	x	3
17	**M. Zondi	DMR	State	✓	✓	✓	✓	4

^Ministerial Appointees

\*\* Members

\* Convenor of stakeholder delegation

\*\*\*Chief Inspector of Mines

### 2.1.5 BOARD STRATEGIC PLANNING

Planning is a critical aspect of any organisation that aims to deliver on its strategic objectives. The MQA Board held two strategic planning sessions on 16 and 17 July 2013 and on 08 and 09 October 2013. The July session was aimed at evaluating the impact of the MQA's projects and programmes, budgets and prioritisation, in line with the needs of the sector. The October session focused on reviewing the strategic direction of the organisation, assessing internal and external challenges, providing direction and reviewing the Annual Performance Plan for 2014-15. The Board also deliberated on various policies and proposals in addressing the challenges related to achievement of targets and disbursement of mandatory and discretionary grants.

### 2.1.6 STAKEHOLDER CAPACITY BUILDING

Providing capacity to stakeholders is critical in ensuring common understanding, stakeholder support for the MQA mandate, creating awareness of the MQA as a brand and sharing of information about the MQA business that generates interest to its stakeholders. On an annual basis, the MQA schedules engagement sessions with the stakeholders to share relevant and accurate information.

The Organised Labour Workshop was organised and facilitated by the MQA on 28 and 29 November 2013 for the newly appointed stakeholder representatives. Information was presented on the mandate, vision, mission and strategic objectives of the MQA with the attendees present.



Chairperson of the MQA addressing delegates at the launch of the Limpopo Office



## > SECTION 3: PERFORMANCE INFORMATION



\* Learning Programmes Implementation comprises the Learning Programmes and Projects Units as well as MQA Projects implemented.

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**"Digging with Skills and Knowledge"**

### 3.1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

The Chief Executive Officer is responsible for the preparation of the MQA's performance information and for the judgements made concerning this information.

The Chief Executive Officer is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

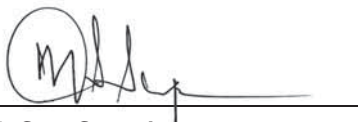
In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the MQA for the financial year ended 31 March 2014.

The MQA's performance information for the year ended 31 March 2014 has been examined by the external auditors, and their report is presented on page 61 to 63.

From a total of 42 targets planned for the year, 16 were not achieved during the year under review. This represents 62.5% of total planned targets achieved as planned for the 2013-2014 financial year. This achievement was attributed largely to downtime due to labour unrest in the mining and minerals sector.

The MQA however, exceeded in core areas such as learnerships, bursaries and work experience. In some core programmes we experienced challenges in meeting the targets set.

The performance information of the MQA is set out on pages 20 to 48 is approved by the MQA Board.



**Mr Sam Seepei**

Chief Executive Officer

31 May 2014



## 3.2. MINING CHARTER DECLARATION, COMMITMENTS AND SCORECARD FOR 2014

During the 2013-2014 financial year, the MQA continued with its support of the Broad Based Socio-Economic Empowerment Charter known as the Mining Charter.

The Mining Charter which is provided for in terms of section 100(2)(a) of the Minerals and Petroleum Development Act (MPRDA), No. 28 of 2002, identifies specific transformation targets which the MQA progressively and resiliently endeavours to achieve through a multiplicity of its Board approved projects.

This report seeks to articulate progress made by the MQA during the 2013-2014 financial year towards achieving set objectives, targets and realising commitments as required by the Charter.

The key result areas of the Mining Charter comprises:

- Infrastructure
- Innovation in mining
- Sustainable development
- Beneficiation
- Regulatory framework
- Human resource development
- Employment equity
- Mine community development
- Housing and living conditions
- Procurement
- Ownership and funding
- Monitoring and evaluation

### The MQA's Support for the Mining Charter, comprised the following:

Assessing the current research and development landscape in the mining industry:

- The MQA attended research workshops conducted by the DHET which sought to examine alternative ways of conducting research within the mining and minerals sector
- The MQA continued with the diversification and implementation of its annual research agenda. Part of the MQA's focus was the development of an impact assessment framework in order to perform impact assessments on MQA key projects.

Strengthening partnerships with research institutions:

- The MQA continued to receive assistance from research institutions to perform various categories of skills development research.

Implementing mine health and safety tripartite action plans:

- The MQA partnered with the Mine Health and Safety Council (MHSC) to deliver on the Mine Health and Safety Tripartite Action Plans.
- A total of **10 068** candidates were trained on the Occupational Health and Safety Representatives Programme.

Supporting local beneficiation in order to unlock the intrinsic value of South Africa's minerals:

- In 2013-2014, work was performed on the DMR beneficiation strategy. A multi-stakeholder driven technical task team continued to meet to devise strategies for responding to the national DMR beneficiation strategy. A curriculum and assessment specification for an entrepreneurial jeweler was drafted.
- A total of **250** learners were developed on jewellery and diamond processing programmes.
- Bursaries were awarded to higher education institutions in jewellery design and manufacturing to support beneficiation.
- Internship opportunities were also provided to learners.
- A total of **137** learners with disabilities were assisted on jewellery and diamond processing programmes.

Setting a minimum target of 40 percent demographic representation within the mining and minerals sector by 2014 in junior, middle, senior and top management:

- A total of 130 HDSA learners were developed in supervisory, management and leadership programmes.

Developing a partnership approach towards mine community development and consider the establishment of regional social development funds for effective implementation of social and labour plans:

- A mine community development project was implemented with mining companies such as Lonmin, to ensure mining communities had access to mining skills development, information and knowledge to strengthen partnerships with mining communities, and communities in areas providing labour.



A multiplicity of Board approved projects and initiatives to address critical and scarce skills are encapsulated in the MQA strategic plan to support the Mining Charter. These vary from bursaries, artisan development programmes, non-artisan learning programmes, maths and science, work experience, internships and Adult Basic Education and Training (ABET) projects, to mention just a few. The MQA hopes, with these projects, that it will realise its vision of a competent, health and safety oriented mining and mineral sector workforce that will improve health and safety, and employment equity within the broader parameters of the strategic plan.

The MQA ensured compliance with the Mining Charter objectives in these areas, and also in all other critical areas as stated in the Mining Charter such as procurement, ownership and funding, innovation and Broad-Based Black Economic Empowerment initiatives.

**“A total of 130 historically disadvantaged learners were developed in supervisory, managerial and leadership programmes.”**



A mining professional at work

### 3.3. THE MQA ANNUAL PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2013 TO 31 MARCH 2014

<b>PROGRAMME</b>
<b>SKILLS DEVELOPMENT PRIORITY</b>
<b>MQA STRATEGIC OBJECTIVE</b>
<b>NSDS GOAL 4.7</b>
<b>PRIORITY FOCUS</b>

No. Ref	Strategic Objective	Programme Performance Indicator
1.1	<b>BLACK PROFESSIONALS DEVELOPMENT</b> To increase the pool of black professionals for managerial opportunities in the mining and minerals sector.	The number of black professionals accessing managerial opportunities in the mining and minerals sector
1.2	<b>LECTURER SUPPORT</b> To increase the number of historically disadvantaged South African black lecturers in the mining related disciplines at HET institutions.	The number of lecturers supported in different fields relevant to the mining and minerals sector
1.3	<b>PEOPLE WITH DISABILITIES</b> To ensure the inclusion of people with disabilities in skills development programmes.	The number of people with disabilities across different programmes
1.4	<b>ARTISAN AIDES</b> To provide training that will enable currently employed artisan aides/ assistants to access qualifications to become fully qualified artisans.	The number of artisan aides that qualify as artisans
1.5	<b>HISTORICALLY DISADVANTAGED SOUTH AFRICANS (HDSA)</b> To increase the number of HDSAs providing services to the MQA.	The percentage of procurement spend on services provided by HDSAs 40% of companies with BEE Level 4 status and below

1

## ONE

**To support the transformation of the sector through skills development.**

To increase public sector capacity for improved service delivery and support the building of a developmental state.

Interventions related to this strategic objective will focus on the development of HDSA managers, lecturer support, women in mining, people with disabilities and the recognition of prior learning in the mining and minerals sector.

Actual Achievements	Targets	Actual Achievements	Deviation from Planned Target to Actual Achievement	Comments on Deviation Scorecard
2012-2013	2013-2014	2013-2014	2013-2014	
135	130	130	0	<b>Target Met</b>
25	19	27	8	<b>Target Exceeded</b> Additional lecturers were approved by the Board for support.
164	68	137	69	<b>Target Exceeded</b> Based on our workshops and allowing companies to train their learners on non-MQA qualifications, led to an increase in the number of intakes for this particular project.
97	500	191	-309	<b>Target Not Met</b> An additional 302 learners from the Platinum Belt were envisaged to complete their programmes in this financial year. Due to the industrial action, the training programme was delayed.
No Target in Prior Year	40%	93%	53%	<b>Target Exceeded</b> This is the first year the MQA introduced this target. This target will be revisited in the new financial year.



**PROGRAMME****SKILLS DEVELOPMENT PRIORITY****MQA STRATEGIC OBJECTIVE****NSDS GOAL 4.1****PRIORITY FOCUS**

No. Ref	Strategic Objective	Programme Performance Indicator
2.1	<b>SKILLS DEVELOPMENT FACILITATORS</b> To build the capacity of the skills development facilitators in order for them to understand the mining and minerals sector skills development.	The number of skills development facilitators trained
2.2	<b>RESEARCH PROJECTS</b> To conduct relevant prioritised research into skills development related issues in the sector (including research for providing skills to support beneficiation strategy) as per the annual research agenda.	The number of prioritised research conducted
2.3	<b>WSP-ATR</b> To continuously evaluate the WSP-ATR to accurately reflect skills provision for the sector.	The number of submitted WSPs/ATRs analysed
2.4	<b>IMPACT STUDIES</b> To conduct impact studies as required.	The impact studies conducted
2.5	<b>SKILLS AUDITS</b> To support organisations to conduct a skills audit within their organisation.	The number of organisations supported
2.6	<b>SKILLS DEVELOPMENT RESEARCH</b> To collaborate more closely with relevant institutions regarding skills development and research in the sector.	The number of HEIs collaborated with
2.7	<b>POST-GRADUATE RESEARCH SUPPORT</b> To support post-graduate students who undertake industry related research topics; to put in place a staff capacity building programme.	The number of students supported

2

**TWO**

**To support objective decision-making for skills development through research in the sector.**

To establish a credible institutional mechanism for skills planning.

The specific interventions that will address this strategic objective includes SDF support and capacity building, skills development research and impact analysis, support for skills audits at organisational level and contributing to the body of skills development research nationally and within the sector.

Actual Achievements	Targets	Actual Achievements	Deviation from Planned Target to Actual Achievement	Comments on Deviation Scorecard
2012-2013	2013-2014	2013-2014	2013-2014	
414	500	889	389	<b>Target Exceeded</b> The workshops for the 2013 and 2014 submissions were held in one financial year and this made it easy to exceed the target.
60%	100% (5)	100% (5)	0	<b>Target Met</b>
590	642	585	-57	<b>Target Partially Achieved</b> This can be attributed to the reduction of the mandatory grant payment.
0	3	0	-3	<b>Target Not Met</b> This can be attributed to the internal staff capacity challenges which were addressed with the recent appointment of the Research Specialist.
0	44	0	-44	<b>Target Not Met</b> This can be attributed to the internal staff capacity challenges which were addressed with the recent appointment of the Research Specialist.
1	2	2	0	<b>Target Met</b>
0	3	0	-3	<b>Target Not Met</b> This can be attributed to the internal staff capacity challenges which were addressed with the recent appointment of the Research Specialist.



PROGRAMME
SKILLS DEVELOPMENT PRIORITY
MQA STRATEGIC OBJECTIVE
NSDS GOAL 4.1
PRIORITY FOCUS

No. Ref	Strategic Objective	Programme Performance Indicator
3.1	<b>MANAGEMENT INFORMATION SYSTEM</b> To develop an integrated functional management information system (MIS) that meets the needs of stakeholders.	Management information system implementation



	3
	THREE
	To enhance knowledge management for skills development in the sector.
	To establish a credible institutional mechanism for skills planning.
	It has become critically important for the MQA to continuously track and monitor labour market trends, learner achievements and the career progression of individuals through a well-designed and fully operational management information system (MIS). This objective is however, not limited to the development of an internal MIS, it also includes the development of a more comprehensive and integrated skills development information system for the total sector.

Actual Achievements	Targets	Actual Achievements	Deviation from Planned Target to Actual Achievement	Comments on Deviation Score Card
2012-2013	2013-2014	2013-2014	2013-2014	
100%	50%	50%	0%	Target Met

**PROGRAMME**

**SKILLS DEVELOPMENT PRIORITY**

**MQA STRATEGIC OBJECTIVE**

**NSDS GOAL 4.1**

**PRIORITY FOCUS**

No. Ref	Strategic Objective	Programme Performance Indicator
4.1	<b>MATHS AND SCIENCE</b> An Increase number of maths and science learners	An increased number of maths and science learners supported
4.2	<b>CAREER GUIDANCE</b> To increase awareness of mining and mineral sector related careers.	The number of career guidance and career event days supported
4.3	<b>ABET Registrations</b> To encourage employees to enroll in ABET training so as to progressively increase the levels of literacy in the sector.	The number of learners that successfully register on the ABET programme
	<b>Completions</b>	The number of learners that successfully complete the ABET programme
4.4	<b>OHS REPRESENTATIVES TRAINING</b> To train Occupational Health and Safety (OHS) Representatives.	The number of OHS representatives that successfully complete training
4.5	<b>MINE COMMUNITY TRAINING</b> To facilitate and support training of mining communities with social and labour plans.	The number of learners that successfully complete social and labour plans training
4.6	<b>DMR INSPECTORS</b> To facilitate the training of the Department of Mineral Resources (DMR) Inspectors with the required skills.	The number of DMR Inspectors trained

**FOUR**

**To facilitate and support the implementation of core sector skills and develop programmes aligned to the sector qualifications framework.**

To establishing a credible institutional mechanism for skills planning.

It has become critically important for the MQA to continuously track and monitor labour market trends, learner achievements and the career progression of individuals through a well-designed and fully operational management information system (MIS). This objective is however, not limited to the development of an internal MIS; it also includes the development of a more comprehensive and integrated skills development information system for the total sector.

Actual Achievements	Targets	Actual Achievements	Deviation from Planned Target to Actual Achievement	Comments on Deviation Scorecard
2012-2013	2013-2014	2013-2014	2013-2014	
1 000	100	1 261	1 161	<b>Target Exceeded</b> Additional learners were considered based on the available budget.
56	50	78	28	<b>Target Exceeded</b> There was increased participation in the additional unplanned career guidance event days that were not included in the original planning.
No Target in Prior Year	8 800	6 397	-2 403	<b>Target Not Met</b> There is a decline in learner enrolment into ABET programmes within the sector.
1 000 Completed	4 400	2 556	-1 844	<b>Target Not Met</b> The decline in learner enrolments had a negative impact on the pass rates of learners and on the completion of the programmes. This will be addressed in the 2014-15 financial year.
6 438	5 000	10 068	5 068	<b>Target Exceeded</b> Since the MQA reviewed the administration process for companies, more companies are participating and are satisfied with the current process for enrolling learners on the OHS skills programmes.
100	2 000	815	-1 185	<b>Target Not Met</b> Due to the late signing of SLAs with mining houses, the project start was delayed in the 2013-14 financial year.
63	50	46	-4	<b>Target Partially Achieved</b> The uptake of 4 learners onto the programme, who were on sick leave, will be delayed to the 2014-2015 financial year.



No. Ref	Strategic Objective	Programme Performance Indicator
4.7	<b>MENTORING AND COACHING</b> To support organisations with on-the-job mentoring by training coaches.	The number of coaches provided
4.8	<b>FACILITATOR SUPPORT</b> To support the sector with the development of facilitators.	The number of facilitators developed
4.9	<b>FOUNDATIONAL LEARNING COMPETANCY (FLC) TRAINING</b> To support employers to enroll learners on FLC training to progressively increase levels of literacy in the sector.	The number of learners that successfully complete the FLC programme
4.10	<b>TECHNICAL, VOCATIONAL EDUCATION AND TRAINING (EX FET) COLLEGES SUPPORT</b> To support the TVET College system to be responsive to the sector skills needs and priorities.	The number of learners absorbed in the MMS
		The number of lecturers placed in workplace exposure
4.11	<b>CLAS SUPPORT</b> To build the training capacity of the cement, lime, aggregates and sand (CLAS) sub-sector by developing programmes.	The number of programmes developed for the CLAS sector
4.12	<b>MINING ENVIRONMENTAL CONTROL</b> To support the MMS with the training of learners in mining environmental control programmes.	The number of learners that successfully complete mining environmental control programmes
4.13	<b>ARTISAN PROGRAMMES Registrations</b> To facilitate and support registration (2 500) of learners on artisan programmes Certification (1 200) of learners on artisan programmes.	The number of learners that successfully register on artisan programmes
	<b>Completions</b>	The number of learners that successfully complete artisan programmes

Actual Achievements	Targets	Actual Achievements	Deviation from Planned Target to Actual Achievement	Comments on Deviation Scorecard
2012-2013	2013-2014	2013-2014	2013-2014	
48	50	0	-50	<b>Target Not Met</b> The budget re-allocations which happened late in the financial year, negatively impacted on the registration of the 50 coaches. This target has been moved to the new financial year.
84	100	84	-16	<b>Target Partially Achieved</b> Target re-adjustments and late budget re-allocations contributed adversely to this target being met.
No Target in Prior Year	500	302 FLC Engineering 149 FLC Mathematics <b>Total: 451</b>	49	<b>Target Partially Achieved</b> There is no common understanding on the relevance of the FLC programme and this is receiving attention between the MQA and organised labour.
17	50 NCV Learners	69	19	<b>Target Exceeded</b> Employers are responding to the national call for supporting graduates from TVET Colleges. This response needs to be improved upon.
No Target in Prior Year	10 Lecturers	20	10	<b>Target Exceeded</b> The MQA received and enjoyed overwhelming sector support.
4	10	13	3	<b>Target Exceeded</b> An additional 3 programmes required a review in the financial year, this was not planned for.
0	50	31	-19	<b>Target Not Met</b> A total of 81 learners completed the MEC programme, 50 were private learners, hence the grant could not be claimed by employers in the sector.
1 411 Registrations	2 500	2 432	-68	<b>Target Partially Achieved</b> During the financial year, the target was planned for reduction but after engagement with the DHET, the original target was set. During January to March 2014, attempts were made to register 1 100 learners but only 1 032 were registered. There is room for improvement going forward.
846 Completions	1 200	1 735	535	<b>Target Exceeded</b> The pipeline of artisan learners resulted in larger numbers of learners completing the programmes.

