



# ANNUAL REPORT 2012-2013

## EXPANSION FOR ACCESS



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

**Digging with Skills and Knowledge**



MINING QUALIFICATIONS AUTHORITY



# MINING QUALIFICATIONS AUTHORITY ANNUAL REPORT 2012 – 2013

## HONOURABLE MINISTERS

IT IS OUR PLEASURE TO PRESENT THE ANNUAL REPORT  
OF THE MINING QUALIFICATIONS AUTHORITY (MQA)  
FOR THE FINANCIAL YEAR  
1 APRIL 2012 TO 31 MARCH 2013



**Ms Susan Shabangu**  
Minister of Mineral Resources



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



**Mr David Msiza**  
Chairperson



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

**Digging with Skills and Knowledge**



## 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's Authority is a state owned entity of the Department of Higher Education and Training (DHET) mandated to develop 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 OF HIGHER EDUCATION AND TRAINING (DHET)	DEPARTMENT OF FINANCE (DOF)
<ul style="list-style-type: none"><li>• Mine Health and Safety Act (MHSA) 1996</li><li>• Minerals and Petroleum Resources Development Act (MPRDA) 2002</li><li>• Social and Labour Plan</li></ul>	<ul style="list-style-type: none"><li>• Skills Development Act (SDA) 97 of 1998</li><li>• South African Qualification's Authority Act (SAQA) 58 of 1995</li><li>• Higher Education Act (1997)</li><li>• National Financial Aid Scheme Act (1999)</li><li>• Adult Basic Education &amp; Training Colleges Act 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 Levy Act 9 of 1999</li><li>• Tax Act Section 12H Learnership Allowances</li><li>• Public Finance Management Act (PFMA) 1999</li></ul>
RELEVANT REGULATIONS	RELEVANT REGULATIONS	RELEVANT REGULATIONS

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

# CONTENTS

<b>SECTION 1: GENERAL INFORMATION</b>	<b>5</b>
1.1 Strategic Overview by the Chairperson	6
1.2 Operational Review by the Chief Executive Officer	9
1.3 Organisational Structure	13
<b>SECTION 2: PERFORMANCE INFORMATION</b>	<b>14</b>
2.1 Statement of Responsibility for Performance Information	15
2.2 Annual Performance Plan	16
2.3 Mining Charter Declaration	34
2.4 Performance Information by Operational Unit	36
2.4.1 Skills Development and Research	36
2.4.2 Standard Generation	42
2.4.3 Learning Programmes	44
2.4.4 Projects	47
2.4.5 Education, Training and Quality Assurance (ETQA)	49
<b>SECTION 3: CORPORATE SERVICES</b>	<b>55</b>
3.1 Corporate Governance	55
3.2 Board Structure	55
3.2.1 Board and Committee Structure	55
3.2.2 Board Members	56
3.2.3 Board Meeting Attendance	57
3.2.4 Board and Standing Committees Roles and Responsibilities	58
3.2.5 Board Strategic Planning	60
3.2.6 Board and Committee Induction	60
3.3 Human Resource Management	60
3.3.1 Human Resource Oversight Statistics	61
3.3.1.1 Personnel Cost by Salary Band	61
3.3.1.2 Performance Rewards	61
3.3.1.3 Training Costs	61
3.3.2 Employment and Vacancies	62
3.3.3 Employment Changes	62
3.3.4 Reasons for Staff Leaving	63
3.3.5 Labour Relations: Misconduct and Disciplinary Action	63
3.3.6 Workforce Profile and Employment Equity Status	63
3.4 Customer Service and Communication	64
3.5 Facilities and Office Management	67
3.6 Regional Expansion Support	67
<b>SECTION 4: REPORT OF THE AUDIT AND RISK COMMITTEE</b>	<b>68</b>
<b>SECTION 5: REPORT OF THE AUDITOR-GENERAL</b>	<b>72</b>
<b>SECTION 6: ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013</b>	<b>76</b>
6.1 Report of the Accounting Authority	77
6.2 Statement of Financial Performance	82
6.3 Statement of Financial Position	83
6.4 Statement of Changes in Net Assets	84
6.5 Cash Flow Statement	85
6.6 Accounting Policies	86
6.7 Notes to the Annual Financial Statements	105

# SECTION ONE

## GENERAL INFORMATION

1.1	STRATEGIC OVERVIEW BY THE CHAIRPERSON	6
1.2	OPERATIONAL REVIEW BY THE CHIEF EXECUTIVE OFFICER	9
1.3	ORGANISATIONAL STRUCTURE	13





## 1.1. STRATEGIC OVERVIEW BY THE CHAIRPERSON

On behalf of the governing Board of the Mining Qualifications Authority (MQA), it is my pleasure to present the 01 April 2012 to 31 March 2013 annual report to the Honourable Minister of Higher Education and Training, Dr Blade Nzimande, the Honourable Minister of Mineral Resources, Ms Susan Shabangu, our industry stakeholders, labour organisations and employees in the sector.

The MQA is charged with the responsibility of facilitating skills development in the mining and minerals sector in terms of the Skills Development Act of 1998 and the National Skills Development Strategy III for the period 2011-2016. In addition, the MQA in the execution of its mandate, supports the reviewed Broad-Based Socio Economic Empowerment Charter (Mining Charter), Beneficiation Strategy and the Mine Health and Safety Act of 1996.



I am privileged to be part of an organisation that always strives to deliver on its mandate and consistently ensures that there is value for money on the skills and training programmes. In terms of the Public Finance Management Act [PFMA], 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 efficient and effective to mitigate potential risks to the MQA. The Audit and Risk Committee also expressed satisfaction with risks identified and controls implemented during the period under review. The Board committees are fully functional to support the strategic mandate of the MQA in their respective operational and technical capacities. The MQA's risk strategy and its fraud prevention campaign including the MQA's toll free hotline where the public and stakeholders can in absolute confidentiality, report any fraudulent activities is commendable.

### HIGHLIGHTS

Within the context of the mining and minerals sector, as well as the known challenges that affected the sector particularly labour instability, the overall interaction between the MQA, the employers, labour and employees was not disrupted. It is believed that this interaction will continue to improve with the establishment of the MQA's new regional offices in partnership with Further Education and Training institutions (FETs). The regional presence will bring the MQA programmes closer to the communities and also supports the Honourable Minister of Higher Education and Training vision of artisan training through FETs.

The MQA continues to support the Mine Health and Safety Tripartite Leadership Summit Commitments. The partnerships created between the MQA, the Mine Health and Safety Council (MHSC), employers and trade unions affiliated with the MQA, will ensure that we continue to work effectively and contribute positively to the measuring and monitoring of health and safety issues in the sector. We support the Minister of Mineral Resources in her drive to ensure that the mining sector achieves the goal of zero harm. We are committed to the development of employees and enhancement of skills and literacy levels, which will contribute positively to safer mines.

### REVENUE (ADMINISTRATION BUDGET)

The MQA's revenue for the period under review increased from R 718 million in 2011-2012 to R835 million in 2012-2013. This is despite the instability in the sector due to labour unrest. A further increase is anticipated in 2013-2014 as a result of increased advocacy and partnerships established due to regional expansion projects. The MQA has with the application of sound financial management practices ensured that it remains within the 10% statutory allocation of the administrative budget. The total spend on administration costs increased from R59 million to R66 million as opposed to the R83 million allocated. There is currently a saving of R18 million on its administrative budget.