No. Ref	Strategic Objective	Programme Performance Indicator
4.14	<b>SMALL AND MICRO ENTERPRISES SUPPORT</b> To assist small and micro enterprises with MMS technical skills.	The number of learners that successfully complete MMS technical skills training – small and micro
4.15	<b>BURSARIES</b> To provide bursaries to undergraduates enrolled in MMS related disciplines.	The number of undergraduate bursaries awarded
4.16	<b>WORK EXPERIENCE FOR UNDERGRADUATE LEARNERS</b> To assist undergraduates with practical Level 1 and 2 (P1 and P2) work experience in order to attain their undergraduate qualifications.	The number of P1 and P2 undergraduates assisted with workplace experience
4.17	<b>WORK EXPERIENCE FOR GRADUATES</b> To facilitate access to workplace experience for graduates in MMS core and related skills.	The number of graduates assisted with workplace experience opportunities
4.18	<b>DIAMOND AND JEWELLERY MANUFACTURING</b> To facilitate and support skills development activities for diamond and jewellery manufacturing.	The number of learners supported – diamond and jewellery manufacturing
4.19	<b>LEARNERSHIPS</b> To develop learners in core learnerships for the MMS.	The number of learners that successfully complete core learnerships
4.20	<b>CERTIFICATES OF COMPETENCY</b> To develop a model to improve the pass rate of participants in Certificates of Competency.	The approved model to improve Certificate of Competency pass rate



Actual Achievements	Targets	Actual Achievements	Deviation from Planned Target to Actual Achievement	Comments on Deviation Scorecard
2012-2013	2013-2014	2013-2014	2013-2014	
623	350	0	-350	<b>Target Not Met</b> This programme was not implemented due to time constraints and as a result of the late budget review and re-allocations.
1 060	750	787	37	<b>Target Exceeded</b> There was overwhelming support and response from the youth for assistance.
406	400	431	31	<b>Target Exceeded</b> There was overwhelming support and response from the youth for assistance to complete their qualifications.
200	600	600	0	<b>Target Met</b>
313	200	250	50	<b>Target Exceeded</b> There was overwhelming support from the Diamond and Jewellery sub-sector.
1 749	3 000	2 814	-186	<b>Target Partially Achieved</b> Learners did not complete their training within the set time frames of the qualification which resulted in assessments not being uploaded.
0	1	1	0	<b>Target Met</b>



PROGRAMME
SKILLS DEVELOPMENT PRIORITY
MQA STRATEGIC OBJECTIVE
NSDS GOAL 4.1
PRIORITY FOCUS

No. Ref	Strategic Objective	Programme Performance Indicator
5.1	<b>MONITORING AND EVALUATION</b> Support the sector to monitor, evaluate and review delivery of quality programmes through the development of a monitoring and evaluation (M&E) framework.	The improvement of monitoring and evaluation.

5

## FIVE

**Implement the monitoring, evaluation and review of the delivery, capacity and quality of training and development in the sector**

## Increasing access to occupationally-directed programmes

- Develop external assessment tools for the miner qualifications.
- Ensure that 10 percent of all learner achievements for all qualifications are externally moderated by the MQA.
- Ensure that facilitator to learner and assessor to learner ratios are acceptable (no larger than 20:1 for theory and no larger than 5:1 for practical and workplace training).
- Monitor and evaluate the quality of the delivery and assessment of learning within the MMS. The aim is to ensure that 100 percent of accredited providers and approved workplaces maintain the required standards.
- Ensure that the monitoring and evaluation of all programmes are aligned to the QCTO monitoring framework. Indicators and impact measures will be built into all projects and grants and will be monitored and evaluated accordingly.
- Support the sector to develop sufficient training and development capacity and continuously improve the delivery of quality programmes.

Actual Achievements	Targets	Actual Achievements	Deviation from Planned Target to Actual Achievement	Comments on Deviation Scorecard
2012-2013	2013-2014	2013-2014	2013-2014	
100%	100%	106%	6%	<b>Target Exceeded</b> There were high demands for both scope and site extension accreditation requirements.



PROGRAMME
SKILLS DEVELOPMENT PRIORITY
MQA STRATEGIC OBJECTIVE
NSDS GOAL 4.1
PRIORITY FOCUS

No. Ref	Strategic Objective	Programme Performance Indicator
6.1	<b>STAKEHOLDER ENGAGEMENT</b> To support stakeholder engagement.	The Stakeholder Satisfaction Survey conducted
6.2	<b>RURAL PRESENCE</b> To ensure the MQA's presence in all provinces.	The number of functional Regional Offices
6.3	<b>COMPLIANCE</b> To ensure full compliance.	The adherence to full compliance
6.4	<b>ORGANISATIONAL STABILITY</b> To ensure the sustainability of the organisation.	The Organisational Capacity Survey conducted
6.5	<b>POLICIES AND PROCEDURES REVIEWS</b> To review policies and procedures.	The approved reviewed policies and procedures



6

SIX

To run an efficient, effective and transparent corporate governance system within the legislative framework.

To increase access to occupationally-directed programmes.

Organisational stability, compliance, policy development, stakeholder support and rural presence.

Actual Achievements	Targets	Actual Achievements	Deviation from Planned Target to Actual Achievement	Comments on Deviation Scorecard
2012-2013	2013-2014	2013-2014	2013-2014	
No Target in Prior Year	80%	20%	-60%	<b>Target Not Met</b> The service level agreement was finalised near the end of March 2014. Questionnaires were compiled in order to conclude the research process in July 2014.
No Target in Prior Year	4	6	2	<b>Target Exceeded</b> Two additional offices were established in this financial year as approved by the Board. All 6 offices are fully functional and resourced with a Regional Manager and a temporary Administrator.
100%	100%	100%	0%	<b>Target Met</b>
No Target in Prior Year	90%	90%	0%	<b>Target Met</b>
100%	100%	100%	0%	<b>Target Met</b>

## 3.4. PERFORMANCE INFORMATION BY OPERATIONAL UNITS

### Overview

Despite increasingly challenging times, the MQA has a leading role to play in facilitating skills development and improving the performance of mining and mineral sector. During the year under review, the MQA's mission continued to ensure that the mining and minerals sector has sufficient competent people who will improve health and safety, employment equity and increase productivity standards. Our Sector Skills Plan remained the principal means through which this was achieved.

**“The MQA recorded  
a total of 1 541 levy  
payers”**



An artisan at work

### 3.4.1. SKILLS DEVELOPMENT AND RESEARCH UNIT

The main role of the Skills Development and Research Unit is to manage the registration of MQA organisations. The responsibilities in the unit include the processing of the workplace skills plans, the annual training reports, the evaluation and approval of mandatory grant submissions, the registration and support of skills development facilitators (SDFs), the co-ordination of skills development committees (SDCs), occupational profiling, updating the Organising Framework for Occupations (OFO), develop the Sector Skills Plan (SSP) and the management of research projects.

Progress made in relation to these areas of work in the 2013-2014 year, are summarised in the sections which follow.

#### Registration of Organisations with the MQA

Below is a summary of the dynamics in relation to the status of registrations of organisations at the MQA as of 31 March 2014.

- Total levy numbers on which levies are paid – MQA levy-payers: **1 541**
- Number of new MQA organisations registered with the South African Revenue Services (SARS) for the first time and the number of Inter-SETA transfers to the MQA: **13**
- Number of Inter-SETA transfers from the MQA: **3**
- Number of NLPEs registered by the MQA: **0**

#### Workplace Skills Plan and Annual Training Report Submissions

The MQA's WSP-ATR source data format and process better supports the greater emphasis placed on good quality skills planning and reporting data in the NSDS 3, which requires captured, verified and researched data for effective skills planning. The MQA continued with the source data approach for the 2013-2014 mandatory grant submissions.

In terms of submissions in 2014, the following table provides a summary of the submissions and approvals.

Deliverable	Status
Total WSP-ATR submissions received by deadline against the levy number	585
WSP-ATRs approved against levy numbers to date	579
Labour objections received	2

### Skills Development Facilitators (SDFs) and Skills Development Committees (SDCs)

The MQA through the central and regional offices, it also provides support to SDFs and SDCs to assist in executing their roles more effectively. The following progress was achieved in 2013-2014:

Area of Support	Status
<b>SDF Registration</b>	The registration process on MQA I-Share continued. A total of 67 SDFs were approved.
<b>SDF Capacity Building</b>	In 2013-14, a total of 17 SDF workshops were convened and attended by 756 delegates who were capacitated on the requirements of the WSP-ATR submissions and updated on the Organising Framework for Occupations.
<b>SDC Support</b>	In 2013-14, a total of 8 workshops were convened and attended by 133 delegates where capacity was provided to skills development committees.

### Skills Development Research and Analysis

The second priority of the MQA as indicated in its strategic plan is to “support objective decision-making for skills development through research in the sector”. NSDS 3 emphasises the importance of qualified data to inform skills planning.

### The Organising Framework for Occupations

The Organising Framework for Occupations, a coded classification system of occupations is the key tool for the DHET, SETAs and other state institutions to identify, report and monitor the skills demand and supply in the South African labour market.

The OFO adds value to skills development planning and implementation purposes in that it provides a common language when referring to occupations, as well as capture jobs in the form of occupations and groups occupations into successively broader categories and hierarchical levels, based on similarity of tasks, skills and knowledge.

### Sector Skills Plan

The MQA performed an update to the SSP which was approved and submitted to the DHET by 15 November 2013.

### Scarce Skills within the mining and minerals sector

The information on scarce skills is largely drawn from the analysis of results detailed in the scarce skills template, completed for the submission of WSPs-ATRs and submitted for 2013-2014 financial year.

### Research Projects

Given the need for the MQA to focus on producing excellent labour market research, which includes increasing the accuracy of the WSP-ATRs submitted, the MQA will focus on four core labour market research projects in the year ahead. Furthermore, impact assessments of priority programmes are planned as well as additional research reflected in the strategic plan and in support of South Africa’s mineral beneficiation strategy. Increased efforts will be made to establish more formal cooperation with various national and sectoral institutions, including universities regarding research related to the mining and mineral sector and skills development.

## MQA Research for 2013-2014

Core Labour Market Research			
No	Project Name	Objectives	Timeframes
01	WSP-ATR Analysis for 2013	To analyse the 2013 mandatory grant applications and the source data.	This was not completed in 2013-14. It will be completed in April 2014
02	Skills Development, 13-year trend analysis in MMS	To perform a 13-year trend analysis to establish changes in terms of geographic location, size and composition of organisations, profile of the workforce, and trends and changes in the training offered by organisations.	The 13-year trend analysis was completed and submitted and presented to the Skills Research and Planning Committee.
03	Sector Skills Plan 2014-2015 (including scarce skills)	To perform a review of the SSP	Submitted on 15 November 2013 to DHET.
04	Occupational profiling and skills audit	To update the occupational profiles and the OFO, and use this data as the basis for the skills audit, which in turn will feed into the next skills planning cycle.	This was not completed in 2013-14 and will be carried over to 2014-15.

Impact Assessments			
No	Project Name	Objectives	Timeframes
05	Impact assessment studies	To undertake the following four impact assessments: 1. ABET 2. Learnerships- Non-Artisan 3. Learnerships- Artisan 4. OHS Representatives Training	This was not completed in 2013-14 and will be carried over into 2014-15.
Other Research			
06	Mineral Beneficiation	To procure the services of a consultant to undertake the research into the skills requirements for jewellery fabrication, only as it falls within the scope of the MQA.	This was not completed in 2013-14 and will be carried over into 2014-15.
07	DMR and Chamber of Mines Certificates of Competency	To research, develop and implement a framework to improve the pass rate.	The report was completed
08	MQA Language Policy	To implement the phasing out of Fanakalo and develop a draft revised language phasing out policy, for approval by the Skills Research and Planning Committee and for consideration by the MQA Board.	The Language Policy will be submitted for Board approval in 2014-15.



### 3.4.2. STANDARDS GENERATING BODY

#### Development of Qualifications through the Quality Council for Trades and Occupations

The MQA has been delegated as Qualifications Development Partner (QDP) to the Quality Council for Trades and Occupations (QCTO). The responsibility of the MQA is to develop curriculum-based qualifications, aligned to the Organising Framework for Occupations (OFO) which would

ultimately replace the currently registered qualifications of the mining and minerals sector. The MQA embarked on this process in 2013, and to date, there is one qualification that has been registered namely Electrician. The Mine Rescue Worker qualification is awaiting registration.

#### Qualifications Setting Programme:

Submitted for Registration	Submitted to the QCTO for registration: Compiled in collaboration with other Development Quality Partners (DQPs).	The development of qualifications has commenced
Mining Technician: Mine Planning Practitioner	Chemical Laboratory Analyst (CHIETA as DQP)	Rock Drill Operator/Driller
Mining Technician: Ventilation Officer	Fitter and Turner (MERSETA as DQP)	Mobile Mining Equipment Operator (mainly underground hardrock)
Mining Technician: Ventilation Observer	Boilermaker (CHIETA as DQP)	Operators (mainly surface excavations)
Mining Technician: Surveyor	Welder (CHIETA as DQP)	Mining Operator (mainly underground coal)
Mining Technician: Strata Control Practitioner: Underground Hardrock	Armature Winder (MERSETA as DQP)	Minerals Beneficiation Process Controller
Mining Technician: Strata Control Practitioner: Underground Coal	Metal Mechanist (MERSETA as DQP)	Crane/Hoist Operator (including winch operator)
Mining Technician: Strata Control Observer: Underground Hardrock	Mechanical Fitter (MERSETA as DQP)	Geological Technician
Adult Education Teacher: FLC Facilitator (Communication in English)	Motor Mechanic	<i>Note: Many of these qualifications are at the completion phase. Constituency sign-off workshops for those that are completed or near completion will be conducted late May, early June 2014.</i>
Adult Education Teacher: FLC Facilitator (Mathematical Literacy)		
Goldsmith		

The strikes in the mining industry challenged the process of development and affected participation of expert practitioners on the working groups. The QCTO is still making process and template changes, which affects the process of development and quality of the final documents that are submitted for registration. Improved support is required from the QCTO during the process of development.

The lack of capacity currently at the QCTO poses a challenge for the MQA.

#### Government Certificate of Competence (GCC) Analysis

In April 2014, a closed tender for the GCC Examination Analysis was approved, targeting only Higher Education Institutions that provide mining related courses.

The University of Johannesburg was appointed as the service provider to conduct the analysis into the causes of the poor examination results for identified Certificates of Competency, administered by the Department of Minerals Resources and Chamber of Mines (CoM).

Among the many challenges that were experienced during the project, was a concern raised from a particular stakeholder constituency group, regarding the project leader and the members that comprised the steering committee. This caused a two-and-a-half month delay in the service provider commencing on the project resulting in the project only starting towards the festive season. The delay resulted in a missed opportunity for the project team to gather valuable feedback from the learners that were writing the Certificates of Competency, during October and November.

The final draft report, however, was submitted to the MQA by 31st March. The report still needs to be presented to the Standards Generating Body (SGB) Committee and the MQA Board for comments, resulting in the service level agreement (SLA) with the service provider being extended for another five months.

## Classification of Mines

The work by the Classification of Mines Task Team in identifying the different classes of mines was completed and the final report was approved by the Board. The MQA Board agreed that this final report must be submitted to the Mine Health and Safety Council for its consideration. The Council is expected to inform the Mine Regulatory Advisory Committee (MRAC) when considering current and future competencies required in the mining industry.

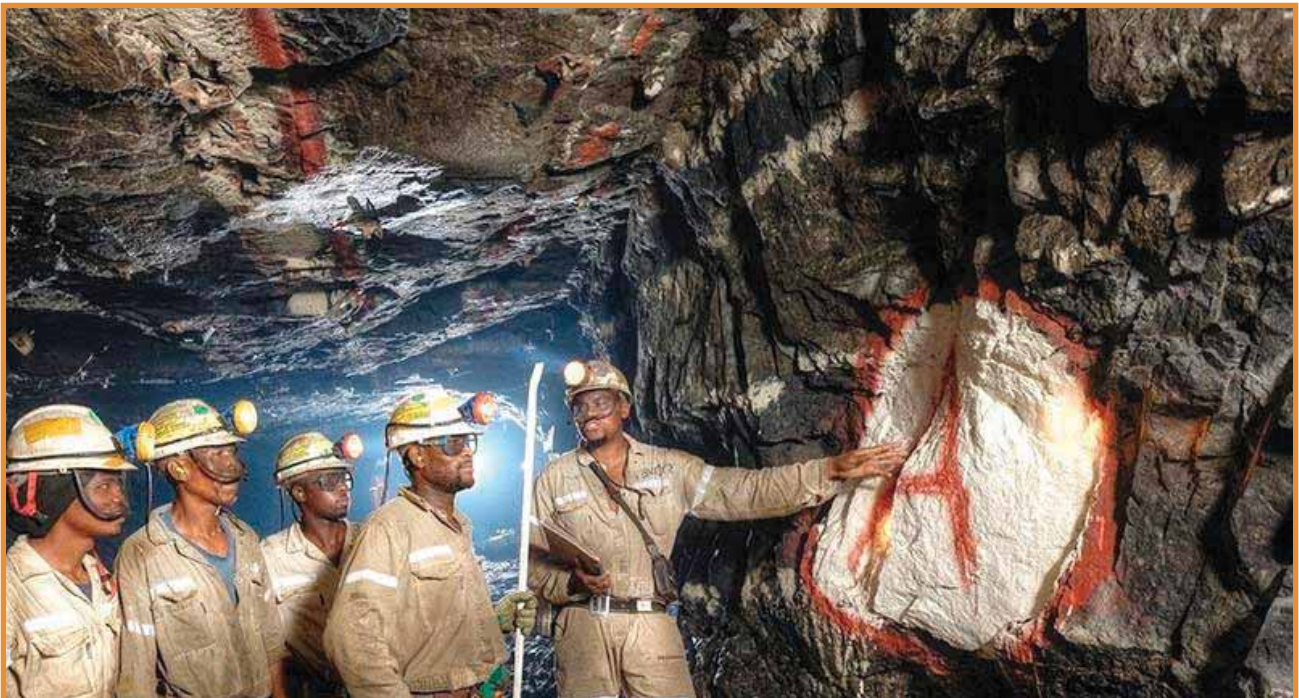
## Blasting Ticket/Rock-Breaker

The SGB Committee has been engaged in a number of deliberations regarding reverting back to the blasting ticket, with a view of making a decision on the way forward. After a number of externally facilitated meetings, a report was submitted to the MQA Board. The Board approved the recommendation from the SGB Committee to revert back to the Blasting Certificate of Competency with the proviso,

that a number of modalities still need to be discussed with the DMR and other stakeholders. The DMR would lead the process in determining the modalities which would address the position of learners currently in the system. In the meantime the status quo remains.

## Mine Community Development Project

The mining community development project was envisaged to develop a programme through standard setting processes; this however was not considered prudent. The SGB Committee recommended that as a pilot, a community be identified where the MQA could offer support for skills required to assist the community with opportunities beyond mining. The Wedela community was chosen, although the roll-out of the programme has commenced, it will be implemented in earnest in the 2014-2015 financial year.



Learners during their orientation programme

### 3.4.3. LEARNING PROGRAMMES

The core function of the Learning Programmes (LP) Unit is to facilitate and support the delivery of learning, and market the placement and registration of learners at the MQA. The LP Unit assists MQA levy-paying companies by providing discretionary grants, as well as managing and conducting learner site verifications for the following key learning programmes:

- Non-artisan learnerships
- Non-artisan learnerships for people with disabilities
- Adult Basic Education and Training (ABET)
- ABET Practitioner Career Development Project
- Foundational Learning Competency (FLC)
- Occupational Health and Safety (OHS) Representative Development
- Mining Environmental Control Management

This Unit performs additional functions such as monthly disbursement of grants for the learning programmes, assisting entities and accredited providers by training them on the MQA Management Information System (MQA-I-Share) and assisting with queries related to learning programmes including cancellations, transfers and changes on a learning programme's agreement.

#### 3.4.3.1 HIGHLIGHTS FOR THE YEAR

The MQA continues to take a leading role in meeting the industry's skills needs today and providing learning programmes that are occupationally-directed, market-led and fit for purpose. During the year under review, our engagement with industry and stakeholders placed us in a position to understand the national and provincial node context, recognise the skills challenges and deliver on our non-negotiable commitment to the NSDS mandate. Attracting learners into the industry and ensuring that they have the right skills and knowledge, remains our key priority.

The approved Discretionary Projects – as implemented by the Learning Programmes Unit – are aimed at addressing on-going skills needs precisely and ensuring the sector's preparedness to respond to unskilled workers, unemployed youth, women, people with disabilities and rural development.

The year under review was a very tough year for the mining and minerals sector. The continued uncertainty on industrial action in the platinum sector, adversely impacted on the participation by the entities in the platinum sub-sector.

#### 3.4.3.2. OCCUPATIONAL HEALTH AND SAFETY (OHS) REPRESENTATIVES

OHS Performance Achievements.

Description	Target	Achievements	Variance
OHS Representative	5 000	10 068	5 068

#### 3.4.3.3. ADULT BASIC EDUCATION AND TRAINING (ABET)

The purpose of the ABET Project is to support employers and communities to participate in ABET training to progressively increase levels of literacy in the mining and minerals sector. The provision and delivery of quality ABET learning programmes, continue to play a pivotal role in the implementation of the MQA's skills development initiatives. In this regard, the objective has been to present employers and employees with incentives to participate in ABET training and thereby, progressively increase inherent literacy levels in the mining and minerals sector.

##### ABET Achievements

		Registrations	Completions
	LEVEL	Target/Achieved	Target/Achieved
ABET	1	1 868	612
ABET	2	1 706	547
ABET	3	1 748	391
ABET	4	1 075	184
GETC	1		822
Total		6 397	2 556



### 3.4.3.4. ARTISAN LEARNERSHIPS

The Artisan Development section dealt with six different artisan projects in the financial year, namely:

1. MQA-026-NSF 2 - Artisan Development
2. MQA-027 MQA Artisan Development-Employed
3. MQA-042-UIF 1 Learnerships Artisan
4. MQA-050-Mpumalanga TVET Artisan
5. MQA-051-MQA Artisan Development-Unemployed
6. MQA-052-RPL/Artisan Aides – Employed

**Achievements are captured in the APP report**

#### Artisan completions per trade

Trade	Numbers Completed
Diesel Mechanic	191
Electrician	521
Fitting (including Machining)	378
Fitting and Turning	69
Instrumentation Mechanician	127
Millwright	142
Plater/Boilermaker	93
Plater/Welder	142
Rigger Ropesman	102

### 3.4.3.5. NON-ARTISAN LEARNERSHIPS

The objective is to enrol learners in the core non-artisan learnerships within the mining and minerals sector.

The MQA registered employed learners and unemployed learners for non-artisan learnerships.

Non-Artisan completions

Description	Target	Achievements	Variance
Non Artisans Entered (Employed)	1 500	1 571	71
Non Artisans Entered (Unemployed)	1 500	971	-529
Non Artisans Completions (Unemployed and employed)	3 000	2 820	-180

### 3.4.3.6. NON-ARTISAN LEARNERSHIPS FOR LEARNERS WITH DISABILITIES

The objective of the disability project is to ensure the inclusion of people with disabilities in skills development programmes. It focusses on:

- Learners with disabilities in the historically disadvantaged communities;
- Learners with disabilities who reside in close proximity to mining and minerals sector operations;
- People with disabilities already employed in the mining and mineral sector;
- People with disabilities in various institutions including TVETs and Universities who aspire to pursue careers in the mining and minerals sector.

The target set for this project was achieved.



### 3.4.3.7. ABET PRACTITIONER CAREER DEVELOPMENT PROJECT

The MQA awarded Resonance Institute of Learning (Pty) Ltd a tender for the provisioning of training for the National Certificate ABET Practice Level 4 qualifications. The training included 100 employed full-time and part-time learners in the mining and minerals sector. The programmes consisted of five modules, covered over a period of one year.

The learners were divided into four groups:

- Group A – Welkom
- Group B – Johannesburg
- Group C – Johannesburg
- Group D – Johannesburg

#### Challenges

- The project did not start well, because of the number of dropouts and replacements by participating companies;
- The MQA had to request for more learners from companies, to reach the 100 target set for this project;
- To reach the 100 set target, the MQA accommodated the practitioners and facilitators who are employed by the mining companies on a part-time basis;
- A catch-up plan was introduced for the additional 18 delegates who attended their study school two in Welkom. They were entered late into the programme to ensure that the number of beneficiaries on this project was increased from 82 to 100. Because they missed study school one and all the Gauteng groups had completed study school two, the group attended in Welkom.

### 3.4.3.8. FOUNDATIONAL LEARNING COMPETENCY PROGRAMME (FLC)

During the year under review, the MQA supported employers to enroll learners on FLC training to progressively increase levels of literacy in the sector.

A total of **277** learners achieved the FLC Communications Module and **135** achieved the FLC Mathematics Module in the 2013-2014 financial year.

The figures reflected above clearly indicate a greater need to further engage companies to participate in the FLC project.



Foundational Learning Competency (FLC) programme learners

### 3.4.4. PROJECTS

The Projects Unit, manages nine projects within the MQA. The annual report outlines the successes and challenges in line with its mandate to manage the following projects during the 2013-2014 financial year, namely:

Number	Project Code	Project Name
1.	MQA 001	Lecturer Support
2.	MQA 002	Bursaries
3.	MQA 003	Work Experience
4.	MQA 005	Minerals Beneficiation
5.	MQA 012	Small Scale Mining
6.	MQA 010	Internship
7.	MQA 030	Maths and Science
8.	MQA 031	Mine Inspector Training
9.	MQA 041	Historically Disadvantaged South Africans (HDSA)

#### 3.4.4.1. LECTURER SUPPORT

This programme focused on assisting the mining and minerals departments of nine universities to achieve employment equity and transformation targets among their lecturing staff. An additional 14 lecturers were appointed to lecture in the Mining, Geology and Mine Survey Departments of participating universities for the 2013-2014 financial year, bringing the total number that the MQA supports to **31**.

#### 3.4.4.2. BURSARIES

The project is aimed at creating a pool of qualified graduates to pursue careers within the mining and minerals sector, in support of the Mining Charter and the National Skills Development Strategy. The Bursary Scheme, which is funded from the MQA discretionary budget, assisted **787** (target 750) bursars from universities, universities of technology and TVET colleges.

Attracting students from the rural areas still remains a challenge.

#### 3.4.4.3. WORK EXPERIENCE

The MQA assists learners to obtain their university qualifications by enabling them to gain the required practical work experience. During the reporting year, a total of **410** (target 400) learners were placed with 41 mining companies for workplace experiential training. The MQA assists learners to obtain their university and universities of technology qualifications by enabling them to gain the practical work experience required for such.

#### 3.4.4.4. MINERAL BENEFICIATION PROJECT

The objective of the project is to facilitate and support skills development activities for the diamond and jewellery manufacturing subsector. This project was initiated in support of the National Beneficiation Strategy for the Minerals Industry of June 2011.

A total of **200** learners, which included 7 National Institute of the Deaf (NID) beneficiaries benefitted from the learnerships. An additional 50 learners (Target is 50) benefitted from skills programmes and continue to benefit on this project on a first-come-first-serve basis.

#### 3.4.4.5. SMALL SCALE MINERS' SKILLS DEVELOPMENT SUPPORT

This project focuses on training and building the capacity of SMEs. During this financial year, the MQA placed the project on hold in order to develop an impact assessment study to review the impact of the project in the last three years.

#### 3.4.4.6. INTERNSHIPS

The project provides structured work experience for young unemployed graduates from HET institutions to complement the scarce and/or critical skills qualifications required by the mining and minerals sector. During the reporting period, **600** graduates (target 600) were placed at different mining companies to gain work experience.

#### 3.4.4.7. MATHS AND SCIENCE

The project targeted historically disadvantaged learners from rural communities in mining-related areas and accommodated a total of 1 000 learners from eight provinces, during this financial year. The MQA assisted **1 261** Grade 10, 11 and 12 learners with maths and science.

#### 3.4.4.8. MINE INSPECTOR TRAINING

This project contributes to sound mine health and safety by providing candidates with well-rounded mining DMR inspectorate expertise in the management of legal risk exposure, root cause analysis, occupational health and hygiene, surface safety, underground safety, SHEQ management, international SHEQ management standards and practical visits. During this financial year, 50 employees from the regional offices of the Department of Mineral Resources received training and are presently undergoing practical training with three different mines.

#### 3.4.4.9. HDSA PROJECT

The Historically Disadvantaged South Africans (HDSA) project is aimed at developing the management and leadership skills of the mining sector, through a Management Development Programme (MDP) to improve their competence levels in supervisory and management roles in support of the Mining Charter. During the reporting period, **130** employees were trained, achieving the target set for the Management Development Programme.

**“A total of 1 261 learners were assisted on the maths and science project.”**



An MQA employee addresses Maths and Science learners at a career guidance event



### 3.4.5. EDUCATION, TRAINING AND QUALITY ASSURANCE (ETQA)

The ETQA, is the final stage of the MQA value chain and is responsible for enhancing the monitoring, evaluation and review of the delivery capacity and quality of skills development in the sector. In order to achieve this, the ETQA is required to perform the following activities:

- Accredite and programme approve training providers for specific skills programmes and qualifications;
- Veto quality assurance relating to learner achievements endorsed by registered assessors in accordance with required standards and criteria;
- Improve quality and relevance of education and training in the sector;
- Support training provider development;
- Establish and maintain a database for the recording of learner achievements;
- Provide for the certification of learners and accredited training providers;
- Register assessors and moderators for specific unit standards, skills programmes and qualifications; and
- Certify learners for skills programmes or qualifications achieved.

Below is a report on the activities conducted during the financial year 2013-2014.

#### Accreditation and Programme Approval

A total of **160** providers were audited for accreditation, programme approval, sites/scope extensions, blitz follow-ups, monitoring audits and management engagements. Below is a breakdown of audits conducted for the financial year:

- Scope/site extensions approved: 44 providers
- Conducted Blitz audits: 7 providers
- Providers who received Full Accreditation: 6
- Providers who retained Full Accreditation: 33
- Providers who received Provisional Accreditation: 8
- Providers who retained Provisional Accreditation: 9
- Providers who received Programme Approval (first time): 8
- Providers who retained Programme Approval: 8
- Providers audited status not granted: 4
- Providers audited that were on monitoring: 3
- Conducted site training management visits: 12 providers
- Conducted follow-ups on providers: 9
- Management Engagements: 9

Further activities that were conducted are summarised in the table below:

Accreditation Withdrawn	Accreditation Lapsed	Providers Name Changed
Exxaro KZN Sands	Snowden	DTC SA to De Beers Sight Holdings
	Triple E	Goldfields Business Leadership Academy to Sibanye Business Academy
		Lebowa Platinum Mine to Bokoni Platinum Mine
		Palabora Mining Company to Palabora Copper (Pty) Ltd
		Xstrata South Africa to Glencore Operations South Africa (Pty) Ltd



The ETQA continues with the process of obtaining sufficient numbers of subject matter experts as well as constituency representatives, to assist with quality assurance audits. Additional experts are still required in the following specialisation areas and thus applications will be continued into the next financial year:

- Underground Coal Mining
- Mining Technical Support
- Strata Control
- Mineral Processing
- Surface Mining
- Analytical Services

## Assessor and Moderator registration in various MQA Qualifications, Skills Programmes and Unit Standards

A total of **559** assessors and **213** moderators were registered with a further **170** assessors that were granted scope extension. A total of **106** assessors transferred to another training provider. During the period under review, the ETQA unit scanned all applications and supporting documentation for filing on MQA I-Share. This increased the efficiency of the registration process, as complete applications are easily retrievable. In addition, continuous contact was maintained with a number of providers regarding the outstanding information required on the application. The ETQA unit also continuously provided capacity to providers on assessor and moderator registration requirements.

## Learner Certification

Learner achievement numbers are provided in the table below:

Types	Achieved (April 2013 to March 2014)
Skills Programmes Statement of Attainments	42 958
The MQA Level 1 Qualification	822
Non-Artisan Learnership Qualifications	2 814
Artisan Learnership Qualifications	*901

\* Artisan Trades certification was moved to the QCTO through the National Artisan Moderation Body (NAMB) as at 1 October 2013.

A total of **3 086** learner certificates were also verified.

Requests for **705** re-issues of learner certificates were handled.

A total of **54** Provider accreditation certificates were issued.

## Observations regarding capacity for Sectoral Provisioning

- Qualifications for Strata Control, Mineral Surveying and Geology continues with low uptake. More providers, assessors and moderators are required
- Qualifications in the Mineral Processing and Metals Production seems to be taking on learners in numbers on the associated skills programmes
- There is a steady increase in the number of providers and learner achievements for the mining field. Additional providers, assessors and moderators were approved and registered for this field. Improvements in the quality of provisioning are always sought, especially in this critical area
- In the Jewellery Manufacturing and Diamond Processing fields the following seems to be the case:
  - Sufficient providers, assessors and moderators. The MQA's plan to improve on and up-skill assessors and facilitators for continuous improvements in this field, remain relevant;
  - Learners that have achieved the first qualification may be targeted for moving up the learning path;
  - Learner tracer studies should be conducted, there is a need to support learners in obtaining goldsmith competence.

- In the Occupational Health and Safety field, there is an increase in the number of providers, assessors and moderators seeking approval
- To meet the national imperatives, increased learner achievements are required in the Engineering Artisan field
- There are continued improvements in the Quality Assurance Process that focuses on ensuring that learners' achievements are aligned with the quality and needs within the workplace.

### **Adjust current quality assurance processes and structures to align with emerging good practice requirements of the QCTO**

- a) The MQA process to ensure alignment with QCTO requirements as an Assessment Quality Partner (AQP) for sector related qualifications, is making progress.
- b) A standard policy and procedures development for the four key functional roles policies, accreditation process for skills development providers, assessment centre, certification process, AQP criteria and guidelines) is in process with continuous interactions and participation with the QCTO.

A further eight qualifications were requested for External Integrated Summative Assessment recognition.

- c) With effect from 1 October 2013, all occupational artisan trades were delegated to the National Artisan Moderation Body process for trade testing, and certification is in transition for implementation, resulting in additional functions for Assessment Quality Partner (AQP) but with limited resources.

## **OTHER PROJECTS AND GRANTS ADMINISTRATION**

### **The MQA Upload of Data to the National Learners' Record Database**

The MQA's upload of its data to the National Learners' Record Database for Financial Year 2013/2014, has been completed. Amendments to this upload were required and additional uploads were done. The evaluation from the South African Qualifications Authority (SAQA) is still awaited regarding the status and quality of the upload.

### **Project MQA-037: Facilitator Development (Discontinued)**

In closing the project, an amount of R 820 000 was spent to pay off 82 practitioners as beneficiaries through their training providers or employers that met the criteria for the Facilitator Development grant. The on-going labour unrest affected the learners' progress towards completion and impacted on the plan for the financial year, resulting in the overall achievement of 83 percent.

### **External Assessment Tool Development**

The MQA ETQA's plan for the development of external assessment tools for QCTO registered qualifications were partially completed due to the delay/amendments to the QCTO policies and procedures. However, development of the second external assessment tools has begun for both the Mine Rescue Services and the Mine Ventilations qualifications.

**“There were high demands for both scope and site extension accreditation requirements.”**

## 3.5. STAKEHOLDER RELATIONS

### 3.5.1. REGIONAL EXPANSION

The MQA has successfully established contact with six TVET ex FET colleges in six provinces to set up offices in the regions. The identification of space was strategically selected to be in rural mining areas and townships, where mining activities take place. There are six Memorandums of Understanding (MoUs) which were signed and below is the list of TVET colleges where the MQA will be located:

- Eastern Cape Regional Office-King Hintsa TVET College in Butterworth;
- Free State Regional Office-Goldfields TVET College in Thabong;
- Limpopo Regional Office-Sekhukhune TVET College in Praktiseer;
- Mpumalanga Regional Office-in Nkangala TVET College in eMalahleni;
- Northern Cape Regional Office-Kathu TVET College in Kathu; and
- North West Regional Office in Orbit TVET College-Mankwe Campus in Mogwase.

Three of the Regional Offices were launched and opened by the Honourable Deputy Minister of DHET, Mr Mduduzi Manana. The launch dates are indicated below:

- Northern Cape College at Kathu TVET College – 26 November 2013.
- North West Office at Orbit Mankwe TVET Campus in Mogwase – 30 January 2014.
- Limpopo Regional Office at Sekhukhune TVET College in Praktiseer – 11 March 2014.

The official launches of these offices were used to announce the presence of the MQA and communicate the accessibility of services in the regions to improve service delivery.

### 3.5.2. THE ESTABLISHMENT OF REGIONAL OFFICES

The Regional Offices were established as an extension of the MQA in the different provinces and serve as the first point of contact for the stakeholders. In addition, the Regional Offices are established to identify challenges faced by stakeholders and to also assist in proposing projects that will contribute to partnerships as well as strengthen existing relationships.

Some of the roles of the Regional Offices in 2013-2014:

- Lead the WSP-ATR processes in the provinces through set national workshops
- Strengthened relations with mining houses and other stakeholders in regions
- Identified non-levying partners and promoted the business of the MQA
- Assessed the accreditation needs of TVET Colleges and assist in the process
- Through Stakeholder Engagement Forums, assessed challenges and needs by the sector and address those with other MQA units
- Conducted verifications and site visits in Limpopo
- Supported career guidance sessions in different regions
- Disburse a total of 500 bursaries
- Identify and link TVET lecturers and workplace placements with willing employers in different provinces
- Promote the MQA brand in different provinces
- Align the MQA business with other SETAs and with Provincial Development Plans
- Champion the monitoring of the Mine Community Programme



**North West Regional Office launch:**

(l-r) Ms Maryna Marais, CEO Orbit TVET, Mr Sam Seepei, CEO MQA, Mr Mduduzi Manana, Honourable Deputy Minister DHET

## > SECTION 4: SUPPORT SERVICES PERFORMANCE INFORMATION



Our strength is in our people

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“Digging with Skills and Knowledge”



## 4.1. CORPORATE SERVICES

### Overview

The Corporate Services Department provides professional services to the MQA which include Human Resources, Legal Services, Office Management and Maintenance, Customer Service and Communication as well as Corporate Governance support to the governing structures of the organisation. Through these functions, support is provided to the MQA Board, Management, Employees and Stakeholders in the execution of its legislative mandate as well as to ensure engagement with all stakeholders.