## **MANDATORY GRANTS**

Skills Development legislation requires the all mining companies regardless of size, submit their workplace skills plans (WSPs) and annual training reports (ATRs) annually. This is to ensure that the sector adopts a culture of continuous learning and for an informed profile of the scarce and critical skills needs within the sector. Ongoing research efforts by the MQA are ensured to 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 plagued with skills shortages in core skills. There is immense pressure to address the challenge of retaining these skills and ensuring that additional skills development efforts take place. The MQA is in no illusion of the seriousness of the skills needs and has put in place projects that will ensure that skills are retained and developed in the sector. An allocation of R436 million was budgeted for mandatory grant payments in the last financial year. A total of R425 million was disbursed for approved mandatory grant payments resulting in a saving of R10 million by the MQA.

## **DISCRETIONARY GRANTS**

The MQA Board approved a total budget of R374 million for discretionary projects. The expensed amounts for discretionary projects was R302 million. These funds are intended to address skills shortages and identify innovative ways of addressing the transformation needs of the mining and minerals sector. An under spend of R72 million resulted in the financial year under review. These projects are established with a focus of addressing the skills gaps identified in the Sector Skills Plan, to fulfill the goals of the MQA strategic plan as well as the deliverables set in the National Skills Development Strategy III. The projects include an investment in various artisan, artisan aide and non-artisan learning programmes, the occupational health and safety representatives skills programmes, 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.

## **MQA RESOURCES**

By the end of the year under review, the MQA had a staff compliment of 67 permanent employees. This number is expected to increase to 92 employees based on the approved new positions by the Board for the establishment of a dedicated risk, monitoring and evaluation function and the regional expansion programme. An organisational development study was also commissioned in consultation with the MQA Board to determine the capacity and functions within the organisation for optimum service delivery.

## **TRANSFORMATION**

The MQA remains unwavering in its support for the Mining Charter in terms of transforming the sector. The priorities outlined in the Mining Charter include amongst others, Human Resource Development, aimed at redressing the imbalances brought by the previous dispensation, increase of women participation in the mining sector and the empowerment of previously disadvantaged communities. The MQA has in the process of ensuring that targets across the skills development sector are met, implemented a number of internal processes and co-operation agreements with a number of other role-players, which in the Board's view is paramount to the continued success of the MQA.

The revised National Qualifications Framework (NQF) will certainly highlight a new era for the education and training framework in the country with the Quality Council for Trades and Occupations (QCTO) implementation and establishment gaining momentum. The Board applauds the MQA on being appointed as a Development Quality Partner (DQP) on its various programmes.

## CHALLENGES

Although I am encouraged by the ongoing participation of stakeholders and partnerships established during the past year, increased efforts have been ensured by the MQA to encourage employers to take on more learners. In 2013-2014 the “*first-come-first-served*” option for learner intakes has been put in place with no specified time frames when one can register learners. I am convinced that this initiative will go a long way to facilitating greater employer participation. The development of adult learners for increased literacy levels in the mines remains a challenge as fewer learners are being registered and larger numbers are dropping out at the higher ABET NQF levels. The need to improve the skills of miners has become an even more pressing issue in the sector. The language committee within the MQA is also hard at work to ensure that the issues raised by employees within the sector are receiving attention. A draft policy is in circulation.

Occupational Health and Safety remains a priority, the MQA is challenged with increasing the pool of training providers in this area. In consideration of the instability in terms of employment and the emanating threat of the retrenchment of workers by a number of large organisations, it is critical for the MQA to mitigate the impact of job loss on the overall economy. The MQA will need to be innovative in the development of programmes to assist in the reintegration of retrenched ex-miners into the workplace.

## APPRECIATION

I would like to thank the Ministers namely, Honourable Minister of the Department of Higher Education and Training, Dr Blade Nzimande and Honourable Minister of Mineral Resources Ms Susan Shabangu, who are involved in the management and development of skills in the mining sector. Their support ensures that this sector is well regarded and recognised as a key contributor to South Africa’s economy. The valued stakeholders in the sector continue to contribute towards the viability of the sector. Even though some training programmes were not funded by the MQA, mine houses trained over and above the grants allocated, confirming their commitment to the skills success of the sector. To the MQA Board members, it is an honour and privilege to serve as a member of a Board together with the committed Board members. The commitment to the acceleration of service delivery in our sector, and the continuity of such support will ensure that the MQA will grow from strength to strength.

Lastly, I would like to thank the MQA Executive, Management and Staff for their hard work and commitment, without which the MQA could not function as effectively as it does.



**David Msiza**

Chairperson of the MQA Board

31 May 2013



## 1.2. OPERATIONAL OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

As I present the overview of the MQA's performance during the 01 April 2012 to 31 March 2013 financial year, against the targets set out by the National Skills Development Strategy (NSDS) III, the MQA's Mining Charter Support Strategy, and the MQA's Strategic Plan, it is a privilege for me to table the MQA's annual report. It has also been an honour for the MQA to work in partnership with various organisations such as the Department of Higher Education and Training (DHET), the Department of Mineral Resources (DMR), employers, labour organisations, higher and further education institutions, accredited training providers, employed and unemployed learners during the past year.

The 2012-2013 financial year saw the Mining Qualifications Authority (MQA) making significant inroads in skills development in the sector through the delivery of programmes aligned to the **six (6) MQA key strategic objectives** which in turn, are aligned to its delivery model. These include:

1. Transformation,
2. Health and Safety Training,
3. The development of the current mining workforce and the attraction of new entrants to the sector,
4. Re-skilling of both employed and unemployed individuals for sustainable employment,
5. The delivery of quality training and finally,
6. Creating a transparent corporate governance system to ensure compliance.

*In line with these objectives, the MQA achieved the following results in 2012–2013:*

### RESEARCH

A total of **590** mining companies submitted workplace skills plans (WSP) and annual training reports (ATR) against the planned target of **642** WSPs-ATRs. This decline was largely due to the labour unrest in the sector and the reduced capacity of skills development facilitators. Efforts are being ensured to provide greater support to mining companies through the development of skills development facilitators. A total of **414** skills development facilitators were supported. An advocacy campaign is in place to encourage employers to submit WSPs-ATRs for a more comprehensive Sector Skills Plan (SSP) that assists with the identification of scarce and critical skills needs in the sector.

The MQA developed new unit standards and qualifications during the year. This will ensure a further increase of opportunities and capacity building of workers in our mines in line with the sectors scarce and critical skills needs. The new mandatory grant regulations have also been communicated by the Department of Higher Education and Training (DHET) and the MQA is engaging with the sector in this regard. A total of **R425 million** was disbursed for approved mandatory grants from the **R436 million** budgeted.



## YOUTH FOCUSED PROGRAMMES

### CAREER GUIDANCE

The MQA took part in **56** career guidance events with at least **50 000** learners in rural areas across all nine provinces. The purpose of career guidance events is that it allows young learners in high school to make informed career choices and to expose them to career opportunities in the mining sector. A comprehensive career guidance brochure has been developed by the MQA for employed and unemployed individuals in the sector.

### MATHEMATICS AND PHYSICAL SCIENCE

To encourage learners in rural schools to improve their maths and science results, extracurricular classes funded by the MQA were conducted in our nine provinces. At least **1 000 learners** were assisted in 2012-2013 with a budget allocation of **R7 million** for grade 12 learners in areas such as Mdantsane, Parys, Tumahole, Daveyton, Nongoma, Sekhukhune, Practiseer, Delmas, Galeshewe, Brits, Madibeng, Mitchell's Plain, Philippi and Gugulethu. I applaud the Department of Basic Education's (DoBE) efforts to improve maths and science learning during the past year and I am confident that going forward, learners will start to enjoy these subjects as this is where our critical skills needs lie in the sector. A success rate of **91.7%** was achieved by the MQA in maths and science during 2012-2013. The budget has been increased by the MQA to **R8 million** for 1 000 learners in nine provinces for learners in grades 10-12 for 2013-2014.