#### 4.1.1. HUMAN RESOURCE MANAGEMENT

Human Resources (HR) is a strategic function of the organisation and contributes immensely in the creation, enforcement and inculcation of a high performance culture. The employee life cycle from entry, retention to exit is managed by Human Resources. Therefore, it is critical to ensure that there is value proposition for Human Resource as a service which translates to organisational performance through its employees. The Human Resource delivers against annual planned objectives. Below is a list of deliverables for the financial year 2013-2014:

Deliverables	Planned	Status
Human Resource Policies and Procedures	Four Policies	The following five Policies were reviewed and approved during the financial year under review:  1. Probation Policy 2. Internship Management Policy 3. Subsistence and Travel Policy 4. Overtime Policy 5. Recruitment Policy
Employee Self Service System (ESS)	Procurement and Implementation	The on-line system allows employees to apply for leave on line, retrieve their pay slips and IRP5s, and amend their personal details while attaching proof thereof on line. The ESS went live in December 2013.
MQA Data Hosting	Procurement and Implementation	This system allows real time updating of Human Resources systems (Payroll, Human Resources Premier and ESS), ensuring instantaneous accurate Human Resources data as and when required. Data hoisting went live in January 2014
Coaching and Mentoring	Procurement and Implementation	Coaching for Leadership and Management resumed in October 2013 and will continue for 12 consecutive months. Coaching sessions focused on leadership development at executive, management and specialist levels. The intended outcome is to develop leadership and management capabilities that will drive the delivery of the MQA objectives. It was initiated to respond to the results of the skills audit which was conducted in the beginning of May 2013.
Change Management Workshops	Procurement and Implementation	In order to improve communication and to address internal staff concerns, a number of engagement sessions were held. Facilitated by external service providers, the performance management and personal leadership and productivity were scheduled. Furthermore, these workshops equipped all staff at various levels with critical skills to take accountability for their individual performance and were positively received by the employees.
Staff Recruitment	Implementation of Recruitment Plan	A total of 26 positions were vacant and 22 were filled during the year under review which represents 84.6 percent spend.
Training and Development	Implementation of Training Plan	Staff development is critical to ensure continuous learning and development of employees. About R1,3 million was spent on training which represents 85,4 percent spend.

Level	Personnel expenditure (R,000)	% Personnel exp to total personnel costs	No of employees	Average personnel cost per employee
Top management	R 6 808 337.57	14.45%	5	R 1 361 667 .51
Senior management	R 14 753 263.34	31.32%	14	R 1 053 804.52
Professional qualified	R 14 532 249.24	30.85%	24	R 605 510.38
Skilled	R 8 256 877.90	17.53%	27	R 305 810.29
Semi-skilled	R 1 055 982 60	2.24%	2	R 105 598.26
Unskilled	R 579 964 .23	1.23%	11	R 193 321.41
Temporary staff	R 193 715.35	0.70%	14	R 23 438.21
Leave payments	R 795 937.11	1.69%	97	R 61 225.93

## Performance Rewards

Programme	Number of beneficiaries	Personnel expenditure	% Performance rewards to total personnel costs
Top management	4	R 526 757.62	1.12%
Senior management	10	R 481 608.95	1.02%
Professional qualified	26	R 725 358.96	1.54%
Skilled	16	R 318 017.96	0.68%
Semi-skilled	2	R 33 295.12	0.07%
Unskilled	2	R 25 107.75	0.05%
<b>Total</b>	<b>60</b>	<b>R 2 110 146.37</b>	<b>4.48%</b>

## Training Costs

This section highlights efforts undertaken to enhance skills development within MQA

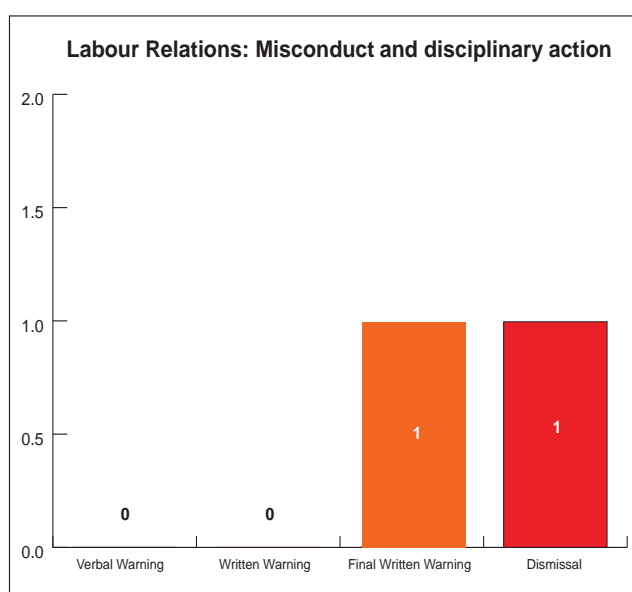
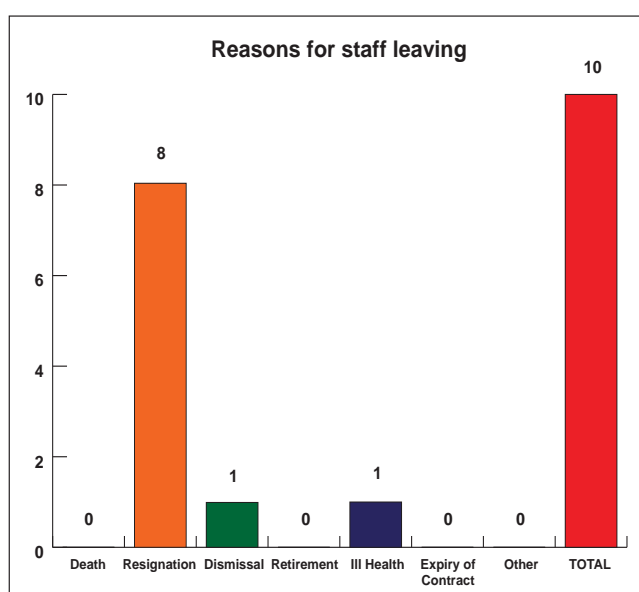
Business Unit	Personnel expenditure (R,000)	Training expenditure (R,000)	Training expenditure as a percentage of personnel costs	Number of employees trained	Average training cost per employee
Human Resource Training and Development Budget	R 47 110 746.97	R 2 124 075.00	4.51%	50	R 42 481.50

## Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations (includes promotions)	Employment at end of the period
Top management	4	1	1	5
Senior management	14	2	2	15
Professional qualified	18	8	4	22
Skilled	27	3	5	25
Semi-skilled	2	0	0	2
Unskilled	3	1	1	3
<b>Total</b>	<b>68</b>	<b>15</b>	<b>13</b>	<b>72</b>

## Employment and Vacancies

Programme	2012-2013 No. of employees	2013-2014 Approved posts	2013-2014 No. of employees	2013-2014 Vacancies	% Vacancies
Executive	5	6	6	0	0.00%
Senior management	11	17	15	2	11.76%
Professionals	20	29	25	4	13.79%
Administration	27	37	27	9	24.32%
Semi-skilled	2	2	2	0	0.00%
Unskilled	3	3	3	0	0.00%
<b>Total</b>	<b>68</b>	<b>94</b>	<b>78</b>	<b>15</b>	<b>15.95%</b>



## Workforce Profile and Employment Equity Status

Levels	Workforce Profile								
	African		Coloured		Indian		White		
	Male	Female	Male	Female	Male	Female	Male	Female	Total
Top management	2	2	0	0	1	0	0	0	5
Senior management	9	2	0	1	1	1	0	0	14
Professional qualified	8	11	2	0	1	1	1	0	24
Skilled	7	16	0	2	0	1	0	1	27
Semi-skilled	1	1	0	0	0	0	0	0	2
Unskilled	4	7	0	0	0	0	0	0	11
Total	31	39	2	3	3	3	1	1	83
Disability	0	0	0	0	0	0	0	0	0
	Management Level								0
Target	13.04%		4.35%		4.35%		8.70%		30.44%
Achieved	39.13%		0.00%		4.35%		0.00%		43.48%

## 4.1.2. CUSTOMER SERVICE AND COMMUNICATION

The effective communication between the organisation and its stakeholders contributes towards increased productivity, service delivery and ultimately to a fruitful relationship. Communication is essential to the success of an organisation whether through online channels, written, voice, survey, and feedback tools or face to face. The feedback received from the stakeholders through the Customer Service and Communication Business Unit brought the organisation closer to its stakeholders, in that, queries, questions and concerns raised were adequately managed and addressed. The implementation of various communication activities derived from the Annual Communication Operations Plan improves interactions with all stakeholders. The Annual Communication Operations Plan is informed by the MQA's strategic documents and policies which includes the approved Communication Strategy and all activities that are aligned to the organisational objectives.

### 4.1.2.1. PROMOTION OF THE MQA

The promotion of MQA's activities and the dissemination of information is done through a number of communication tools. These include printed, electronic and face-to-face media. Printed media included the MQA's company brochures, a range of targeted communiqués, the quarterly stakeholder newsletter, the annual report, the career brochure and a range of promotional material, including banners. This was further supported by newspaper and magazine articles and advertisements published in the media. Electronic media included company and career guidance DVDs, and the website and electronic communications, such as emails.

During the year under review, a number of face-to-face stakeholder events were hosted by the MQA. These included the stakeholder engagement forums, information sessions, exhibitions, career guidance, conferences and workshops. The MQA also celebrated International Literacy Day on 07 September 2013, attended by more than 1 000 delegates in Matlosana, Klerksdorp in the North West.

The 2012/2013 Annual Report was produced timeously and submitted to the Auditor-General. It was tabled in Parliament by the Minister of Higher Education and Training, Dr Blade Nzimande in November 2013. The demand for the MQA career brochure and DVD increased as a result of the accelerated distribution of the material at various career expos around the country. The career guidance material assists learners to source information on the various career options available in the sector and to further encourage learners to pursue technical careers. A number of scheduled and ad hoc career guidance sessions were held during the year to encourage learners at schools and work seekers that passed pure mathematics with a bachelor's pass, to pursue mining related careers. Learners in both urban and rural communities as well as community leaders are exposed to mining related opportunities.

### 4.1.2.2. MEDIA AND ADVERTISING

A total of 40 advertisements were placed in various national newspapers and magazines utilised and included amongst others The Sunday Times, The Star, Mining Weekly, Post Matric, Mail and Guardian, and City Press. These publications assist the MQA to enhance its communication efforts. The strategic focus of the MQA during the year was to inform stakeholders and the public about skills development interventions in the sector.

### 4.1.2.3. EVENT MANAGEMENT

The Customer Service and Communication Unit scheduled and implemented the following events, amongst others, during the year with the objective of sharing. The table below indicates the events that were held:



Delegates at the Limpopo Regional Office launch



## ANNUAL STAKEHOLDER ENGAGEMENT FORUMS, EXHIBITIONS, CAREER EXPOS AND INFORMATION SESSIONS

Quarter 1			
Date	Event	Area	Province
12 April 2014	DHET Year of the Artisan	Mthatha	Eastern Cape
23 April 2013	Inter SETA Satellite Launch	Upington	Northern Cape
08 and 10 May 2013	Career Expo	Kimberley	Northern Cape
10 May 2013	DHET Year of the Artisan	Welkom	Free State
20-24 May 2013	Sci-Bono Engineering Week	Johannesburg	Gauteng
16 May 2013	JB Marks Career Expo	Burgersfort	Limpopo
31 May 2013	DHET Career Expo	Bizana	Eastern Cape
31 May 2013	Graduation - Jewellery Students	Johannesburg	Gauteng
05-07 June 2013	DoL Jobs Faire	Middelburg	Mpumalanga
26-28 June 2013	DoL Jobs Faire	Richards Bay	KwaZulu Natal
Quarter 2			
Date	Event	Area	Province
4-5 July 2013	DMR Careers	Mamelodi, Ikageng	Gauteng
18-20 July 2013	DHET Mandela Week Career Expo	Free State, Maluti TVET College	Free State
18 July 2013	67 Minutes of Doing Good (OTHANDWENI FAMILY CENTRE)	Soweto, Rockville	Gauteng
24-25 July 2013	Joburg South Career Expo	Orange Farm, Multi-Purpose Centre	Gauteng
25-26 July 2013	My Career Choice	Grange Gardens Hotel	Kwa-Zulu Natal
6-7 August 2013	Skills Development Summit	Pretoria, CSIR	Gauteng
8 August 2013	Disability Workshop	JHB, OR Tambo Premier Hotel	Gauteng
16 August 2013	Women In Mining	Bethel High	North West
23 August 2013	DMR Career Guidance	Daveyton	Gauteng
24 August 2013	Apply Now DHET	Cofimvaba	Eastern Cape
31 August to 02 September 2013	Jewellex Africa 2013	Sandton Convention Centre	Gauteng
05 – 06 September 2013	DMR Career Guidance	Bethlehem	Free State
07 September 2013	International Literacy Day Event	Matlosana	North West
Quarter 3			
Date	Event	Area	Province
08-11 October 2013	Samancor Tubatse and Eastern Limb Career Expo 2013	Tubatse	Limpopo
09-11 October 2013	DHET/NSA National Skills Conference	Birchwood Hotel	Gauteng
01 November 2013	Annual Consultative Conference	Birchwood Hotel	Gauteng
11-15 November 2013	Human Resources Development Expo	Bryanston	Gauteng
24-26 November 2013	2013 Year of the Artisan Programme Launch	Kathu TVET College, Kathu,	Northern Cape
27 November 2013	Career Exhibition for the Unemployed Youth	Dutywa Stadium, Amathole Municipality	Eastern Cape

Quarter 3			
Date	Event	Area	Province
28 November 2013	Career Exhibition for the Unemployed Youth	Umsobomvu, Butterworth	Eastern Cape
19 November 2013	DPSA Nkangala Municipality Career Expo	Middelburg	Mpumalanga
21 November 2013	DPSA Nkangala Municipality Career Expo	Middelburg	Mpumalanga
Quarter 4			
Date	Event	Event	Event
30 January 2014	Youth Development Programme and North West Region Office Launch	Mogwase	North West
03-06 February 2014	Mining Indaba	Cape Town	Western Cape
11 March 2014	Stakeholder Engagement Forum	Burgersfort	Limpopo
13 March 2014	Seotlong and Mphahlele Career Expo	Ga Mphahlele	Limpopo
18 March 2014	VUT Career Expo	Vereeniging, Vaal University	Gauteng
18 March 2014	Stakeholder Engagement Forum	Kathu	Northern Cape
19-20 March 2014	DHET Apply Now and Career Expo	Pietermaritzburg	Kwa-Zulu Natal
20 March 2014	Stakeholder Engagement Forum	Witbank	Mpumalanga
25 March 2014	Stakeholder Engagement Forum	Welkom	Free State
27-28 March 2014	7 <sup>th</sup> Soweto Career Expo	Soweto	Gauteng
31 March 2014	Brits Stakeholder Engagement	Brits	North West
31 March-02 April 2014	DMR Learner Focus Week	Aldam Estate, Ventersburg	Free State

## Annual Consultative Conference

The MQA held its 12<sup>th</sup> Annual Consultative Conference at the Birchwood Hotel in Boksburg, Gauteng on 01 November 2013 and was attended by over 250 delegates. Senior representatives of the MQA's constituencies were in attendance, including the Deputy Minister of Higher Education and Training, Mr Mduduzi Manana, Chamber of Mines Chief Executive Officer, Mr Bheki Sibiya and National Union of Mine Workers' President, Mr Senzeni Zokwana. The theme ***"Expansion for skills development access"*** was inspired by the commitment of the MQA to take skills development programmes closer to the ordinary people in rural areas of South Africa. Two female MQA beneficiaries gave testimony on how the MQA assisted them in achieving their goals. Ms Charmaine Bilankulu, MQA funded Assistant Lecturer at the University of Pretoria addressed the topic *"A perspective from a higher education student funded by the MQA"* and Ms Rahab Maluleka, a qualified Electrician at Petroleum Port Cement (PPC) talked on the sub topic *"A perspective of a qualified artisan assisted by the MQA"*.

## International Literacy Day

The MQA annually hosts the International Literacy Day in partnership with the National Union of Mineworkers to celebrate ABET achievers and encourage new entrants. The event was held on 7 September 2013 at the Mayfair Community Hall in Matlosana, Klerksdorp. Over 1 000 ABET learners, community members, invited speakers and MQA representatives attended the event. The theme of the event was ***"Intensify Education for Self Reliance"***.

#### 4.1.2.4. NEW WEBSITE AND INTRANET DESIGN AND DEVELOPMENT

The MQA designed and developed a new website which is more interactive and user friendly. The MQA website can be used by our stakeholders as a reliable source of information. The new website houses most of our management information system links such as Praxis for the WSP-ATR submissions, The MQA I-Share management information system and the Bursary Administration System. These tools are used by our stakeholders to register on various projects.

The MQA also developed an intranet for staff which will be an effective tool to provide corporate information, internal communication, advisory information such as the employee assistance programmes available, MQA policies and procedures, legislation documentation access, current media applicable to staff and to regularly inform employees of current activities taking place within the organisation such as Board meetings, ISO audits, ad hoc and annual events and meetings.

Following the launch of both the MQA website and the intranet, positive feedback was received from stakeholders.

#### 4.1.2.5. CORPORATE IDENTITY

The MQA's corporate identity is constantly monitored for compliance within all operational units and corporate identity templates are used to ensure consistency. In an effort to promote the MQA brand and increased provincial presence, six MQA regional offices were branded. The corporate fonts have also been consistently applied within the organisation. All promotional items and printed material are consistent with the elements in the corporate identity manual.

**“The MQA is committed to ensuring an informed mining and minerals sector.”**



Getting familiar with the new website



#### 4.1.2.6. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

The Customer Relationship Management (CRM) assists the MQA to log and track the number of stakeholder queries. This system enables the Customer Service and Communication Unit to evaluate and monitor the engagement between the various units and stakeholders. The monthly generated reports, highlights all the resolved cases and those that are pending. Every stakeholder complaint received, is assigned a case number to assist stakeholders to follow-up unresolved queries, using the case number that was assigned. The MQA has now reached a stage where all customer queries can be effectively logged on a sustainable basis, most queries are now logged on the system and monthly reports are produced.

#### CRM Cases reported during the 2013/2014 year

No	Activity	Status Update
1.	<b>Total Number of Cases 2013-2014</b>	1 629 Cases were logged 1 629 Cases were resolved 0 Case pending a resolution
2.	<b>Case Breakdown per Unit</b>	<b>The cases logged were from the information email address and the Units:</b> 385 – Education, Training and Quality Assurance (ETQA) 405 – Skills Development and Research (SDR) 344 - Projects 263 - Learning Programmes 232 – Standards Generating Body (SGB)
3.	<b>Key Case Topics per Unit</b>	<ul style="list-style-type: none"> <li>• <b>ETQA</b> - Re-printing of Certificates, verification of Trade Certificates.</li> <li>• <b>SDR</b> - WSP-ATR extension forms and process</li> <li>• <b>PROJECTS</b> - Application forms and information on Bursary and Internships</li> <li>• <b>LP</b> - Requests for statement of results, outstanding grants that were not paid</li> <li>• <b>SGB</b> - List of skills programme and unit standards</li> </ul>



Mr Mduduzi Manana, Honourable Deputy Minister of Higher Education and Training with Mr David Msiza, Chairperson at a regional office ribbon cutting event.



### 4.1.3. FACILITIES AND OFFICE MANAGEMENT

The MQA purchased a building in Parktown, both as an investment and to ensure that there was enough office and meeting spaces for employees and stakeholders. The MQA employees are settled in the new premises which is easily accessible to the stakeholders. Due to the urgency of moving the office and also to avoid fruitless and wasteful expenditure, the relocation to the new offices took place prior to the completion of the renovation to all three blocks. The construction of the slab began in March 2014 and the refurbishment is anticipated to commence in July 2014. The space in Block B will be utilised for boardrooms, meetings

as well as the conference facilities. This will ensure huge savings for the MQA, as it will decrease the use of external venues for meetings and events. Office accommodation for staff members in Block C and D was completed with staff members now properly accommodated in their work areas, which will promote increased productivity. The MQA also purchased an additional pool car to minimise travel costs incurred when employees are required to conduct site verifications and visits to various mines and to participate in engagement events.

**“Ensuring accessibility for our stakeholders at head office and at the provinces.”**



**MQA Head Office at 7 Anerley Road, Parktown**

## 4.2 MONITORING, EVALUATION AND RISK

### 4.2.1. PURPOSE

The Monitoring and Evaluation Unit was established in March 2014.

**Its key functions are as follows:**

- To ensure that the planning, monitoring and evaluation within the MQA is aligned and meets the standards set in accordance with the relevant government frameworks.
- To monitor the delivery of skills providers and other service providers to ensure that every tranche of a grant is paid only after the MQA is satisfied that the beneficiaries exits and that the training interventions were implemented.
- To continuously monitor and obtain regular feedback on progress, implementation, as well as early identification of any problems in the delivery of our programmes by our skills providers and other service providers.
  - To Evaluate our interventions to ascertain amongst others, the following:
  - The relevancy of our interventions in relation to the evolving needs and priorities of our stakeholders.
  - Determine whether the outputs of our interventions contribute towards the intended outcomes.
  - Determine the economic viability of converting the various inputs into services and results.
  - Compare the results (outputs and impacts) of the interventions with the needs of the target population/s.
  - Determine whether the benefits of our interventions outweigh the related costs.
  - Determine whether the desired changes from our interventions have occurred and if so, to what extent can the positive changes be expected to last after the interventions have been terminated,

Use the results of the evaluations above to:

- Improve policy and interventions.
- Improve accountability.
- Eliminate generalisations.
- Decide on the future direction of our projects or interventions.
- To maintain an effective risk management system and strengthen internal controls within the various business processes.
- To maintain an effective fraud and corruption prevention system.

### 4.2.2. ACHIEVEMENTS

All approved positions were filled during the year.

The following policies were developed and approved:

- The Monitoring and Evaluation Policy Framework
- The Risk Management Policy
- Fraud Prevention Policy

All tools necessary to roll-out the policies were developed.

The policies were rolled-out.

A risk assessment workshop was conducted and implementation plans arising out of the risk assessment process, internal and external audit findings were tracked, their implementation facilitated and closed.

All reports to the fraud hotline were investigated, reported to the Audit and Risk Committee and closed.



**MQA Monitoring and Evaluation Team: S Gamakulu, J Moasa, D Hlophe, M Mdingi  
Insert: N Mgqibisa, N Singiswa**



## > SECTION 5: REPORT OF THE AUDIT AND RISK COMMITTEE



Artisans at work



“Digging with Skills and Knowledge”

## Report of the Audit and Risk 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 2014.

### Committee Members and Attendance

The Audit and Risk committee consists of the members listed hereunder and should meet four times per annum as per its approved terms of reference. During the period the Audit and Risk Committee met on five occasions and appropriate feedback was provided to the Board on matters that fell within the mandate of the Committee.



	CHAIRPERSON	CONSTITUENCY	NUMBER OF MEETINGS ATTENDED	DATE STARTED	FEES PAID
<b>INDEPENDENT MEMBERS</b>					
1.	A. Mawela*	Independent	4	Sep-12	R35 156.00
2.	B. Mathibela	Independent	4	Sep-12	R25 780.00
3.	V. Kweyama	Independent	3	Sep-12	R25 780.00
<b>BOARD REPRESENTATIVE</b>					
4.	V. Mabena	Board Representative	3	Apr-04	N/A
<b>AUDIT AND RISK COMMITTEE MEMBERS</b>					
5.	J Masha	Labour	3	Apr-09	N/A
6.	J Hugo	Labour	3	Apr-09	N/A
7.	N Nyweba	State	0	Aug-13	N/A
8.	K Mkhwanazi	State	2	Apr-12	N/A
9.	H Groenewald	Employer	3	Jun-10	N/A
10.	T Shogole	Employer	0	Apr-11	N/A

\*Chairperson.



## Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee charter, and has regulated its affairs in compliance with this charter and has discharged all its 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 III Report on Corporate Governance requirements, internal audit provides the Audit and Risk 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 and Fraud Management Committee.

In the conduct of its duties, the Audit and Risk 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 and Risk 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 and Risk 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 control over financial reporting for the period under review were efficient and effective. Management have taken corrective steps to address areas of weakness 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 2014, we are of the opinion that they comply in all material respects with the relevant provisions of the Public Finance Management Act, No 1 1999, as amended, and South African Statements of Generally Recognised Accounting Practice, and the South African Statements of Generally Accepted Accounting Practice (GAAP), 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 and Risk 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.

## Internal audit

We are satisfied that the outsourced internal audit function is operating effectively, it is independent and it has addressed risks pertinent to the MQA in its audits.

## Auditor-General South Africa

We have met with the Auditor General South Africa to ensure that there are no unresolved issues.



**Mr A Mawela**

Chairperson

31 May 2014

## > SECTION 6: REPORT OF THE AUDITOR-GENERAL



“Digging with Skills and Knowledge”

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON MINING QUALIFICATION AUTHORITY (MQA)

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the financial statements of the Mining Qualification Authority (MQA) set out on pages 68 to 122, which comprise the statement of financial position as at 31 March 2014, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting authority's responsibility for the financial statements

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

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mining Qualification Authority (MQA) as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act (PFMA).

### Emphasis of matter

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



## Restatement of corresponding figures

8. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2013 relating to trade and other payables from exchange transactions, has been restated as a result of an error discovered during 31 March 2014 in the financial statements of the MQA at, and for the year ended, 31 March 2013.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2014:
- Programme 2: Support objective decision making for skills development through research in the sector on pages 22 to 24
  - Programme 4: Facilitate and support the implementation of core sector skills and develop programmes aligned to the sector qualifications framework on pages 26 to 31
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPPI)*.
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

### Additional matter

15. I draw attention to the following matter :

### Achievement of planned targets

16. Refer to the annual performance report on page(s) 20 to 35 for information on the achievement of the planned targets for the year.

### Compliance with legislation

17. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:



## Annual financial statements, performance and annual reports

18. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the Public Finance Management Act . Material misstatements in relation to incorrect classifications in the cash flow statement identified by the auditors were subsequently corrected resulting in an unqualified audit opinion. Furthermore management identified material errors subsequent to submission of financial statements on 31<sup>st</sup> May 2014 for audit. Adjustments were in respect of these to employer grants and project expenses, government grants and donor funding expenditure, trade and other receivables from non-exchange transactions, grants and transfers payables and commitments.

## Discretionary commitments

19. There were no written agreements in place with specific terms between the SETA and third parties whereby the third parties undertakes to perform something in relation to a discretionary project for which SETA will be obliged to make payments against a discretionary grant as required by regulation 1 of the amended Grant Regulations to the Skills Development Act.

## Internal control

20. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

## Leadership

21. Discretionary grants policies and procedures have not been entirely aligned to the requirements of the amended Grant Regulations.

## Financial and performance management

22. Monthly processing and reconciling of balances relating to the statement of financial position and commitments did not take place throughout the year.
23. Management did not adequately review the annual financial statements to ensure the accuracy and completeness thereof.

*Auditor - General*

Pretoria

31 July 2014



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## > SECTION 7: ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014



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**"Digging with Skills and Knowledge"**

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

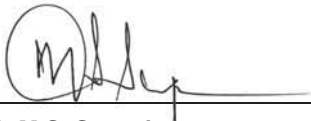
### ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

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

The financial statements set out on pages 4 to 48, which have been prepared on the going concern basis, were approved by the board of members on 28 May 2014 and were signed on its behalf by:



**Mr M.S. Seepei**

Chief Executive Officer



**Mr D. Msiza**

MQA Chairperson



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

## ACCOUNTING AUTHORITY'S REPORT

---

### 1. Responsibilities of the Accounting Authority

The Accounting Authority 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 systems.

Further responsibilities of the Accounting Authority include:

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

### 2. General review of the state of affairs

The MQA suffered a major setback during the last quarter of this financial year due to the labour unrest in the platinum sector which represents approximately 30% of the mining and minerals industry. The labour unrest had an adverse effect in the intake of new learners, the assessment of learners as well as completion of programmes by existing learners in our learning programmes. This consequently affected the reported performance information, revenues, discretionary grants expenditure, cash and cash equivalents, reserves and commitments.

Total revenue for the MQA for the 2014 financial year including donor income amounted to R 937 million (2013: R835 million). The effect was an increase of R102 million. The increase was mainly due to payroll increases in the mining industry.

The administration income allocated from levies received was R115 million for the financial year (2013: R102 million). The actual administrative expenditure for the year amounted to R89 million (2013: R66 million).

The MQA recorded a surplus of R110 million for the current financial year (2013: R11 million). The MQA discretionary grants reserves at year end amounts to R484 million (2013: R374 million). Future commitments in respect of discretionary funds amount to R678 million (2013: R385 million) and thus exceeds our reserves by R194 million. We are confident that this shortfall will be covered by our projected future levy income of approximately R1.6 billion over the next two years of our licence period.

During the year, the MQA expensed R602 million (2013: R747 million) towards mandatory, discretionary grants and special projects excluding donor funding expenditure of R14 million (2013: R12 million). In addition to this, the MQA expensed R124 million for transfers to other government entities out of its discretionary funds (2013: Nil).

The following are some of the major allocations in respect of discretionary grants and projects made to the mining and minerals sector during the year:



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING AUTHORITY'S REPORT

	2013	2014
	R' millions	R' millions
Adult Basic Education and Training (ABET)	11	8
HDSA Development	1	3
Bursary Scheme and Work Experience	105	108
Learnerships and Skills Programmes	44	34
Graduate Training Programme	55	43
Learning Material Development Grants	4	3
Unit Standard Generation Grants	3	2
Employment Equity Grant (University)	10	9
Maths and Science Project.	8	7
SME Skills Development Support	-	4
Occupational Health and Safety Programme	11	8
Mine Inspector Training	1	2
Jewelry and Diamond Industry Support	6	4
Artisan Development	107	88
Skills Development Research Analysis	4	2
Other various projects	14	8
<b>Total</b>	<b>384</b>	<b>333</b>

### 3. Services Rendered by the MQA

The MQA is a Public Entity established in terms of the Mine Health and Safety Act of 1996 and is also registered as a Sector Education and Training Authority (SETA) for the mining and minerals sector in terms of the Skills Development Act of 1998.

### 4. Capacity

There was a small number of staff resignations during this financial year. We can report that the MQA currently has a stable workforce and the capacity to carry out its mandate.

### 5. Utilisation of Donor funds

The Unemployment Insurance Fund (UIF) transferred R12 060 thousand to the MQA during the year under review. This includes R10 320 that was receivable in the previous financial year. These funds were mainly used for the training of artisans in terms of a service level agreement between the MQA and the UIF.

### 6. Public-Private Partnerships

No formal Public Private Partnership agreements were concluded during the period of review.

### 7. Corporate governance

#### Arrangements

The Accounting Authority is satisfied with the contribution made to the strategic objectives of its five standing committees during the period under review.

### 8. Change in Legislative interpretation

A change in grant regulations issued by the Minister of Higher Education and Training resulted in changes in allocations of revenue between administration expenditure, mandatory and discretionary grants expenditure as disclosed in the change in Legislation note.

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING AUTHORITY'S REPORT

#### 9. Discontinued projects

The following projects were discontinued in the period under review:

- Support to training providers for ISO 9001-2000 certification
- External assessment tools development
- Cement Lime Aggregates and Sand (CLAS) support

#### 10. New / Proposed projects

During the period under review the following new projects or services were introduced:

- Mine Community Development Programme
- Mining Environmental Control Programme

#### 11. Allowances for Members of the Accounting Authority

The members of the Accounting Authority receive no allowances from the MQA. Members may however claim travel expenses incurred as a result of their attendance of Board and Standing Committee meetings. The names and attendance of members of the Accounting Authority are covered in the Chairperson's Report.

#### 12. Executive managers emoluments

Name & Title	Basic salaries	Performance Bonuses	Non-Pensionable Allowances	Pension Contribution	Total 2014	Total 2013
R '000	R '000	R '000	R '000	R '000	R '000	R '000
S Seepei (CEO)	728	207	907	107	1 949	1 496
Y Omar (CFO)	920	174	151	136	1 381	1 111
E Nxumalo (COO)	207	61	151	29	448	985
I.G. Mkhize (EMCS)	806	-	164	120	1 090	437
M. Mdingi (CRMEO)	585	85	516	87	1 273	69
C Maila (EMSR)	392	-	244	60	696	-
	3 638	527	2133	539	6 837	4 098

Notes: E Nxumalo resigned as Chief Operations Officer on 12 July 2013. C Maila was appointed as Executive Manager Stakeholder Relations on 05 August 2013.

#### 13. Going concern

The MQA is dependent on skills development levies from the mining and minerals sector. Members of the Accounting Authority are of the opinion 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.

#### 14. SETA re-establishment

SETAs are established for a five- year period. The MQA was given a renewal certificate for the establishment as a SETA until 31 March 2016.

#### 15. Responsibility for annual financial statements

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

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### STATEMENT OF FINANCIAL PERFORMANCE

		2014	2013
			Restated*
	Notes	R '000	R '000
<b>Revenue</b>			
<b>Revenue from non-exchange transactions</b>			
Skills Development Levy: Income	3	881 492	786 590
Skills Development Levy: Interest and penalties	3	12 142	7 679
Government grants & donor funding income	22	12 960	11 780
		<b>906 594</b>	<b>806 049</b>
<b>Revenue from exchange transactions</b>			
Investment income	4	30 268	25 361
Other income	5	222	3 905
		<b>30 490</b>	<b>29 266</b>
<b>Total revenue</b>		<b>937 084</b>	<b>835 315</b>
<b>Expenditure</b>			
Employer grants and projects	6	(600 955)	(746 553)
Administration expenditure	7	(89 234)	(65 489)
Finance costs	9	(39)	(46)
Transfers to other Government entities	10	(123 655)	-
Government grants and donor funding expenditure	22	(12 960)	(11 780)
<b>Total expenditure</b>		<b>(826 843)</b>	<b>(823 868)</b>
Loss on disposal of assets and liabilities		(80)	(57)
<b>Surplus for the year</b>		<b>110 161</b>	<b>11 390</b>

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

		2014	2013
			Restated*
	Note(s)	R '000	R '000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	15	247	220
Trade and other receivables from non-exchange transactions	16	19 573	28 657
Trade and other receivables from exchange transactions	14	1 333	7 348
Cash and cash equivalents	17	730 314	564 047
		<b>751 467</b>	<b>600 272</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	12	59 514	7 522
Intangible assets	13	373	210
		<b>59 887</b>	<b>7 732</b>
<b>Total Assets</b>		<b>811 354</b>	<b>608 004</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Grants and transfers payable	20	190 950	115 211
Trade and other payables from exchange transactions	21	56 684	36 919
Finance lease obligation	18	65	183
Provisions	23	79 746	81 879
		<b>327 445</b>	<b>234 192</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	18	52	116
<b>Total Liabilities</b>		<b>327 497</b>	<b>234 308</b>
<b>Net Assets</b>		<b>483 857</b>	<b>373 696</b>
<b>Reserves</b>			
Administration reserve		59 887	7 732
Employer grant reserve		292	23
Discretionary reserve		423 678	365 941
<b>Total Net Assets</b>		<b>483 857</b>	<b>373 696</b>



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### STATEMENT OF CHANGES IN NET ASSETS

	Administration reserve	Employer grant reserve	Discretionary reserve	Total reserves	Unappropriated surplus
	R '000	R '000	R '000	R '000	R '000
<b>Balance at 01 April 2012</b>	<b>2 527</b>	<b>126</b>	<b>359 654</b>	<b>362 307</b>	<b>-</b>
Changes in net assets					
Surplus for the year	-	-	-	-	30 458
Allocation of unappropriated (Deficit)/Surplus Note 2	36 633	66 228	(72 403)	30 458	(30 458)
Transfer to discretionary reserves	(31 428)	(66 331)	97 759	-	-
Opening balance as previously reported	7 732	23	385 010	392 765	-
Adjustments					
Prior period error - note 33	-	-	(19 066)	(19 066)	-
<b>Restated* Balance at 01 April 2013 as restated*</b>	<b>7 732</b>	<b>23</b>	<b>365 941</b>	<b>373 699</b>	<b>-</b>
Changes in net assets					
Surplus for the year	-	-	-	-	110 161
Allocation of unappropriated (Deficit)/Surplus Note 2	25 793	56 897	27 471	110 161	(110 161)
Transfer to discretionary reserves	26 362	(56 628)	30 266	-	-
<b>Balance at 31 March 2014</b>	<b>59 887</b>	<b>292</b>	<b>423 678</b>	<b>483 857</b>	<b>-</b>

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### CASH FLOW STATEMENT

		2014	2013
			Restated*
Note(s)	R '000	R '000	
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Levies, interest and penalties received	860 049	823 870	
Government grants and donor funding received	12 060	6 292	
Interest received	30 570	24 679	
Other cash receipts from stakeholders	5 833	-	
	<b>908 512</b>	<b>854 841</b>	
<b>Payments</b>			
Grant and project payments	(574 310)	(661 761)	
Special projects	(12 485)	(13 430)	
Finance costs	(39)	(46)	
Compensation of employees	(45 242)	(33 800)	
Transfers to other Government entities	(35 000)	-	
Payments to suppliers and others	(20 210)	(28 722)	
	<b>(687 286)</b>	<b>(737 759)</b>	
<b>Net cash flows from operating activities</b>	24 <b>221 226</b>	<b>117 080</b>	
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12 (54 532)	(6 403)	
Proceeds from sale of property, plant and equipment	12 27	13	
Purchase of other intangible assets	13 (272)	(177)	
<b>Net cash flows from investing activities</b>	<b>(54 777)</b>	<b>(6 567)</b>	
<b>Cash flows from financing activities</b>			
Repayment of finance lease obligations	(182)	-	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>166 267</b>	<b>110 513</b>	
Cash and cash equivalents at the beginning of the year	564 047	453 534	
<b>Cash and cash equivalents at the end of the year</b>	17 <b>730 314</b>	<b>564 047</b>	

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

#### 1. Basis of preparation

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

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

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

##### 1.1 Currency

These financial statements are presented in South African Rands as it is the currency in which the majority of the entity transactions are denominated.

##### 1.2 Revenue from non-exchange transactions

###### Skills Development Levy (SDL) income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of 1999), registered member companies of the MQA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training.

Companies with an annual payroll cost of less than R500 000 are exempted in accordance with section 4(b) of the Levies Act, as amended, with effect from 01 August 2005.

Eighty percent (80%) of skills development levy contribution is transferred to the MQA and 20% to the National Skills Fund (NSF) by the Department of Higher Education and Training.

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

	2014	2013
Administration cost (including 0.5% transfer to QCTO)	10.50 %	10.00 %
Mandatory grants	20.00 %	50.00 %
Discretionary grants and projects	49.50 %	20.00 %
	<b>80.00 %</b>	<b>80.00 %</b>

The above changes in percentages between the different allocations represent a change in accounting policy, the effects of which are disclosed in the note on changes in accounting policies.

In addition to these amounts, employers that fail to file their returns and pay skills development levies within the prescribed time limits as set by SARS, are charged interest and penalties at rates prescribed by SARS from time to time.