### LECTURER SUPPORT

The MQA is also developing historically disadvantaged mining lecturers who train at various universities and FET colleges to improve the quality of learning. These lecturers are also assisted with practical experience at the various mining houses. I urge companies to be receptive to these efforts and assist with the exposure of lecturers to practical work skills.

### BURSARIES

Over **R50 million** was spent on **1 060 bursars (target 750)** at Higher Education and Further Education training institutions in nine (9) provinces offering support in mining related degrees such as Mechanical Engineering, Electrical Engineering, Chemical Engineering, Analytical Chemistry, Mining Engineering and Geology amongst others. The budget for the upcoming year is **R69 million**.

### WORK EXPERIENCE AND INTERNSHIP PROGRAMMES

A total of **662** learners were placed with mining companies to gain work experience with an expenditure of **R38 million**. Mining companies are encouraged to take on learners as this contributes to skills enhancement. A budget of over **R45 million** has been allocated for 2013-2014.

Additionally, **406** unemployed learners completed their internship programmes with mining companies supported by a total expenditure of **R43 million**. These learners are now employable. The MQA ensures resources are available for interns with a budget allocation of over **R68 million** being approved for 2013-2014. The MQA also continues to facilitate the placement of young students who wish to complete their University of Technology Diploma programmes at workplaces in the mining and minerals sector.

## NON-ARTISAN LEARNERSHIPS

A total of **1 749 employed and unemployed learners** entered various learning programmes such as rock breaker, miner, underground hard rock, coal mining and jewellery manufacturing amongst others. More than **R38 million** was spent for 2012-2013 and over **R60 million** is budgeted for 2013-2014. This project has also focused on the development of people with disabilities in the sector with a total of **2 189 learners** completing the learnerships.

A total of **4 415** employed and unemployed non-artisan learners were taken onto programmes.

## ARTISAN LEARNERSHIPS

The MQA trained almost **2 164** employed and unemployed learners in various artisanship programmes such as millwright, instrumentation, mechanic, fitter, turner, plater, welder and many other technical trades in an effort to reduce unemployment in our country. The target was **2 000** in 2012-2013.

A total expenditure of close to **R90 million** was spent on artisan support. At least **R200 million** has been secured for a minimum of a further **2 500** learners in 2013-2014 for artisan development. The Minister of Higher Education and Training declared 2013 as the **“Year of the Artisan”**.

## MQA REGIONAL PRESENCE

In response to some of the challenges facing the sector, the MQA is collaborating with FET Colleges to provide support to be accessible to various stakeholders, namely companies, mining communities, learners, government officials and interested parties in skills development. The MQA has identified **six (6)** FET colleges in six provinces where this support will be made available. These are located in the Eastern Cape, Free State, Limpopo, Mpumalanga, Northern Cape and the North West. The identified FET colleges are strategically located in rural mining precincts.

## LITERACY PROMOTION

As you may be aware, the literacy levels in our sector leave much to be desired. The MQA together with mining houses are improving literacy through the ABET learner and ABET practitioner training programmes. A total budget of **R22 million** was planned for the sector in the last financial year with only **R7 million** being spent. This under-spending is largely due to employers and employees requiring more encouragement. Employers must support and encourage the participation of their workers as this will improve the lives of those who previously were robbed of the opportunity to learn. The entry of learners and the final completion of learnerships in ABET is also worrisome, as more than **6 339** learners that entered into ABET, only **1 544** learners were able to complete their studies. This number declines further when one includes ABET level 1 and the final completion numbers at ABET level 4.

## OCCUPATIONAL HEALTH AND SAFETY (OHS) PROGRAMME

The MQA Board approved the development of safety representatives on the OHS Representatives Development Skills Programme. In line with the Mine Health and Safety Tripartite Leadership Summit Agreement where we intend to train **40 000** OHS representatives through MQA accredited training providers over a five-year period, **R25 million** was allocated for Occupational Health and Safety (OHS) and **7 451** learners entered into the programme with **6 438** OHS representatives completing the programme in 2012-2013.



## MINERAL BENEFICIATION

The MQA supports various activities in the jewellery and diamond subsectors in support of mineral beneficiation.

## HIGHLIGHTS

In spite the challenges experienced by the sector during the last financial year, there was no notable decline in the MQA's income. This is attributed to the participation of skills development organisations amongst all levels of staff. The MQA increased its interaction with stakeholders through various forums and personal visits to mining houses by the CEO. Some of the forums held included, national stakeholder engagement forums and events, targeted workshops, career guidance events, general information sessions, exhibitions and conferences. Efforts continued to focus on reaching rural communities. In addition, increased efforts were made to ensure continued interaction with HET and FET institutions. Information regarding discretionary projects, grant regulation changes and the MQA's strategic objectives were widely communicated to the sector. Workshops were held with skills development facilitators and other company skills representatives on the Workplace Skills Plan (WSP) and Annual Training Report (ATR) submissions. Quality assurance and the role of the Quality Council for Trades and Occupations (QCTO) was also communicated to the sector.

Once again the submissions of WSPs-ATRs were conducted manually. A total of **475** companies were successful with their mandatory grant claims. In refocusing of our efforts towards support that will contribute to the increase in WSP-ATR submissions, six regional offices in six provincial FETs were established. This is part of our regional expansion programme and there are hopes to extend our reach to all nine provinces in rural areas in the future.

## CHALLENGES

The MQA continues to experience challenges with the uptake of learners by companies in the sector. The benefits of taking on learners continues to be communicated to employers in order to encourage them to participate in skills development initiatives. An increase in the uptake of learners would reduce the amount of funds in reserves within the MQA.

## APPRECIATION

I acknowledge the work done by the MQA Board and thank them for their continued support during a year filled with challenges, changes and growth. Many efforts have been made to transform the sector through skills enhancement. I applaud the companies that make every effort to participate in skills development and safety training. Our goal of transforming the sector remains a priority. We hope to continue to grow and prosper and look after our valuable resources, namely, our employees in the mining and minerals sector.

The advisory council of the MQA has continued to ensure that the principles of good governance are adhered to. I would like to express my appreciation to members of the Board, Committees, Management and Staff for their valuable contributions over the past year. The success of the MQA is attributable to joint effort and with your continued support currently and the years to come, the MQA will go from strength to strength.