The interest and penalties charged are remitted to the Department of Higher Education and Training, who in turn transfers them to the MQA. The interest and penalties are disclosed separately as Skills Development Levy penalties and interest.



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

---

#### 1.2 Revenue from non-exchange transactions (continued)

##### InterSETA transfers

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

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

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

##### Recognition

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

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

Previously, this provision was accumulated indefinitely but with effect from the current financial year, the Department of Higher Education and Training advised the SETAs that this provision may be utilised for discretionary grants purposes, after the expiry of 5-years in terms of section 109(4) of the Tax Administration Act which states that employers may not claim the moneys back after 5 years.

##### Measurement

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

##### Government grants and donor funding income

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

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

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

Property, plant and equipment acquired from government grants and donor funds are capitalised, as the MQA controls such assets for the duration of the projects. Such assets can, however, only be disposed of in terms of a written agreement with the donors.



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

---

#### 1.3 Revenue from exchange transactions

##### Investment income

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

##### Other income

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

- The amount of revenue can be measured reliably
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity
- The stage of completion of the transaction at the reporting date can be measured reliably
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably
- Revenue from exchange transactions is measured at the fair value of the consideration received or receivable

#### 1.4 Grants and project expenditure

In terms of the new Grant Regulations, registered employers may recover 20% of levy payments (excluding interest and penalties) in the form of mandatory grants, provided that they timeously submit the documents prescribed in terms of grants regulations.

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

##### Mandatory grants

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

The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period for the skills planning and annual training report grants. (2013:50%).

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

##### Retrospective amendments by SARS

The MQA calculates and pays mandatory grants to employers based on the information from the Department of Higher Education and Training as obtained from SARS.

Where SARS retrospectively amends the information on levies collected, this maybe as a result of grants that were paid to certain employers that are in excess of the amount the MQA is permitted to grant to employers as mandatory grants.

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

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



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

---

#### 1.4 Grants and project expenditure (continued)

##### Discretionary grants and project expenditure

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

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

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

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

Project expenditure comprises:

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

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

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

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

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

#### 1.5 Prepayments

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

#### 1.6 Irregular, fruitless and wasteful expenditure

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

- The PFMA
- The Skills Development Act
- The Skills Development Levies Act

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

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



## **MINING QUALIFICATIONS AUTHORITY**

Annual Financial Statements for the year ended 31 March 2014

### **ACCOUNTING POLICIES**

---

#### **1.7 Property, plant and equipment**

##### **Recognition**

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

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

##### **Initial measurement**

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

##### **Subsequent measurement**

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

##### **Depreciation**

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

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

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

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

##### **Impairment**

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

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

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

An impairment loss recognised in prior periods is reversed, if there was a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

---

#### 1.7 Property, plant and equipment (continued)

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

##### Cost basis

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

Item	Average useful life
Office furniture	10 - 15 years
Motor vehicles	4 - 5 years
Office equipment	3 - 10 years
Computer equipment	2 - 5 years
Fixtures and fittings	10 - 15 years
Cellphones	2 - 3 years
Office building	30 - 50 years

##### Revaluation basis

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

The fair value of items of land and buildings is determined from market-based evidence by appraisal undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualification.

The fair value of other items of plant and equipment is ascertained by reference to quoted prices in an active and liquid market.

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

If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs is revalued.

If assets are revalued upwards, the increase is credited directly to revaluation surplus unless the upward revaluation reverses a previous downward revaluation, in which case it is recognised in the surplus or deficit for the period.

If assets are revalued downwards, the decrease is recognised in the surplus or deficit for the period unless the downward revaluation reverses a previous upward revaluation credit, in which case it is applied against a revaluation credit in respect of that asset.

##### Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal.

Gains or losses arising from derecognition of items of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amounts of such items and are included in the surplus or deficit for the period when the item is derecognised.





## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

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#### 1.7 Property, plant and equipment (continued)

##### Key accounting judgements

In the application of the MQA's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from estimates.

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

##### Key sources of estimation uncertainty

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

The MQA is currently established as a SETA until 31 March 2016.

In the light of the extension of MQA's establishment until 31 March 2016, management is required to consider how it impacts the period over which assets are expected to be available for use by the MQA.

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

Management's determination of useful lives also impacts the determination of residual values of assets.

The MQA has reviewed the estimated useful lives and residual values of property, plant and equipment used for the purpose 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. Estimated useful lives and residual values will continue to be reviewed annually in future.

#### 1.8 Intangible assets

##### Recognition

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

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

The useful life or service potential of an intangible asset is assessed based on whether it is finite or indefinite.

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



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

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#### 1.8 Intangible assets (continued)

##### Initial measurement

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

##### Subsequent measurement

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

##### Amortisation

The amortisable/depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life.

Amortisation begins when the asset is available for use and is in a condition necessary for it to be capable of operating in the manner intended by management.

Amortisation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

##### Impairment

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

Irrespective of whether there is any indication of impairment, the MQA tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually, by comparing their carrying amounts with their recoverable service amounts.

This impairment test may be performed at any time during the reporting period, provided it is performed at the same time every year.

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

An impairment loss is recognised in surplus or deficit, unless the asset is carried at a revalued amount and any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss recognised in prior periods is reversed if there was a change in the estimates used to determine the asset's recoverable service amount, since the last impairment loss was recognised.

The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss is recognised immediately in the surplus or deficit unless the asset is carried at revalued amount, a reversal of an impairment loss of a revalued asset is treated as a revaluation increase.



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

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#### 1.8 Intangible assets (continued)

##### Cost basis

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

Computer software:	2 - 3 years
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##### Revaluation basis

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

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

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

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

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

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

##### Derecognition

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

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

#### 1.9 Inventories

##### Recognition

Inventories are assets in the form of materials or supplies to be consumed or distributed in the rendering of services.

Inventories are recognised as an asset if it is probable that future economic benefits or service potentially associated with the item, will flow to the entity and they can be measured reliably.

##### Initial measurement

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



## MINING QUALIFICATIONS AUTHORITY

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### ACCOUNTING POLICIES

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#### 1.9 Inventories (continued)

##### Subsequent measurement

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

##### Recognition as an expense

When inventories are exchanged or distributed, the carrying amount of those inventories is recognised as an expense when the goods are distributed, or related service is rendered.

The cost of inventories is assigned consistently, using the -First-In-First-Out (FIFO) or weighted average cost formula for all items of a similar nature and use.

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

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

#### 1.10 Leases

##### Finance leases

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

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

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

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Finance charges arising out of finance lease agreements are allocated to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

A finance lease also gives rise to a depreciation expense for depreciable assets in each accounting period.

The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned, and the depreciation recognised is calculated in accordance with the Standard of GRAP on Property, Plant and Equipment.

Where there is no reasonable certainty that the MQA will obtain ownership by the end of the lease term, assets held under finance leases are depreciated over the shorter of the lease term and their useful lives.





## MINING QUALIFICATIONS AUTHORITY

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### ACCOUNTING POLICIES

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#### 1.10 Leases (continued)

##### Operating leases

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

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

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

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense, in the reporting period in which termination takes place.

#### 1.11 Borrowing and borrowing costs

##### Borrowings

In terms of section 66(3) (c) of the Public Finance Management Act 1999 as amended, the MQA may,

- Only through the Minister of Finance borrow money ,
- In the case of the issue of a guarantee, indemnity or security, the MQA may only issue such through the Minister of Higher Education and Training, acting with the concurrence of the Minister of Finance

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

##### Borrowing costs

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

Borrowing costs in respect of qualifying assets

##### Recognition

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

Borrowing costs are capitalised either when expenditure for qualifying assets is incurred, when the borrowing costs are incurred or when activities that are necessary to prepare the asset for its intended sale are undertaken, whichever occurs first.

Capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended.

Capitalising borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

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#### 1.11 Borrowing and borrowing costs (continued)

##### Measurement

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

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

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

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

##### Other borrowing costs

##### Recognition

Other borrowing costs are borrowing costs that are deemed inappropriate to be capitalised. It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement directly to the nature of the expenditure to be funded, whether capital or current.

Such borrowing costs are expensed to the statement of financial performance in the period they are incurred.

##### Measurement

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

#### 1.12 Employee benefits

##### Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

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#### 1.12 Employee benefits (continued)

The MQA awards the following short term employee benefits:

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

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

The benefits are measured at the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service, after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the MQA recognise that excess as an asset

#### Termination benefits

Termination benefits are employee benefits payable as a result of either the MQA's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits and mainly comprises of proceeds from a defined contribution plan.

The assets of the defined contribution plan are held by third party trustee-administered funds and is funded by payments from the MQA and its employees.

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

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

#### 1.13 Provisions

##### Recognition

A provision is a liability of uncertain timing or amount.

A provision is recognised when, and only when:

- There is a present obligation (whether legal or constructive) as a result of a past event
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation
- A reliable estimate of the amount of the obligation can be made

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

Provisions for deficits from future operating activities are not recognised.

Provisions are recognised in the reporting period in which they are incurred.



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

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#### 1.13 Provisions (continued)

##### Measurement

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

In reaching the best estimate of a provision, the risks and uncertainties that surround the events and circumstances of each event are taken into account.

##### Effects of the time value of money

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

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

##### Future events and gains

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur.

Gains from the expected disposal of assets are not taken into account in measuring a provision.

##### Reimbursements

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

The reimbursement is treated as a separate asset. The amount recognised for the reimbursement may not exceed the amount of the provision.

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

##### Usage and review

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

A provision is used only for the expenditure for which the provision was originally recognised.

#### 1.14 Commitments

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

Commitments are not recognised as a liability in the statement of financial position but is disclosed in the notes to the annual financial statements.

Amounts disclosed in respect of commitments are measured on the basis of the contractual provisions and where applicable, expected future escalation may be included to fairly state the liability that will subsequently arise.





## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

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#### 1.15 Contingent Liabilities

A contingent liability is:

A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

Or

A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not recognised as a liability in the statement of financial position but is disclosed in the notes to the annual financial statements.

Amounts disclosed in respect of contingent liabilities are measured on the basis of the best estimate of the outcome of the possible obligation that may arise, using experience of similar transactions or reports from independent experts.

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

#### 1.16 Financial instruments

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

##### Financial assets

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

Financial assets are recognised in the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

##### Investments and loans

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

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

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



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

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#### 1.16 Financial instruments (continued)

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

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

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

#### Loans and Receivables

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

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

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

*Effective interest rate method:*

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

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

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted at the original effective interest rate.

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

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

Cash and cash equivalents are measured at fair value.

#### Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial Liabilities at FVTPL



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

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#### 1.16 Financial instruments (continued)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or is designated at FVTPL.

##### Gains and losses on subsequent measurement

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

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

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

##### Other financial liabilities

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

#### 1.17 Reserves

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

- Administration reserve
- Employer grant reserve
- Discretionary reserve

This sub-classification is made, based on the restrictions placed on the distribution of monies received in accordance with the Grant Regulations (note 1.3) issued from time to time by the Department of Labour and adopted by the Department of Higher Education and Training in terms of the Skills Development Act. 97 of 1998 as amended.

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

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

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

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



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### ACCOUNTING POLICIES

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#### 1.18 Related parties

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

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

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

Transactions are disclosed as other related party transactions where the MQA has, in the normal course of its operations, entered into certain transactions with entities either under the control of the Department of Higher Education and Training or which had a nominated or appointed representative serving on the MQA accounting authority.

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

#### 1.19 Comparatives

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



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 2. Allocation of Net Surplus for the year to Reserves

2014	Total per statement of financial performance	Administration funds	Mandatory grant funds	Discretionary grant funds	Special project funds
	R '000	R '000	R '000	R '000	R '000
<b>Total revenue</b>	<b>937 084</b>	<b>115 146</b>	<b>287 186</b>	<b>521 792</b>	<b>12 960</b>
Skills development levy: income	893 634	114 924	287 186	491 524	-
Admin levy income (10.5%)	114 522	114 522	-	-	-
Public sector levies	402	402	-	-	-
Grant levy income (69.5%)	766 568	-	287 186	479 382	-
Skills development levy: penalties and interest	12 142	-	-	12 142	-
Donations for special projects	12 960	-	-	-	12 960
Investment income	30 268	-	-	30 268	-
Other income	222	222	-	-	-
<b>Total expenditure</b>	<b>(826 843)</b>	<b>(89 273)</b>	<b>(230 289)</b>	<b>(494 321)</b>	<b>(12 960)</b>
Administration expenditure	(89 234)	(89 234)	-	-	-
Finance costs	(39)	(39)	-	-	-
Employer grants and project expenditure	(613 915)	-	(230 289)	(370 666)	(12 960)
Transfers to other Government entites	(123 655)	-	-	(123 655)	-
Gain/(loss) on disposal of property, plant & equipment	(80)	(80)	-	-	-
<b>Surplus allocated</b>	<b>110 161</b>	<b>25 793</b>	<b>56 897</b>	<b>27 471</b>	<b>-</b>

2013	Total per statement of financial performance	Administration funds	Mandatory grant funds	Discretionary grant funds	Special project funds
	R '000	R '000	R '000	R '000	R '000
<b>Total revenue</b>	<b>835 314</b>	<b>102 225</b>	<b>491 654</b>	<b>229 655</b>	<b>11 780</b>
Skills development levy: income	794 268	98 320	491 654	204 294	-
Admin levy income (10%)	98 320	98 320	-	-	-
Grant levy income (70%)	688 269	-	491 654	196 615	-
Skills development levy: penalties and interest	7 679	-	-	7 679	-
Donations for special projects	11 780	-	-	-	11 780
Investment income	25 361	-	-	25 361	-
Other income	3 905	3 905	-	-	-
<b>Total expenditure</b>	<b>(823 868)</b>	<b>(65 535)</b>	<b>(425 425)</b>	<b>(321 128)</b>	<b>(11 780)</b>
Administration expenditure	(65 489)	(65 489)	-	-	-
Finance costs	(46)	(46)	-	-	-
Employer grants and project expenditure	(758 333)	-	(425 425)	(321 128)	(11 780)
Gain/(loss) on disposal of property, plant & equipment	(57)	(57)	-	-	-
<b>Surplus allocated</b>	<b>11 389</b>	<b>36 633</b>	<b>66 229</b>	<b>(91 473)</b>	<b>-</b>

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

	2014 R '000	2013 R '000
<b>3. Revenue</b>		
<b>The amount included in revenue arising from non-exchange transactions is from transfer revenue, no tax revenue was received:</b>		
Government grants & subsidies	12 960	11 780
Skills Development Levy: Income	881 492	786 590
Skills Development Levy: Interest and penalties	12 142	7 679
	<b>906 594</b>	<b>806 049</b>
<b>Skills development levy income</b>		
<b>Levy income: Administration</b>		
Levies received	114 373	98 375
Levies received from SARS	113 971	98 372
Levies received from DMR	402	-
InterSETA transfers in	-	3
Movement in levies accrued	551	(55)
	<b>114 924</b>	<b>98 320</b>
<b>Levy income: Employer Grants</b>		
Levies received	284 310	491 929
Levies received from SARS	284 310	491 917
InterSETA transfers in	-	13
Movement in levies accrued	2 876	(276)
	<b>287 186</b>	<b>491 654</b>
<b>Levy income: Discretionary Grants</b>		
Levies received	478 385	196 727
Levies received from SARS	478 385	196 721
InterSETA transfers in	-	5
Movement in levies accrued	997	(111)
	<b>479 382</b>	<b>196 615</b>
<b>Interest and penalties : Skills Development Levy income</b>		
Levy interest	5 769	2 799
Levy penalties	6 373	4 880
	<b>12 142</b>	<b>7 679</b>

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

	2014 R '000	2013 R '000
<b>4. Investment revenue</b>		
<b>Interest revenue</b>		
Interest received	30 570	24 679
Movement in interest accrued	(302)	682
	<b>30 268</b>	<b>25 361</b>
<b>5. Other income</b>		
Insurance recoveries	34	8
SDL recoveries	77	164
Learning materials & Other recoveries	111	3 733
	<b>222</b>	<b>3 905</b>
<b>6. Employer grants and projects expenditure</b>		
Mandatory grants expenditure	230 289	425 425
Disbursed	272 485	402 170
Movement in liabilities and accruals	(42 196)	23 255
Discretionary grants expenditure	274 396	210 178
Disbursed	118 182	172 899
Movement in liabilities and accruals	156 214	37 279
Project expenditure	96 270	110 950
Disbursed	76 491	86 695
Movement in liabilities and accruals	19 779	24 255
<b>Total employer grants and projects expenditure</b>	<b>600 955</b>	<b>746 553</b>
<b>Project expenditure consist of:</b>		
Direct project costs	93 305	105 026
Service provider costs	2 793	5 924
Administration costs	172	-
<b>Total projects expenditure</b>	<b>96 270</b>	<b>110 950</b>

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

	2014	2013
	R '000	R '000
<b>7. Administration expenditure</b>		
Transfer to QCTO	1 299	-
Depreciation, amortisation and impairments	2 542	1 305
Operating lease	3 047	3 694
Premises	2 685	3 183
Plant and equipment	362	511
Maintenance repairs and running costs	1 581	931
Property and buildings	1 281	720
Machinery and equipment	300	211
Research and development costs	1 611	1 511
Advertising, marketing, promotions and communications	2 963	3 686
Entertainment	104	24
Consulting and professional fees	1 809	1 567
Legal fees	1 030	62
Cost of employment	8 48 835	34 735
Travel and Subsistence	9 806	7 369
Staff training and development	1 688	1 645
Remuneration to committee members	748	174
Internal Audit Fees	1 316	452
External Audit Fees	1 805	1 882
Printing and stationery	3 742	2 512
Conferences and seminars	2 295	2 198
Insurance	461	341
Rates & Taxes, Water & Electricity and Security	2 279	1 292
Donations and Sponsorships	185	32
Sundry items	88	77
<b>Total administration expenditure</b>	<b>89 234</b>	<b>65 489</b>



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

	2014 R '000	2013 R '000
<b>8. Cost of employment</b>		
<b>Salaries and wages</b>		
Basic Salaries	20 962	17 355
Performance awards	4 078	4 150
Other non-pensionable allowance	15 178	7 412
Temporary staff	2 701	1 678
Leave payments	2 193	1 286
	<b>45 112</b>	<b>31 881</b>
<b>Social contributions</b>		
Pension contributions	2 915	2 344
UIF	167	128
Other salary related costs	641	382
	<b>3 723</b>	<b>2 854</b>
	<b>48 835</b>	<b>34 735</b>
 Average number of employees	 98	 78
 Refer to the report by the Accounting Authority for disclosure concerning the emoluments of members of the Accounting Authority and the executive management of the MQA.		
<b>9. Finance costs</b>		
Obligations under finance leases	39	46
<b>10. Transfers to other Government entities</b>		
NSFAS Contributions	35 000	-
National Skills Fund FET support	88 655	-
	<b>123 655</b>	<b>-</b>

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 11. Comparison of Budgets and Actuals

2014	Approved Budget R '000	Revised Budget R '000	Actual R '000	Variance R '000
Administration funds - income	100 096	109 280	115 146	5 866
Mandatory funds - income	190 659	208 153	287 186	79 033
Discretionary funds - income	471 880	515 178	491 524	(23 654)
Investment income	23 259	27 639	30 268	2 629
Total income	785 894	860 250	924 124	63 874
Administration funds - expenditure	(92 952)	(97 987)	(89 353)	8 634
Mandatory funds - expenditure	(171 593)	(185 366)	(230 289)	(44 923)
Discretionary funds - expenditure	(603 851)	(459 968)	(494 321)	(34 353)
Total expenditure	(868 396)	(743 321)	(813 963)	(70 642)
(Deficit)/Surplus	(82 502)	116 929	110 161	(6 768)
Capex	(59 156)	(65 823)	(54 804)	11 019

#### Basis of budget preparation and revision of approved budget

The MQA prepares its budget for items of income and expenditure on the accrual basis of accounting.

The budget is based on anticipated activities, property plant and equipment and intangible assets required to achieve the mandate of the MQA, as well as the estimated costs to carry out such activities or acquire such tangible and intangible assets, as is necessary to support the achievement of its mandate.

The approved budget includes only the activities of the MQA and is for the period 01 April 2013 to 31 March 2014.

The approved budget was revised in October 2013 to adjust for revenue trends observed during the first six months of the financial year.

The revision of the approved budget resulted in a final budget which had items of revenue, mandatory grants expenditure and discretionary grants expenditure increased or higher than the approved budget.

#### MATERIAL DIFFERENCES BETWEEN THE REVISED BUDGET AND ACTUAL AMOUNTS

##### Skills Development Levy income

During the first six months of the financial year we received skills development revenues from SARS that were higher than the approved budget and this prompted us to revise our budgeted revenue in October 2013. The actual revenue is higher than the revised budget due to SARS retrospective adjustments to current year levy contributions by the employers.

##### Investment income

The excess of income over expenditure is as a result of the decrease in the percentage of mandatory grants which we pay on a more frequent basis. In addition to this, the labour unrest in the platinum sector resulted in more unclaimed and unpaid discretionary grants as evidenced by the increase in grants payable.

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 11. Comparison of Budgets and Actuals (continued)

##### Administration expenditure

The saving in administration expenditure is as a result of savings in operating lease charges, arising from the acquisition of an office building during the current year. In addition to this, the MQA embraced and responded positively to the call by the Minister of Finance to the public sector to implement cost cutting measures.

##### Mandatory grant expenditure

The excess of actual expenditure over the revised budget is attributed to high SARS retrospective amendment to our revenue. In terms of the accounting policy, on receipt of levies relating to previous years, we pay mandatory grants to employers that submitted their claims in the relevant financial years in respect of such retrospective revenue allocation.

##### Discretionary grant expenditure

The excess of actual expenditure over the revised budget is mainly as a result of a transfer to another public entity. A decision to make this contribution to the public entity was made after the finalisation of the revised budget, when it became probable that the actual revenue would exceed the revised budgeted revenue. This was in response to a request which was previously declined.

##### Capital expenditure

The variance mainly relates to delays in the refurbishment of certain areas of our newly acquired building. These arose from delays in obtaining certain approvals from the relevant authorities.

#### 12. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
R'000	R'000	R'000	R'000	R'000	R'000	
Office furniture	2 591	(1 452)	1 139	2 327	(1 585)	742
Motor vehicles	878	(321)	557	471	(286)	185
Office equipment	2 194	(1 124)	1 070	2 206	(1 274)	932
Computer equipment	3 202	(2 489)	713	2 957	(2 165)	792
Fixtures and fittings	5 512	(643)	4 869	4 910	(136)	4 774
Office building	51 794	(747)	51 047	-	-	-
Cellphones	269	(150)	119	215	(118)	97
<b>Total</b>	<b>66 440</b>	<b>(6 926)</b>	<b>59 514</b>	<b>13 086</b>	<b>(5 564)</b>	<b>7 522</b>

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 12. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2014

	Opening carrying amount	Additions	Disposals	Accumulate depreciation on disposals	Depreciation	Closing carrying amount
	R '000	R '000	R '000	R '000	R '000	R '000
Office furniture	742	590	(325)	290	(158)	1 139
Motor vehicles	185	407	-	-	(35)	557
Office equipment	932	556	(568)	532	(382)	1 070
Computer equipment	792	432	(187)	167	(491)	713
Fixtures and fittings	4 774	601	-	-	(506)	4 869
Office building	-	51 794	-	-	(747)	51 047
Cellphones	97	152	(98)	82	(114)	119
	7 522	54 532	(1 178)	1 071	(2 433)	59 514

##### Reconciliation of property, plant and equipment - 2013

	Opening carrying amount	Additions	Disposals	Accumulate depreciation on disposals	Depreciation	Closing carrying amount
	R '000	R '000	R '000	R '000	R '000	R '000
Office furniture	788	102	(214)	205	(139)	742
Motor vehicles	215	-	-	-	(30)	185
Office equipment	557	725	(564)	541	(327)	932
Computer equipment	782	525	(186)	157	(486)	792
Fixtures and fittings	-	4 910	-	-	(136)	4 774
Cellphones	46	141	(73)	64	(81)	97
	2 388	6 403	(1 037)	967	(1 199)	7 522



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

	2014	2013
	R '000	R '000
<b>12. Property, plant and equipment (continued)</b>		
<b>Assets subject to finance lease (Net carrying amount)</b>		
Office equipment	102	272
<b>Cost of items fully depreciated</b>		
Computer equipment	1 833	1 263
Office furniture	776	710
Office equipment	508	494
Cellphones	-	61
Intangible assets	177	160
	3 294	2 688

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 and useful lives of all the items of property, plant and equipment. The review of the useful lives and residual values, highlighted no need for adjustments to the useful lives and residual values of property, plant and equipment items.

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

There are no restrictions on the title of property, plant and no items have been pledged as security for liabilities.

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 13. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	739	(366)	373	467	(257)	210

#### Reconciliation of intangible assets - 2014

	Opening carrying amount	Additions	Amortisation	Closing carrying amount
	R '000	R '000	R '000	R '000
Computer software	210	272	(109)	373

#### Reconciliation of intangible assets - 2013

	Opening carrying amount	Additions	Disposals	Classified as held for sale	Amortisation	Closing carrying amount
	R '000	R '000	R '000	R '000	R '000	R '000
Computer software	139	177	(44)	44	(106)	210

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

	2014 R '000	2013 R '000
<b>14. Receivables from exchange transactions</b>		
Prepayments	269	4 428
Free Minutes Receivable	225	354
Deposits	215	1 538
Staff Advances	47	105
Interest receivable - MQA	555	857
Other receivables	22	66
	<b>1 333</b>	<b>7 348</b>
<b>15. Inventories</b>		
Consumable stores	247	220
Inventories recognised as an expense during the year	719	981
<b>16. Receivables from non-exchange transactions</b>		
InterSETA receivables	74	74
Administration	9	9
Employer grants	46	46
Discretionary grants	19	19
Mandatory grants receivables	8 279	18 263
Donor funding receivables	11 220	10 320
	<b>19 573</b>	<b>28 657</b>
<b>Mandatory grants receivables</b>		
<b>Overpayment of mandatory grants to registered employers</b>		
Overpayments to employers	8 774	18 230
Provision for doubtful debts	(562)	(36)
Net effect of SARS retrospective adjustments	8 212	18 194
Mandatory grants receivable from other SETAs	67	69
	<b>8 279</b>	<b>18 263</b>

A total of R8,212 thousand (2013: R18,194 thousand) was recognised as a receivable relating to actual overpayment of mandatory grants to employers in the reporting period.

The MQA recovers such debts by withholding the overpayments from future grant payments.

A provision for bad debts of R562 thousand (2013: R36 thousand) has been raised.

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 17. Cash and cash equivalents

Cash and cash equivalents consist of:

	2014 R '000	2013 R '000
Cash at bank and in hand	721 621	511 958
Cash at bank	721 607	511 954
Cash on hand	14	4
Short-term investments/instruments	8 693	52 089
	<b>730 314</b>	<b>564 047</b>

Included in cash at bank is a current account with a balance of R2 595 thousand (2013: R6 thousand) in respect of donor funds.

The funds were received from the Unemployment Insurance Fund for the purposes of artisans development. The funds may not be used for any purposes except for purposes specified in a service level agreement.

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

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

As the MQA was exempted by the National Treasury from the requirement of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were deposited in institutions with investment grade ratings and in line with the investment policy as required by Treasury Regulation 31.3.5.

#### Borrowings/Loans

In terms of PFMA, section 66(3)(c), public entities may only through the Minister of Finance borrow money or, in the case of the issue of a guarantee, indemnity of security only through the Minister of Higher Education and Training acting with the concurrence of the Minister of Finance.

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

No such borrowings were entered into during the year.



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

	2014 R '000	2013 R '000
<b>18. Finance lease obligation</b>		
Non current finance lease obligation (recoverable after 12 months)	52	116
Current finance lease obligation (recoverable within 12 months)	65	183
<b>Finance lease obligation</b>	<b>117</b>	<b>299</b>
<b>Reconciliation between the total of the minimum lease payments and the present value:</b>		
<b>Up to 1 Year</b>		
Future minimum lease payments	84	221
Finance cost	(19)	(39)
<b>Present value</b>	<b>65</b>	<b>182</b>
<b>1 to 5 years</b>		
Future minimum lease payments	56	140
Finance cost	(4)	(23)
	<b>52</b>	<b>117</b>
Finance lease repayments for the year:	<b>183</b>	<b>185</b>

Assets held under finance leases comprise of photocopiers and PABX equipment which have been capitalised and classified as office equipment under property, plant and equipment.

The lease agreements were entered into in November 2010 and December 2012 for a period of 3 years and the interest rate in the agreements are linked to the prime lending rate.

The interest rates implicit in the agreements are 15.21% and 21.62% in respect of a photocopiers and PABX equipment respectively and were used as a basis for calculating finance costs.

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

	2014	2013
	R '000	R '000

#### 19. Retirement benefit obligations

##### Defined contribution plan

The MQA operates a defined contribution umbrella 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 17.75% (2013:16.35%).

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the entity to account for the plan(s) as a defined benefit plan(s). The accounted for this (these) plan(s) as a defined contribution plan(s):

#### 20. Grants and transfers payable

Skills development grants payable - mandatory	23 906	76 086
Skills development grants payable - discretionary	164 134	37 235
Donor payables	2 910	1 890
	<b>190 950</b>	<b>115 211</b>

#### 21. Trade and other payables from exchange transactions

Trade payables	2 112	2 669
Project creditors	49 764	29 985
Trade creditors accruals	995	1 716
Cellphone contracts obligation	331	467
Payroll creditors and accruals	3 482	2 083
	<b>56 684</b>	<b>36 920</b>

#### 22. Government grants and donor funding

##### Donor Funds

Draw downs and interest received	12 060	1 460
Donor funding received	1 740	2 650
Prior year draw down receivable - received	10 320	(1 190)
Draw downs receivable - conditions met	11 220	10 320
Draw downs receivable at the beginning of the year	(10 320)	-
Utilised and recognised as revenue-conditions met - current	(12 960)	(11 780)
	-	-

During the current year R1 740 thousand (2013 : R2 650 thousand) was received from donor funds in respect of the development of artisans in partnership with the MQA.

R12 570 (2013: R11 780) was utilised and recognised as revenue as conditions for recognition as revenue were met.

At year end, no amount was accounted for as a liability as all amounts received in the current year met the conditions or recognition as revenue. (2013:0).

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 23. Provisions

##### Reconciliation of provisions - 2014

	Opening Balance	Utilised during the year	Change in estimates	Reversed during the year	Addition	Total
	R '000	R '000	R '000	R '000	R '000	R '000
SARS Creditors - Administration	812	-	(551)	-	-	261
SARS Creditors - Mandatory	4 060	-	(2 876)	-	-	1 184
SARS Creditors - Discretionary	1 624	-	(997)	-	-	627
Administration provisions	2 645	(2 295)	(151)	-	4 582	4 781
DHET Overpayment	29 160	(29 160)	-	-	-	-
Discretionary and projects	43 578	(24 988)	-	(16 458)	70 761	72 893
	81 879	(56 443)	(4 575)	(16 458)	75 343	79 746

##### Reconciliation of provisions - 2013

	Opening Balance	Utilised during the year	Change in estimates	Addition	Total
	R '000	R '000	R '000	R '000	R '000
SARS Creditors - Administration	757	-	55	-	812
SARS Creditors - Mandatory	3 784	-	276	-	4 060
SARS Creditors - Discretionary	1 513	-	111	-	1 624
Administration provisions	2 070	(2 103)	33	2 645	2 645
DHET Overpayment	-	-	-	29 160	29 160
Discretionary and projects	9 234	(4 820)	(1 825)	40 989	43 578
	17 358	(6 923)	(1 350)	72 794	81 879

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 23. Provisions (continued)

The provision for SARS creditors relates to levy contributions received during the year from employers that are exempted from SDL contributions as they are under the legislated threshold. The utilisation of the provision depends on employers becoming aware that they are exempt from the skills development levies.

##### Administration Provision

Provisions mainly consisting of provision for performance bonus for the financial year. For the purpose of payment, bonuses are finalised and are payable subsequent to year end.

##### Discretionary and projects provision

The MQA pays discretionary grants in tranches depending on the duration of the programme. These provisions are as a result of grant claims which were due before 31 March 2014.

The disbursement of these grants is depended on employer confirmations and learner verification conducted before disbursement .

	2014	2013
	R '000	R '000
Surplus	110 161	11 390
<b>Adjustments for:</b>		
Depreciation and amortisation	2 542	1 305
Loss/(Gain) on sale of assets and liabilities	80	57
Movements in provisions	(2 133)	64 521
<b>Changes in working capital:</b>		
Inventories	(27)	(21)
Receivables from exchange transactions	6 015	(6 714)
Other receivables from non-exchange transactions	9 084	(8 566)
Payables from exchange transactions	19 766	27 501
Taxes and transfers payable (non exchange)	75 738	33 105
Unspent conditional grants and receipts	-	(5 498)
	<b>221 226</b>	<b>117 080</b>

#### 24. Cash generated from operations



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

2014	2013
R '000	R '000

#### 25. Contingencies

##### Mandatory grant reserve

A balance of R292 thousand (2013 :R23 thousand) has been set aside in terms of the accounting policy.

The amount of the outflow depends on the new employers' awareness about the provisions of the grants regulations that entitle them to claim the grants within six months of their first registration as employers for the purposes of the Skills Development Levies Act.

The employers have until 30 September 2014 to claim the mandatory grants after which they expire and will be swept to the discretionary funds in terms of the grants regulations.

##### Litigation

Management is not aware of any impending legal action against the MQA.

#### 26. Commitments

##### Administration reserve

A balance of R59 887 thousand (2013 : R7 732 thousand) has been set aside in terms of the accounting policy as follows.

Net assets	59 887	7 732
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##### Discretionary reserve

Of the balance of R424 million (2013: R366 million) available in the discretionary reserve on 31 March 2014, R678 million (2013 R385 million) has been approved and allocated for future projects and skills priorities as set out below. Amounts for expenses that have already been contracted or incurred, and therefore included in grant expenses in the statement of financial performance, are indicated as utilised.

## NOTES TO THE FINANCIAL STATEMENTS

Opening balance 2013	Reallo- cations approved by Accounting Authority	Utilised	Opening balance 2014	Reallo- cations approved by Accounting Authority	Utilised	TOTAL
R '000	R '000	R '000	R '000	R '000	R '000	R '000

**26. Commitments (continued)****PROGRAMMES:**

MQA-001-Lecturer/Trainer Support	396	10 220	(8 570)	2 046	33 830	(10 190)	25 686
MQA-002-Bursaries	46 753	75 050	(69 357)	52 446	20 428	(58 038)	14 836
MQA-003-Work Experience	27 804	53 990	(38 342)	43 452	68 180	(47 264)	64 368
MQA-005-Minerals Beneficiation (Diamond & Jewellery)	4 002	1 161	(4 200)	963	4 949	(5 912)	-
MQA-007-Standard Setting Grant (TRGs)	92	1 323	(1 415)	-	915	(860)	55
MQA-009-Learning Materials Development	1 286	1 218	(2 504)	-	4 015	(4 015)	-
MQA-010-Internships (GDP)	25 754	56 011	(43 489)	38 276	150 507	(55 045)	133 738
MQA-011-Learnerships	21 423	56 438	(34 465)	43 396	33 292	(44 271)	32 417
MQA-012-SME Skills Development Support	691	3 245	(3 936)	-	(85)	85	-
MQA-014-ISO 9001-2000	-	741	(560)	181	(181)	-	-
MQA-018-Skills Development Facilitator Support	-	1 415	(1 415)	-	2 843	(2 843)	-
MQA-019-ABET	-	7 140	(7 140)	-	10 900	(10 900)	-
MQA-020-Skills Development Research & Impact Analysis	37	591	(628)	-	1 074	(1 074)	-
MQA-023-Literacy Promotion	-	486	(486)	-	468	(468)	-
MQA-024-OHS Representative Development	-	8 243	(8 243)	-	11 492	(11 492)	-
MQA-026-Artisan Development	20 000	7 416	(19 496)	7 920	(6 020)	(1 580)	320
MQA-027-Employed Artisan Development	12 660	72 790	(24 780)	60 670	92 354	(30 857)	122 167
MQA-030-Maths and Science	-	7 000	(7 000)	-	7 565	(7 565)	-
MQA-031-Mine Inspector Training	515	4 765	(1 564)	3 716	(3 205)	(511)	-
MQA-036-External Assessment Tools Development	-	1	(1)	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

**26. Commitments (continued)**

	Opening balance 2013 R '000	Reallo- cations approved by Accounting Authority R '000	Utilised R '000	Opening balance 2014 R '000	Reallo- cations approved by Accounting Authority R '000	Utilised R '000	TOTAL R '000
MQA-035 Learners with Disabilities	600	7 618	(2 626)	5 592	5 014	(6 494)	4 112
MQA-037-Facilitator Development	76	462	(538)	-	820	(820)	-
MQA-038 Foundational Learning Competency (FLC)	-	353	(353)	-	1 105	(1 105)	-
MQA-039 Cement Lime Aggregates and Sand Support	-	1 448	(1 448)	-	-	-	-
MQA-040-Standard Setting HET	252	294	(546)	-	2 289	(2 289)	-
MQA-041-HDSA Development	-	2 751	(2 751)	-	882	(882)	-
MQA-042-UJIF Artisan Development Partnership	14 550	38 276	(23 561)	29 265	19 715	(25 920)	23 060
MQA-043-ABET Practitioner Career Progression	-	2 747	(1 000)	1 747	2 534	(4 281)	-
MQA-045-Mine Community Capacity Building	-	-	-	-	-	-	-
MQA-049-Mining Environmental Control Programme	-	-	-	-	-	-	-
MQA-044-Workplace Coach Development	-	2 106	(2 106)	-	-	-	-
MQA-050-Mpumalanga FET Artisan Development	-	1 205	(4 363)	23 398	(815)	(6 993)	15 590
MQA-051-Unemployed Artisan Development	-	85 170	(14 570)	70 600	210 451	(39 546)	241 505
MQA-052-Employed Artisan Aides	-	2 910	(1 455)	1 455	840	(2 295)	-
	203 447	514 584	(332 908)	385 123	676 358	(383 627)	677 854

**Operating leases**

Future minimum lease payments under non-cancellable leases:  
Not later than one year

	2014 R '000	2013 R '000
	-	1 522



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

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

##### **Irregular 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 2014.

##### **Material losses through criminal conduct:**

None

##### **Material losses through fraud**

None

##### **Fruitless and wasteful expenditure**

None

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 28. Financial instruments

In the course of its operations, the MQA is exposed to interest rate, credit, liquidity and market risk. The MQA has developed a comprehensive risk strategy in order to monitor and control these risks.