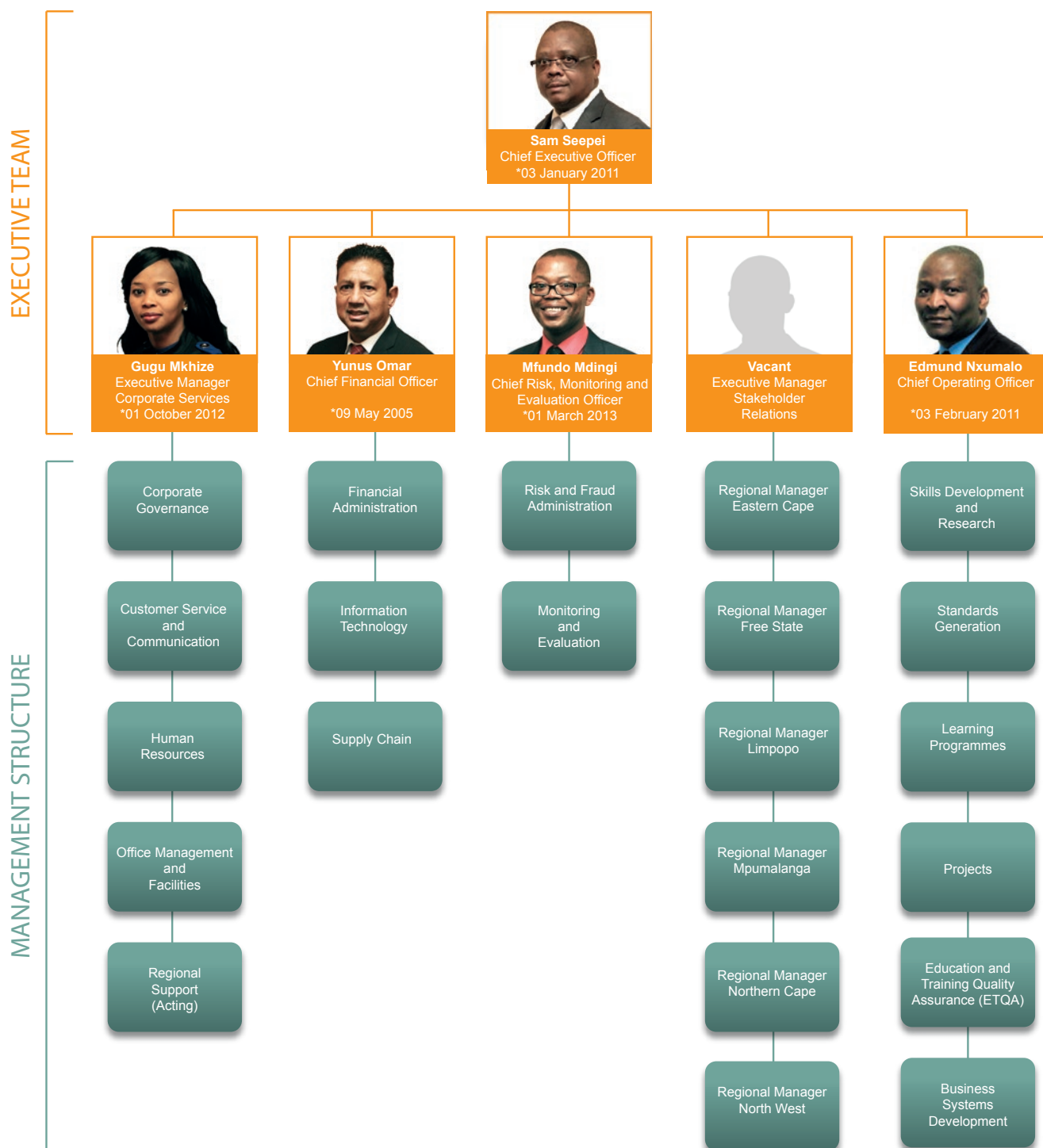


**Sam Seepei**

Chief Executive Officer

31 May 2013

## 1.3. ORGANISATIONAL STRUCTURE



\*Commencement in current position

# SECTION TWO

## PERFORMANCE INFORMATION

2.1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION	15
2.2. ANNUAL PERFORMANCE PLAN	16
2.3. MINING CHARTER DECLARATION, COMMITMENTS AND SCORECARD	34
2.4. PERFORMANCE INFORMATION BY OPERATIONAL UNIT	36
2.4.1. SKILLS DEVELOPMENT AND RESEARCH	36
2.4.2. STANDARD GENERATION	42
2.4.3. LEARNING PROGRAMMES	44
2.4.4. PROJECTS	47
2.4.5. EDUCATION, TRAINING AND QUALITY ASSURANCE	49





## ANNUAL PERFORMANCE INFORMATION REPORT

### 2.1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2013

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 as the Chief Executive Officer of the MQA, the performance information fairly reflects the actual achievements against planned objectives, indicators, targets as per the strategic and annual performance plan of the MQA for the financial year ended 31 March 2013.

The MQA's performance information for the year ended 31 March 2013 has been examined by the external auditors and their report is presented on pages 72 to 75.

Of the total number of 43 targets planned for the year, 15 were not achieved during the year under review. This represents 35% of total planned targets that were not achieved as planned for the 2012-2013 financial year.

The MQA however, exceeded in some of the core areas such as learnerships, bursaries and work experience. The under achievement represents only 14% of funds underspent.

The MQA performance information as detailed on pages 16 to 52 has been approved by the MQA Board.



**Sam Seepei**

Chief Executive Officer

31 May 2013

## ANNUAL PERFORMANCE PLAN FOR THE YEAR ENDED 31 MARCH 2013

2.2.1	SKILLS DEVELOPMENT PRIORITY
	MQA STRATEGIC OBJECTIVE
	NSDS III GOAL 4.7
	PRIORITY FOCUS

Strategic Objective		Programme Performance Indicator	Actual Achievements 2011-2012	
1.1	<b>Black Professionals Development</b> Increase the pool of black professionals for managerial opportunities in the mining and minerals sector. 30 - Shift Bosses 10 - Mine Overseers 10 - Managers	50 professionals gain access to managerial opportunities in the mining and minerals sector.	130	
1.2	<b>Lecture Support</b> Increase the number of HDSAs (black lecturers) in mining related disciplines at Higher Education and Training institutions.	Support 7 HET institutions with 19 lecturers funded by the MQA in the following fields: Mining Engineering, Mine Surveying and Geology.	19	
1.3	<b>People With Disabilities</b> To ensure the inclusion of people with disabilities in skills development programmes.	50 learners with disability annually distributed across skills development programmes and projects.	29	
1.4	<b>Artisan Aides</b> To provide training that will enable the people who are currently employed as artisan aide assistants to be fully skilled in order to access qualifications and become qualified artisans.	1 500 artisan aides to be taken through the RPL process. (The MQA 7 Step Artisan Development Process is being developed and to be piloted).  (RPL toolkits and guidelines, will be developed through QCTO engineering occupations).	60	

## ONE

### Support transformation of the sector through skills development

Increasing public sector capacity for improved service delivery and supporting the building of a developmental state

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

	Planned Targets 2012-2013	Actual Achievements 2012-2013	Deviation from Planned Target to Actual Achievement for 2012- 2013	Comments on Deviation Score Card
	50	135	85	<b>Target exceeded</b> The budget was increased during the year to take on more professionals because of the good response from industry during the previous year.
	19	25	6	<b>Target exceeded</b> The budget was increased during the year to support more lecturers.
	50	164	114	<b>Target exceeded</b> The budget was increased during the year to support more learners with disabilities.
	1 500	97	(1 403)	<b>Target not met</b> The programmes for artisan aides was only finalised and registered in January 2013; hence not many learners were registered.