The risk management process relating to each of these risks is discussed under the headings below.

The MQA's exposure to cash flow interest rate risk and the effective interest rates on the financial instruments at reporting date, are as follows.

Year ended 31 March 2014	Floating rate		Non-interest bearing		Total
	Amount R '000	Effective interest rate %	Amount R '000	Weighted average period until maturity Years	
<b>Assets</b>					
Cash	730 300	5,50%	14	-	730 314
Accounts receivable	-	0%	1 333	1 year	1 333
Total financial assets	730 300	5,50%	1 347		731 647
<b>Liabilities</b>					
Accounts payable	-	0%	(56 686)	0.5 years	(56 686)
Total financial liabilities	-	0%	(56 686)		(56 686)
	730 300		(55 339)		674 961

Year ended 31 March 2013	Floating rate		Non-interest bearing		Total
	Amount R '000	Effective interest rate %	Amount R '000	Weighted average period until maturity Years	
<b>Assets</b>					
Cash	564 043	6,50%	4	-	564 047
Accounts receivable	-	0%	7 348	1 year	7 348
Total financial assets	564 043	6,50%	7 352		571 395
<b>Liabilities</b>					
Accounts payable	-	0%	(36 920)	0.5 years	(36 920)
Total financial liabilities	-	0%	(36 920)		(36 920)
	564 043		(29 568)		534 475



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 28. Financial instruments (continued)

##### Credit risk

Financial assets, which potentially subject the SETA to the risk of non performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable.

The MQA limits its counter-party exposure by only dealing with well-established financial institution approved by the National Treasury. The MQA's exposure is continuously monitored by the Accounting Authority.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The MQA's concentration of credit risk is limited to the industry (mining industry) in which it operates. No events occurred in the mining industry that may have an impact on the accounts receivable that has not been adequately provided for.

Ageing of trade and other receivables from non exchange transactions

	2014		2013	
	Gross	Impairment	Gross	Impairment
	R '000	R '000	R '000	R '000
Past due 31 - 120 days	28 657	-	14 593	-
Cash & cash equivalents				

	2014		2013	
	Gross	Impairment	Gross	Impairment
	R '000	R '000	R '000	R '000
Not past due	564 047	-	453 532	-

##### Liquidity risk

The MQA manages liquidity risk through proper management of working capital, capital expenditure, long term cash projections and monitoring of actual vs. forecasted cashflows and its cash management policy.

At 31 March 2014	Carrying amount	Contractual cash flows	6 months or less	6 months or more
	R'000	R'000	R'000	R'000
Trade and other payables from exchange transactions	59 040	59 040	59 040	-

At 31 March 2013	Carrying amount	Contractual cash flows	6 months or less	6 months or more
	R'000	R'000	R'000	R'000
Trade and other payables from exchange transactions	17 850	17 850	17 850	-





## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

---

#### 28. Financial instruments (continued)

##### Market risk

The MQA is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates.

In the last quarter of the financial year, labour unrest in the platinum sector has continued up to, and subsequent to year-end. The labour unrest may result in the shrinking of employment and a reduction in skills development levy income in the future.

##### Fair values

The MQA's financial instruments consist mainly of cash and cash equivalents, trade and other receivables, and accounts and other payables.

No financial instruments were carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash held by the MQA and short term bank deposits with an original maturity of less than one month. The carrying amount of these assets approximates their fair value.

##### Accounts receivable

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

##### Investments

The fair value of debt securities is determined using the discounted cash flow method (where applicable). The fair value of publicly traded investments is based on quoted market prices for those investments.

##### Borrowings

The fair value of interest-bearing borrowings is based on either:

- The quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile and effective interest rate with similar cash flows (where applicable).
- The current rates available for debt with the same maturity profile and effective interest rate with similar cash flows (where applicable).

The fair values of interest-bearing borrowings with variable interest rates approximate their carrying amounts.

##### Accounts payable

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



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

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#### 29. New standards and interpretations

##### 29.1 Standards and interpretations issued, but not yet effective

At the date of authorisation of these financial statements there are standards and interpretations in issue but not effective. These include the following standards and interpretations that are applicable to the MQA, and may or may not have an impact on future financial statements.

##### **GRAP 18 - Segment Reporting:**

The standard was issued in October 2004 and will be effective for the periods beginning on or after 01 April 2014:

It establishes principles for the presentation of specific and detailed information about major activities undertaken by an entity during a particular period, along with resources allocated to those activities.

It is not expected that the standard will significantly impact future accounting and disclosure because the MQA's mandate is the facilitation of skills development and this has been and is likely to continue to be done through a centralised operation.

##### **GRAP 20: Related Party Disclosures**

The standard was issued in November 2009 and will be effective for the periods beginning on or after 01 April 2014.

It defines related parties, prescribes the identification and the disclosure of transactions and balances between the entity and its related parties.

It is not expected that the standard will significantly impact future accounting and disclosure as the MQA currently discloses such transactions and balances in its Annual Financial Statements and the Annual Report.

##### **GRAP 25 : Employee Benefits**

The standard was issued in June 2011 and will be effective for the periods beginning on or after 01 April 2014.

It provides principles for accounting for short-term and long-term post employee retirement benefits provided by the entity to its employees, former employees and their dependants.

It is not expected that the standard will significantly impact future disclosure as the MQA operates and is expected to continue to operate a defined contribution plan due to the short nature (5 years) of its operating licence.

##### **GRAP 32 : Service Concession Arrangements: Grantor**

The standard was issued in August 2013 and will be effective on periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the Public Finance Management Act, Act No. 1 of 1999, as amended.

It prescribes the recognition, measurement, presentation and disclosure of assets and liabilities arising out of granting rights to use service concession assets to an operator to provide a mandated function.

It is not expected that the standard will significantly impact future accounting and disclosure as its requirements do not significantly differ from the requirements in respect of other assets and liabilities.



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

---

#### 29.1 Standards and interpretations issued, but not yet effective (continued)

##### **GRAP 105: Transfer of Functions between Entities under Common Control**

The standard was issued in November 2010 and will be effective for the periods beginning on or after 01 April 2014.

It provides principles for recognition, measurement, presentation and disclosure by the acquirer and transferor, in a transfer of functions between entities under common control.

It is not expected that the standard will significantly impact future disclosure because the MQA has been re-established as it is for the next 5 years to 2016 and under the existing legislation, no transfer of functions to or from the MQA are expected.

##### **GRAP 106: Transfer of Functions between Entities Not Under Common Control**

The standard was issued in November 2010 and will be effective for the periods beginning on or after 01 April 2014.

It provides principles for recognition, measurement, presentation and disclosure of by the acquirer in a transfer of functions between entities, not under common control.

It is not expected that the standard will significantly impact future disclosure because the MQA has been re-established as it is for the next 5 years to 2016 and under the existing legislation, no transfer of functions to or from the MQA are expected.

##### **GRAP 107: Mergers**

The standard was issued in November 2010 and will be effective for the periods beginning on or after 01 April 2014.

It provides principles for recognition, measurement, presentation and disclosure by the combined entity and combining entities in a merger.

It is not expected that the standard will significantly impact future disclosure because the MQA has been re-established as it is for the next 5 years to 2016 and under the existing legislation, no mergers with other entities are expected.

##### **GRAP 108: Statutory Receivables**

The standard was issued in August 2013 and will be effective on periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the Public Finance Management Act, Act No. 1 of 1999, as amended.

It prescribes the recognition, measurement, presentation and disclosure of non-contractual, statutory receivables. It is not expected that the standard will significantly impact future accounting and disclosure as its recognition and measurement requirements refer to other accounting standards that have been adopted, that revenue from exchange transaction and revenue from non-exchange transactions.

The aggregate impact of the initial application of the statements and interpretations on the financial statements is expected to be as follows:

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 30. Related parties

##### Sector Education and Training Authorities & Other public entities

	2014		2013	
	R '000		R '000	
SETAs	Amount receivable/ (payable)	Transfers in/(out) during the year	Amount receivable/ (payable)	Transfers in/ (out) during the year
EWSETA	4	-	4	-
SERVICES SETA	70	-	70	-
AGRISETA	-	-	-	12
W&R SETA	-	-	-	8
	74	-	74	20

InterSETA transactions and balances arise due to the movement of employers from one SETA to another and levies due from the SETA to which the MQA contributes its levies and submits its WSP/ATR. No other transactions occurred during the year with other SETAs

	2014		2013	
	R '000		R '000	
SETAs	Amount receivable/ (payable)	Transfers in/(out) during the year	Amount receivable/ (payable)	Transfers in/ (out) during the year
Unemployment Insurance Fund	11 220	1 740	10 320	2 650
ETDP SETA	-	67	67	-



## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 30. Related parties (continued)

##### Related party transactions

2014

Stakeholder represented	Board member	Levies Received	Payments	Grants / Amounts Payable	Grants overpaid (Receivables)
		R '000	R '000	R '000	R '000
Harmony Gold Mine	M Mashego	42 040	23 623	1 237	382
Colliery Training College	J Venter	436	6 816	70	-
Chamber of Mines	V Mabena	466	3 000	-	-
Anglo Platinum	L Mogaki	73 108	17 414	1 110	2 283
National Union of Mineworkers	F Letlala	-	39	-	-
	A Teteme				
	Z Tantsi				
		116 050	50 892	2 417	2 665

2013

Stakeholder represented	Board member	Levies Received	Payments	Grants / Amounts Payable	Grants overpaid (Receivables)
		R '000	R '000	R '000	R '000
Harmony Gold Mine	M Mashego	41 940	5 973	5 481	592
Colliery Training College	J Venter	364	5 234	104	-
Chamber of Mines	V Mabena	506	476	365	-
Anglo Platinum	L Mogaki	50 165	12 614	-	5 597
National Union of Mineworkers	F Letlala	-	25	-	-
	A Teteme				
Elijah Barayi Training Centre	Z Tantsi	-	258	-	-
		92 975	24 580	5 950	6 189

#### 31. Change in accounting estimate

Accounting policy note 1.2 provides that levy contributions from employers with an annual payroll of less than R500,000 are not recognised as revenue but as a provision as they represent an obligation to be refunded to such employers because the employers are exempted from paying skills development levies.

With effect from the current financial year, the Department of Higher Education and Training advised SETAs that this provision may be utilised for discretionary grants purposes after the expiry of 5 years from the date of their contribution in terms of section 1090(4) of the Tax Administration Act, as the employers may not claim the moneys back after 5 years.

This represents a change in estimate, the effect of which was a R4,7 million reduction in provisions and a corresponding increase in the current year's discretionary grants revenue. Similar adjustments will be done in future, once the amounts have been quantified.

## MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 32. Changes in legislation

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following change in regulations.

In December 2012, the Minister of Higher Education and Training, in terms of section 36 of the Skills Development Act published government gazette no. 35940 on SETA Grant Regulations regarding monies received by SETAs, repealing gazette no. 27801 published on 18 July 2005. The new grant regulations prescribed that from 01 April 2013, monies set aside for administration, mandatory grants and discretionary grants would be revised and were accordingly revised from the beginning of the financial year.

The effect of the change in legislation on the financial statements is as follows:

	2014	2013
Administration cost (including 0.5% transfer to QCTO)	10.50 %	10.00 %
Mandatory grants	20.00 %	50.00 %
Discretionary grants and projects	49.50 %	20.00 %
	<b>80.00 %</b>	<b>80.00 %</b>

#### 33. Prior period errors

During the current financial year, we discovered that invoices received and dated in the current financial year that were received from a service provider that managed our bursary scheme were in respect of bursaries that were due and payable in the 2012-13 financial year.

This indicates that bursary expenditure and liabilities for the previous financial year were understated and the financial statements have been restated accordingly.

The correction of the error, results in adjustments as follows:

##### Statement of Financial Position

Increase in trade and other payables from exchange transactions	-	19 066
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##### Statement of Financial Performance

Increase in employer grants and projects expenditure	-	19 066
--	---	--------

#### 34. Subsequent events

No subsequent events occurred that resulted in material adjustments or require disclosure in the Annual Financial Statements.

## ACRONYM LIST

<b>AA</b>	Affirmative Action	<b>NC</b>	National Certificate
<b>ABE</b>	Adult Basic Education	<b>NCV</b>	National Certificate (Vocational)
<b>ABET</b>	Adult Basic Education and Training	<b>NGO</b>	Non-governmental Organisations
<b>AEL</b>	Adult Education and Learning	<b>NLRD</b>	National Learner Records Database
<b>AFS</b>	Annual Financial Statements	<b>NPO</b>	Non-profit Organisation
<b>AIDS</b>	Acquired Immune Deficiency Syndrome	<b>NQF</b>	National Qualifications Framework
<b>ATR</b>	Annual Training Reports	<b>NRF</b>	National Research Foundation
<b>AQP</b>	Assessment Quality Partner	<b>NSB</b>	National Skills Body
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment	<b>NSF</b>	National Skills Fund
<b>BEE</b>	Black Economic Empowerment	<b>NSA</b>	National Skills Authority
<b>CBO</b>	Community-Based Organisation	<b>NSB</b>	National Standards Body
<b>CEP</b>	Communities of Expert Practice	<b>NSDS</b>	National Skills Development Strategy
<b>CHE</b>	Council for Higher Education	<b>NSF</b>	National Skills Fund
<b>CRMEO</b>	Chief Risk Monitoring and Evaluation Officer		
<b>CLAS</b>	Cement, Lime, Aggregates and Sand	<b>NUM</b>	National Union of Mineworkers
<b>CoMTT</b>	Classification of Mines Task Team	<b>NVC</b>	New Venture Creation
<b>DEA</b>	Department of Environmental Affairs	<b>OFO</b>	Organising Framework for Occupations
<b>DHET</b>	Department of Higher Education and Training	<b>OHS</b>	Occupational Health and Safety
<b>DMR</b>	Department of Mineral Resources	<b>OQF</b>	Occupational Qualification Framework
<b>DoE</b>	Department of Education	<b>OQDF</b>	Occupational Qualification Development Facilitator
		<b>PDI</b>	Previously Disadvantaged Individuals
<b>DoF</b>	Department of Finance	<b>PFMA</b>	Public Finance Management Act
<b>DoL</b>	Department of Labour	<b>PGDS</b>	Provincial Growth Development Strategy
<b>DMR</b>	Department of Mineral Resources	<b>PGM</b>	Platinum Group of Metals
<b>DQP</b>	Development Quality Partner	<b>PIVOTAL</b>	Professional, Vocational, Technical and Academic Learning Programmes
<b>DTI</b>	Department of Trade and Industry	<b>PSDF</b>	Provincial Skills Development Forum
		<b>PWD</b>	People with Disability
<b>DVD</b>	Digital Versatile Disk	<b>QCTO</b>	Quality Council for Trades and Occupations
<b>ECSA</b>	Engineering Council of South Africa		
<b>EE</b>	Employment Equity	<b>RPL</b>	Recognition of Prior Learning
<b>EMSR</b>	Executive Manager Stakeholder Results	<b>SA</b>	South Africa
<b>EPP</b>	Executive Preparation Programme	<b>SADC</b>	South African Development Corporation
<b>ETD</b>	Education, Training and Development (Practitioners)	<b>SADPMR</b>	South African Diamond and Precious Metals Regulator
<b>ETQA</b>	Education and Training Quality Assurance	<b>SAM&amp;MS</b>	South African Mining and Minerals Sector
<b>EXCO</b>	Executive Committee	<b>SANIRE</b>	South African National Institute of Rock Engineering
		<b>SAQA</b>	South African Qualifications Authority
<b>FETC</b>	Further Education and Training Certificate	<b>SDA</b>	Skills Development Act, 1998 (Act 97 of 1998)
<b>FET</b>	Further Education and Training (College) now TVET Colleges ( <i>refer TVET</i> )	<b>SDF</b>	Skills Development Facilitator
<b>FLC</b>	Foundational Learning Competence	<b>SDFW</b>	Social Development Funding Window
<b>FOG</b>	Falls of Ground	<b>SDL</b>	Skills Development Levy
<b>H&amp;S</b>	Health and Safety	<b>SDR</b>	Skills Development and Research
<b>HDI</b>	Historically Disadvantaged Individuals	<b>SDT</b>	State Diamond Trader
<b>HDSA</b>	Historically Disadvantaged South Africans		
<b>HIV</b>	Human Immune Virus		

<b>HRDSA</b>	Human Resources Development Strategy for South Africa	<b>SEE</b>	Survey of Employment and Earnings
<b>HSRC</b>	Human Science Research Council	<b>SETA</b>	Sector Education and Training Authority
<b>ISDF</b>	Independent Skills Development Facilitator	<b>SGB</b>	Standards Generating Body
<b>ISO</b>	International Organisation for Standardization	<b>SIC</b>	Standard Industrial Classification
<b>JAC</b>	Jewellery Apprenticeship Committee	<b>SLA</b>	Service Level Agreement
<b>JIPSA</b>	Joint Initiative for Priority Skills Acquisition	<b>SME</b>	Small, Micro Enterprises
<b>LFS</b>	Labour Force Survey	<b>SMME</b>	Small, Micro, Medium Enterprises
<b>LMSC</b>	Learning Materials Steering Committee	<b>SOC</b>	Standard Occupational Classification
<b>MAC</b>	Mining Advisory Committee	<b>SOPF</b>	Sector Occupational Pathway Framework
<b>MHS</b>	Mine Health and Safety	<b>SPR</b>	Skills Planning and Research
<b>MHSA</b>	Mine Health and Safety Act	<b>SQCG</b>	Standards and Qualifications Co-ordinating Group
<b>MHSC</b>	Mine Health and Safety Council	<b>SSP</b>	Sector Skills Plan
<b>MIS</b>	Management Information Systems	<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
<b>MIDGETT</b>	Mining Industry Growth, Development and Employment Task Team	<b>TB</b>	Tuberculosis
<b>MMS</b>	Mining and Minerals Sector	<b>TEBA</b>	The Employment Bureau of Africa
<b>MoA</b>	Memorandum of Agreement	<b>ToR</b>	Terms of Reference
<b>MoU</b>	Memorandum of Understanding	<b>TRG</b>	Technical Reference Group
<b>MPRDA</b>	Mineral and Petroleum Resources Development Act	<b>TVET</b>	Technical, Vocational Education and Training (ex FET) Colleges
<b>MQA</b>	Mining Qualifications Authority	<b>UASA</b>	United Association of South Africa
<b>MRAC</b>	Mining Regulatory Advisory Committee	<b>Umalusi</b>	Umalusi Council for General and Further Education and Training
<b>MTSF</b>	Medium Term Strategic Framework	<b>UNISA</b>	University of South Africa
<b>NATED</b>	National Technical Education	<b>VAT</b>	Value Added Tax
		<b>WSP</b>	Workplace Skills Plans
		<b>ZAR</b>	South African Rand

[illegible]



[illegible]



## **MINING QUALIFICATIONS AUTHORITY**

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2017

### **GAUTENG**

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### **EASTERN CAPE**

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Butterworth

### **LIMPOPO**

Sekhukhune TVET College  
CN Phathudi Campus  
Stand No. 2659  
Praktiseer

### **NORTHERN CAPE**

Kathu TVET College  
Hans Coetzee Road  
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Kathu, 8446

### **FREE STATE**

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### **MPUMALANGA**

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