## ANNUAL PERFORMANCE PLAN FOR THE YEAR ENDED 31 MARCH 2013

2.3.1	SKILLS DEVELOPMENT PRIORITY
	MQA STRATEGIC OBJECTIVE
	NSDS III GOAL 4.1
	PRIORITY FOCUS

Strategic Objective		Programme performance Indicator	Actual Performance 2011-2012	
1.1	<b>Skills Development Facilitators</b> Build capacity of skills development facilitators in order for them to understand the MMS skills development.	400 skills development facilitators to be trained and supported.	710	
1.2	<b>Research Projects</b> Conduct relevant prioritised research into skills development related issues in the MMS (including research for providing skills to support beneficiation strategy) as per the annual research agenda.	100% prioritised research projects implemented.	100%	
1.3	<b>WSP-ATR</b> Continuous evaluation of WSP-ATR to accurately reflect skills provision for the MMS.	WSP-ATR data should be relevant and accurate.	642	
1.4	<b>Impact studies</b> Conduct impact studies as required.	Impact study reports are available and utilised.	0	
1.5	<b>Skills Audits</b> Support organisations to conduct a skills audit within their organisation.	Increased number of organisations participating in the MQA sponsored skills audit.	44	
1.6	<b>Skills Development Research</b> Collaborate more closely with relevant institutions regarding skills development and MMS research.	Increased engagement with relevant institutions conducting MMS and skills development research.	0	
1.7	<b>Post-graduate research support</b> Support post-graduate students who undertake MMS related research topics; staff capacity building programme in place.	Post-graduate research dissertations available; staff capacity building programme implemented.	0	

## TWO

### Support objective decision making for skills development through research in the sector

Establishing a credible institutional mechanism for skills planning

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

	Planned Targets 2012-2013	Actual Achievements 2012-2013	Deviation from Planned Target to Actual Achievement for 2012-2013	Comments on Deviation Score Card
	400	414	14	<b>Target exceeded</b> More SDFs than anticipated enrolled for the training.
	<b>100% (5)</b>	60% (3)	(2)	<b>Target not met</b> Due to staff turnover (Research manager and specialist leaving).
	642	590	(52)	<b>Target not met</b> Due to staff turnover (Research manager and specialist leaving).
	3	0	(3)	<b>Target not met</b> Due to staff turnover (Research manager and specialist leaving).
	0	0	0	<b>Not applicable</b>
	2	1	(1)	<b>Target not met</b> Due to staff turnover (Research manager and specialist leaving).
	2	0	(2)	<b>Target not met</b> Due to staff turnover (Research manager and specialist leaving).

## ANNUAL PERFORMANCE PLAN FOR THE YEAR ENDED 31 MARCH 2013

2.4.1	SKILLS DEVELOPMENT PRIORITY
	MQA STRATEGIC OBJECTIVE
	NSDS III GOAL 4.1
	PRIORITY FOCUS

Strategic objective		Programme Performance Indicators	Actual Performance 2011-2012	
1.1	<b>Information Management</b> To streamline the operations of the MQA through improved information management.	Review and approve policies and governance frameworks.	0	
1.2	<b>Data Management</b> Taking ownership of MQA data.	Improved accessibility and quality of data.	0	
1.3	<b>Management Information System (MIS)</b> Integrated fully functional MIS that meets the needs of stakeholders.	Improved strategic alignment to the MQA business plan.	0	
1.4	<b>New MIS</b> Develop and implement new MIS while gradually phasing out MQA MIS.	Milestones of project plan to phase out MQA MIS is met.	50%	

### THREE

#### Enhance knowledge management for skills development in the sector

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.

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



## ANNUAL PERFORMANCE PLAN FOR THE YEAR ENDED 31 MARCH 2013

2.4.2	SKILLS DEVELOPMENT PRIORITY
	MQA STRATEGIC OBJECTIVE
	NSDS III GOAL 4.1
	PRIORITY FOCUS

Strategic Objective		Programme Performance Indicator	Actual Performance 2011-2012	
1.1	<b>QCTO aligned Qualifications</b> Re-design qualifications according to new QCTO regulations.	Qualifications for 10 occupations are re-designed and approved.	Not applicable	
1.2	<b>OFO aligned sector qualifications</b> The MQA to review and update sector qualifications framework aligned to the OFO.	The sector has an OFO aligned qualifications framework as a basis for career progression and learning pathway within the industry.	Not applicable	
1.3	<b>Maths and Science</b> Enhance the supply of learners with maths and science and ensure career guidance interventions takes place for participating learners.	1 000 learners on maths and science programme targeting rural mining communities in 2012-2013.	1 000	
1.4	<b>Career Guidance</b> Increase awareness of mining and mineral sector related careers.	Participate in various awareness interventions including DHET Mandela Day Career Guidance event, DMR learner focus weeks, DoL career interventions and various planned and unplanned career exhibitions targeting grades 10-12 learners. The target specifies the number of days at present exhibitions.	50	

## FOUR

### Facilitate and support the implementation of core sector skills and develop programmes aligned to the sector qualifications framework

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 sector.

	Planned Targets 2012-2013	Actual Achievements 2012-2013	Deviation from Planned Target to Actual Achievement for 2012-2013	Comments on Deviation Score Card
	10	14	4	<b>Target exceeded</b> Due to delays in the previous financial year in establishing the QCTO, the qualifications were completed in the 2012-2013 financial year.
	1	1	0	<b>Target met</b>
	1 000	1 035	35	<b>Target exceeded</b> Additional learners were recruited and accommodated in the budget allocated.
	50	56	6	<b>Target exceeded</b> Due to participation in additional career guidance events. This was a result of invitations being received for participation in career guidance events from various event organisers and government departments.

## ANNUAL PERFORMANCE PLAN FOR THE YEAR ENDED 31 MARCH 2013

2.4.2	SKILLS DEVELOPMENT PRIORITY
	MQA STRATEGIC OBJECTIVE
	NSDS III GOAL 4.1
	PRIORITY FOCUS

Strategic Objective		Programme Performance Indicator	Actual Performance 2011-2012	
1.5	<b>ABET</b> To support employers to participate in ABET training to progressively increase levels of literacy in the sector.	8 800 to be enrolled on the programme and 4 400 to complete the ABET programme.	8 800	
1.6	<b>OHS Representatives Training</b> To train 40 000 OHS Representatives over five years as required by Mine Health and Safety Tripartite Leadership Summit Agreement signed 05 September 2008.	1 000 employed learners to complete the OHS Representative programme.	1 000	
1.7	<b>ABET Practitioners</b> To up-skill ABET practitioners to enable career progression and improve the quality of ABET learning. This in turn will increase the levels of literacy and numeracy within the mining and minerals sector.	100 ABET Practitioners to be trained on ABET Practitioner Programme.	0	

## FOUR

### Facilitate and support the implementation of core sector skills and develop programmes aligned to the sector qualifications framework

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 sector.

	Planned Targets 2012-2013	Actual Achievements 2012-2013	Deviation from Planned Target to Actual Achievement for 2012-2013	Comments on Deviation Score Card
	8 800	6 339	(2 461)	<b>Target not met</b> The challenge for ABET implementation remains the non capturing of agreements on MQA MIS. They enrol and train learners in the hope that when learners complete their exams, they will capture the information on MQA MIS. When they realise that learners did not do well in their exams they then decide not to report the training. This poses a challenge for MQA as these numbers need to be reported to DHET for enrolment. The number that is reported is for enrolment and only a few learners achieve ABET mainly because of: <ul style="list-style-type: none"> <li>· Stigma;</li> <li>· Drop outs;</li> <li>· Non-commitment to part time studies as learners use their own time;</li> <li>· No support from the employers.</li> <li>· The target set is unrealistic.</li> </ul>
	8 000	6 438	(1 562)	<b>Target not met</b> The number of people trained has increased over the past years. There has been some confusion on the administration processes and companies have been reluctant to submit signed letters on a letterhead to confirm that learners trained on OHS representative development or appointed by the company as OHS representative. The MQA rules and criteria have been improved to accommodate both employers and accredited providers. Companies complained about the administration process and the amount of the grant paid to them.
	100	100	0	<b>Target met</b>



## ANNUAL PERFORMANCE PLAN FOR THE YEAR ENDED 31 MARCH 2013

2.4.2	SKILLS DEVELOPMENT PRIORITY
	MQA STRATEGIC OBJECTIVE
	NSDS III GOAL 4.1
	PRIORITY FOCUS

Strategic Objective		Programme Performance Indicator	Actual Performance 2011-2012	
1.8	<b>Mining Community</b> Facilitate and support mining communities with social and labour plan training.	100 learners in mining communities are trained.	200	
1.9	<b>DMR Inspectors</b> To capacitate the DMR inspectors with the required skills.	100 DMR inspectors to receive inspector training.	100	
1.10	<b>On-the-job Learning</b> To support organisations with on-the-job learning by training coaches.	50 MQA funded learners to receive on the MMS job training.	40	
1.11	<b>FLC Facilitator Training</b> To support the MMS in the development of FLC facilitators.	100 learners complete FLC facilitator training.	100	
1.12	<b>FET College Lecturers</b> To promote the growth of the FET College system so that it is responsive to sector skills needs and priorities.	Place 10 lecturers on practical artisan training.	10	
1.13	<b>NCV Internship Programme</b> Facilitate and register learners on the programme.	50 learners registered on the NCV Internship Programme.	50	
1.14	<b>CLAS Sub-sector.</b> Build the training capacity of the CLAS sub-sector.	Programmes and materials for the CLAS sub-sectors developed.	4	
1.15	<b>Mining Environmental Control Programme</b> Support the MMS in the training of learners in relevant mining environmental control programmes.	50 learners registered on mining environmental control programme.	50	

## FOUR

### Facilitate and support the implementation of core sector skills and develop programmes aligned to the sector qualifications framework

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 sector.

	Planned Targets 2012-2013	Actual Achievements 2012-2013	Deviation from Planned Target to Actual Achievement for 2012-2013	Comments on Deviation Score Card
	100	100	0	<b>Target met</b>
	60	63	3	<b>Target exceeded</b> The budget was increased during the year to support more inspectors.
	50	48	(2)	<b>Target not met</b> The pilot project was interrupted by the unrest at the Lonmin Marikana Mine.
	100	84	(16)	<b>Target not met</b> The pilot project was stopped as the objective was met.
	10	17	7	<b>Target exceeded</b> The budget was increased during the year to support additional learners.
	50	61	11	<b>Target exceeded</b> The budget was increased during the year to support additional learners.
	4	4	0	<b>Target met</b>
	50	0	-50	<b>Target not met</b> Supporting evidence was not provided for the sector to be supported for this programme.

## ANNUAL PERFORMANCE PLAN FOR THE YEAR ENDED 31 MARCH 2013

2.4.2	SKILLS DEVELOPMENT PRIORITY
	MQA STRATEGIC OBJECTIVE
	NSDS III GOAL 4.1
	PRIORITY FOCUS

Strategic Objective		Programme Performance Indicator	Actual Performance 2011-2012	
1.16	<b>Artisan Programmes</b> Facilitate and support registration and certification of learners on artisan programmes.	2 000 learners to be registered on artisan programmes	500	
1.17	<b>SME Support</b> To assist SMEs with MMS technical skills.	A total of 350 learners including 190 Small Scale Miners to be trained on SSM technical training. 100 retrenched trained, 50 Youth-in-mining trained, 10 CBOs-NGOs-Co-Ops (this includes Co-ops, NGOs and CBOs).	350	
1.18	<b>Bursary</b> To assist 500 undergraduate learners enrolled in mining and minerals related disciplines through bursaries.	Increase the pool of students able to access MMS occupations (In fields as per the scarce skills list).	500	
1.19	<b>Work Experience</b> To assist undergraduate learners with the P1 and P2 work experience in attaining their undergraduate qualifications.	300 students placed with host companies (in fields as per the scarce skills list).	300	
1.20	<b>Internships</b> To provide workplace experience to graduates in MMS scarce skills.	200 learners assisted with workplace experience.	200	
1.21	<b>Diamond and Jewellery</b> Facilitate and support skills development activities in diamond and jewellery manufacturing.	300 learners are placed on structured diamond manufacturing and jewellery manufacturing and design industry programmes.	300	

## FOUR

### Facilitate and support the implementation of core sector skills and develop programmes aligned to the sector qualifications framework

Establishing a credible institutional mechanism for skills planning

It has become a 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.

	Planned Targets 2012-2013	Actual Achievements 2012-2013	Deviation from Planned Target to Actual Achievement for 2012-2013	Comments on Deviation Score Card
	2 000	2 164	164	<b>Target exceeded</b> The budget was increased during the year to support additional learners.
	350	623	273	<b>Target exceeded</b> The budget was increased during the year to support additional learners.
	500	1 060	560	<b>Target exceeded</b> The budget was increased during the year to support additional learners.
	300	406	106	<b>Target exceeded</b> The budget was increased during the year to support additional students.
	200	200	0	<b>Target met</b>
	300	313	13	<b>Target exceeded</b> The budget was increased during the year to support additional learners.



## ANNUAL PERFORMANCE PLAN FOR THE YEAR ENDED 31 MARCH 2013

2.4.2	SKILLS DEVELOPMENT PRIORITY
	MQA STRATEGIC OBJECTIVE
	NSDS III GOAL 4.1
	PRIORITY FOCUS

Strategic Objective		Programme Performance Indicator	Actual Performance 2011-2012	
1.22	<b>Literacy</b> To support the annual International Literacy week with events and activities that demonstrate the MQA commitment to the eradication of illiteracy in SA. <b>1 600</b> learners to attend event.	Promote the event to 1 600 learners as well as general stakeholders in the MMS.	1 600	
1.23	<b>Foundational Learning Competence</b> To support employers to enrol learners on FLC training in order to increase levels of literacy progressively in the sector.	500 learners registered on the FLC programme.	500	
1.24	<b>Learning Packs (HET and FET)</b> Develop learning packs for FET and HET programmes to be used by industry providers.	Learning packs are developed for all registered qualifications and unit standards and programmes.	145	
1.25	<b>Non-artisan Learnerships</b> Enrol learners onto core learnerships for the mining and minerals sector, such as rock breaking learnerships and minerals processing learnerships.	1 200 learners registered on the non-artisans learnership programme.	1 200	
1.26	<b>Certificate of Competency</b> Improve the pass rate of participants in Certificate of Competency.	A framework to improve the pass rate was developed and implemented.	1	

## FOUR

### Facilitate and support the implementation of core sector skills and develop programmes aligned to the sector qualifications framework

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 sector.

	Planned Targets 2012-2013	Actual Achievements 2012-2013	Deviation from Planned Target to Actual Achievement for 2012-2013	Comments on Deviation Score Card
	1 600	1 600	0	<b>Target met</b>
	500	191	(309)	<b>Target not met</b> The learners reported on this programme are those who went through a training programme and completed exams. The initial rules and criteria were set up in such a way that only MQA trained facilitators will train the learners for FLC and the two identified modules will be considered. The rules and criteria developed created some challenges for companies and learners to enrol on FLC:  · The standard of examinations was not familiar and the method used is not user friendly for the learners (Multiple Choice set up questions).
	145	121	(24)	<b>Target not met</b> The Goldsmith QCTO qualification of 45 modules was not finalised in the financial year because the content was not approved by subject matter experts and had to be redone.
	1 200	1 749	549	<b>Target exceeded</b> The budget was increased during the year to support additional learners.
	1	0	(1)	<b>Target not met</b> A successful service provider could not be obtained via the MQA Procurement process to carry out the work

## ANNUAL PERFORMANCE PLAN FOR THE YEAR ENDED 31 MARCH 2013

2.4.3	SKILLS DEVELOPMENT PRIORITY
	MQA STRATEGIC OBJECTIVE
	NSDS III GOAL 4.1
	PRIORITY FOCUS

Strategic objective		Programme Performance Indicator	Actual Performance 2011-2012	
1.1	<b>Sector Support</b> Support sector to develop sufficient training and development capacity and continuously improve the delivery of quality programmes.	External assessment tools developed for miner qualifications. 10% of all learner achievements for all qualifications externally moderated by the MQA.	Not applicable	
		Facilitator to learner and assessor to learner ratios are acceptable (no greater than 20:1 for theory and no greater than 5:1 for practical and workplace).	Not applicable	
		100% of accredited providers and approved workplaces maintain required standards.	Not applicable	
		100% of each core programme on the SAMMS qualifications framework and registered on the NQF have at least one accredited provider.	Not applicable	
		Indicators and impact measures built into all projects and grants and monitored and evaluated accordingly.	Not applicable	

## 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

To give effect to this strategic objective the MQA will:

- Develop external assessment tools for the miner qualifications.
- Ensure that 10% 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 that 100% of accredited providers and approved workplaces should maintain the required standards.
- Ensure that the monitoring and evaluation of all programmes are aligned to the National Treasury monitoring framework. Indicators and impact measures will be built into all projects and grants and they will be monitored and evaluated accordingly.
- Support the sector to develop sufficient training and development capacity and continuously improve the delivery of quality programmes

	Planned Targets 2012-2013	Actual Achievements 2012-2013	Deviation from Planned Target to Actual Achievement for 2012-2013	Comments on Deviation Score Card
	1	0	(1)	<b>Target not met</b> Awaiting QCTO for assessment tool guideline.
	Assessor to learner ratio - 1:5  Facilitator to learner ratio - 1:20	Assessor to learner ratio - 1:5  Facilitator to learner ratio - 1:20	0	<b>Target met</b>
	100%	100%	0	<b>Target met</b>
	100%	100%	0	<b>Target met</b>
	100%	100%	0	<b>Target met</b>

## ANNUAL PERFORMANCE PLAN FOR THE YEAR ENDED 31 MARCH 2013

### 2.3. MINING CHARTER DECLARATION, COMMITMENTS AND SCORECARD FOR 2012-2013

During the 2012-2013 financial year, the MQA continued with its unwavering 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, contained 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 2012-2013 financial year towards achieving set objectives, targets and realising commitments as required by the Charter.

A recap of the key results areas on which the MQA (as a way to support the Mining Charter as part of its transformation agenda) had to focus were the following:

- 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 and;
- Monitoring and evaluation.

#### 2.3.1 THE MQA'S SUPPORT FOR THE MINING CHARTER AND STAKEHOLDER DECLARATION

The MQA's support in this regard included the following:

- Assessment of the current research and development landscape in the mining industry;
  - The MQA attended research workshops conducted by DHET which sought to examine alternative ways of conducting research within the mining and mineral sector.
- Revitalise a research and development culture in the mining industry;
  - The MQA continued with the diversification and implementation of its annual research agenda. Part of the MQA's focus was the implementation of the recommendations of the research report geared towards examining ways to phase out Fanakalo within South African Mines. Various stakeholders e.g. employers, labour (NUM) and DMR officials were consulted on the findings of the MQA research report for purposes of working out strategies to phase out Fanakalo.
- Strengthen partnerships with research institutions both locally and internationally;



- The MQA continued to communicate with various research institutions on the subjects of skills development and health and safety initiatives;
- Implement 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;
- Support local beneficiation in order to unlock the intrinsic value of South Africa's minerals;
  - 2012-2013 was the first year of the implementation of the national DMR beneficiation strategy. As a result, a multi-stakeholder driven technical task team continued to meet to devise strategies for responding to the national DMR beneficiation strategy.
  - An extension was granted to the Jewellery Council to finalise mineral beneficiation projects. As a result of this MoU with the Jewellery Council of South Africa various projects were implemented which included: jewellery rural development which supported 5 learners in the Western Cape; Diamond Grading skills programme which supported 13 learners in various provinces; National Institute of the Deaf project in jewellery manufacturing which supported 8 learners; technical top-up training for jewellery manufacturing and diamond processing trainers which supported 7 learners; workplace coach development which supported 18 learners and lastly, workplace training for diamond processing which supported 7 learners.
  - Bursaries were awarded to higher education institutions in jewellery design and manufacturing to support beneficiation;
- A minimum target of 40% demographic representation within the HDSA by 2014 in junior, middle, senior and top management.
  - The MQA continued to support HDSAs through the Management Development Programme. 135 HDSAs were placed on this programme - the initial target being 130.
- Develop a partnership approach towards mine community development and consider 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 number 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 its 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. The MQA established a monitoring and evaluation unit and continued to conduct monitoring and evaluation of its initiatives to ensure maximum positive impact of its projects for an inclusive growth trajectory within the parameters of its enabling legislative frameworks.

## ANNUAL PERFORMANCE PLAN FOR THE YEAR ENDED 31 MARCH 2013

### 2.4. PERFORMANCE INFORMATION BY OPERATIONAL UNIT

#### SECTOR SKILLS DEVELOPMENT VALUE CHAIN



The MQA follows a simple yet effective value chain approach to support skills development in the mining and minerals sector. "Needs" (Column 1) are established through accurate research.

These inform "Programme Development" (Column 2), which allows the MQA to ensure that implementation of Learning Programmes (Column 3) are aligned with customer requirements. As a continuous improvement process, the MQA "Monitors, Evaluates and Quality Assures" (Column 4) all programmes and feeds improvements to other value chain activities in a dynamic, continuous loop process.

#### 2.4.1. SKILLS DEVELOPMENT AND RESEARCH

##### 2.4.1.1. The main role of the Skills Development and Research Unit is to:

- Manage the registration of MQA organisations;
- Manage the workplace skills plan (WSP), annual training report (ATR), mandatory grant submissions, evaluation and approvals;
- Register and support Skills Development Facilitators (SDFs) and supporting Skills Development Committees (SDCs);
- Manage the occupational profiles, updating of the Organising Framework for Occupations (OFO) and communicate this with the sector;.
- Develop the Sector Skills Plan (SSP), including the identification of scarce skills; and
- Manage research projects.

Progress made in relation to these areas of work in the 2012-2013 year is summarised in the sections that follow.

## REGISTRATION OF ORGANISATIONS WITH THE MQA

The mining and minerals sector, as demarcated for the purpose of the skills development legislation, includes all mining activities covered by the Standard Industrial Classification (SIC) codes 21 000 to 29 000, as well as a small component of manufacturing, namely the Manufacturing of Cement, Lime and Plaster (SIC code 34240), Jewellery Manufacturing (SIC code 39210), Cutting and Polishing of Diamonds (SIC code 39212) and other Precious and Semi-Precious Stones (SIC code 39219).

Although the DHET has defined the sectors to be served by the respective SETAs, organisations have some choice regarding the SETA with which they wish to register. A number of organisations, not strictly involved in mining activities but closely associated with the sector, have chosen to register with the MQA or have been allocated to the MQA by the DHET. Accurate registration of organisations is essential in analysing the sector, including the categorisation of organisations into the following nine sub-sectors:

- Coal mining
- Gold mining
- Platinum Group Metals (PGM) mining
- Diamond mining
- Other mining (including the mining of iron ore, chrome, manganese, copper, phosphates and salt)
- Cement, Lime, Aggregates and Sand (CLAS)
- Services incidental to mining
- Diamond processing
- Jewellery manufacturing

## WORKPLACE SKILLS PLAN AND ANNUAL TRAINING REPORT SUBMISSIONS

The MQA has, from the onset, acknowledged the importance of the WSP-ATR submissions and designed WSP-ATRs that go beyond the minimum compliance requirements. We consider the importance of the WSP-ATR to be centred around three aspects. Firstly, it serves as a mandatory grant release mechanism (if the criteria are met). Secondly, it encourages good skills planning and reporting within organisations. Thirdly, it provides a valuable source of data annually to the MQA for skills planning and reporting purposes.

The MQA's new WSP-ATR source data format and process supports the greater emphasis placed on good quality skills planning and reporting data in the NSDS III, which requires captured, verified and researched data for effective skills planning.

This was useful in enabling better analysis of current employment within the sector, more accurate labour demand projections and skills needs identification (including scarce skills). Furthermore, a general improvement in the quality of data received in the submissions was evident.

Organisations were required to submit their WSP-ATR to the MQA by 30 June 2012, which served as the mandatory grant application. The Skills Development Act made provision for extensions if the request was approved by the MQA by no later than 31 July 2011.

In 2012-2013, 590 companies submitted against 58% approvals which reflect a 99% rate. Regarding the breakdown of submissions, there were more large companies which submitted in 2012-2013. Gauteng accounted for the majority of submissions in 2012-2013 followed by Mpumalanga.

### WSP-ATR ANALYSIS FOR YEAR 12

A full analysis of all WSP-ATR data for year 12 (2011 mandatory grant submission) data was undertaken and submitted in March 2013. The analyses for year 13 will be undertaken as part of the SSP 2014-2019 update process.

The 2012-2013 submission process was used because it employed the source data approach included mapping job titles to the OFO which will improve the quality and accuracy of data. A thorough evaluation of the WSP-ATR process was undertaken resulting in 5 companies not being approved.

### SKILLS DEVELOPMENT FACILITATORS AND SKILLS DEVELOPMENT COMMITTEES

In addition to registering SDFs, the MQA provides support to SDFs and SDCs to play their role more effectively. This includes MQA-contracted SDFs. The following progress was achieved in 2012-2013

AREA OF SUPPORT	STATUS
<b>SDF Registration</b>	The SDF registration process on MQA MIS resulted in 402 SDFs being approved.
<b>SDF National Forum</b>	One National SDF Forum was held in November 2012 and 197 Skills Development Facilitators attended. The focus of the forum was to brief stakeholders on the purpose of the Sector Skills Plan and the WSP-ATR requirements for 2013.
<b>SDF Capacity Building</b>	The capacity building workshops for the 2013-14 WSP and ATR submissions are scheduled to take place in May 2013. The purpose of the workshops is to brief MQA organisations on any legislative changes coupled with MQA requirements for the WSP-ATR mandatory grant submissions due on 30 June 2013 and to provide an update on any changes to the Organising Framework for Occupations (OFO).
<b>SDC Support</b>	The purpose of the SDC support is to provide capacity to the members of the skills development committee so that they understand the entire purpose and process of mandatory grant submissions as well as general skills development issues pertinent to the MMS.
<b>MQA-contracted Skills Development Facilitators</b>	The MQA utilised the services of 4 MQA-contracted SDFs in 2012 who supported 98 organisations. Their primary focus was to provide the necessary support to small and medium organisations in their submission of the WSP-ATRs.

## SKILLS DEVELOPMENT RESEARCH AND ANALYSIS

The second strategic priority of the MQA Strategic Plan is to “support objective decision making for skills development through research in the sector”. NSDS III emphasises the importance of qualified data to inform skills planning.

## THE ORGANISING FRAMEWORK FOR OCCUPATIONS

The Organising Framework for Occupations (OFO), a coded classifications system of occupations is a key tool of the DHET and other state institutions for identifying, reporting and monitoring skills demand and supply in the South African labour market. The coding system is a critical part of the emerging National Occupational Pathways Framework (NOPF) which already includes descriptors, tasks and alternate titles for all prevailing occupations.

The OFO is constructed from the bottom-up by:

- analysing jobs and identifying similarities in terms of a tasks and skills;
- categorising similar jobs into occupations; and
- classifying these occupations into occupational groups at increasing levels of generality.

The OFO adds value to skills development and enables members in the sector to work towards a working definition on the scarce and critical skills. OFO codes have recently been used to differentiate the so-called ‘green’ occupations from the regular ones - an increasingly new area for the MMS.

## DEVELOPMENT OF THE OFO SINCE 2010

The latest OFO version was released in March of 2013 and stakeholders will need to use this version for the completion of the 2013-2014 WSP and ATR submissions. In the main, the changes to OFO 2013 are not substantial. A few changes to the trade and green related occupations (in a nut-shell the successful integration of the OFO into MMS organisational data) will enhance the accuracy of identifying sectoral skill needs by occupation. Members of the sector are encouraged to view the MQA website to peruse through an updated OFO version of 2013 for details and reference.

## SECTOR SKILLS PLAN

In terms of the Skills Development Act 1998 (as amended in 2008), the MQA is required to develop a Sector Skills Plan (SSP) and submit it to the DHET, followed by the facilitation and monitoring of its implementation. Furthermore the NSDS III states that the core responsibility of SETAs is to develop sector skills plan. In addition, the SSP is required to guide skills development within the MMS.

The main purpose of the SSP, which covers skills development in the MMS over a five year period, is to:

- Determine skills development priorities after an analysis of skills demand, trends, and supply concerns within the sector.
- Identify a set of sector specific skills development objectives and goals that will meet sector needs, economic or industrial growth strategies, and meet scarce and critical skills needs in the sector.
- Identify strategies to address these objectives and goals.
- Identify activities that will support these strategies.
- Report on performance in relation to these objectives and goals (this will receive attention in the subsequent updates of the SSP and form a part of ongoing quarterly performance reporting requirements).

An update of the SSP is undertaken annually by the MQA. The Centre for Sustainability in Mining (CSMI), housed at the University of Witwatersrand undertook the 2013-2018 SSP update. This was in line with the partnering of SETAs with public higher education institutions. The Board Standing Committee: Skills Research and Planning established an SSP Update Task Team to guide the development of the SSP Update and ensure stakeholder input. The main aim of the SSP Update carried out in the 2012-2013 financial year was to revise the content of the SSP, the revised strategic plan for the five-year period 2013 to 2018.

Following presentation of the SSP to Board and receipt of input from the Board, the SSP was approved and submitted to DHET by the deadline. The SSP for the MMS 2013 to 2018 is available on the MQA website.

## SCARCE SKILLS WITHIN THE MINING AND MINERALS SECTOR

The information on scarce skills is drawn largely from the analyses of results detailed in the scarce skills template completed for the submission of WSPs-ATRs submitted for 2012-2013. The following 'working definition' therefore reflects the situation as experienced by the MMS and contextualised through MQA research interpretation.

### SCARCE SKILLS DEFINITION

<b>SCARCE SKILLS</b>  <i>Occupations in which there is a scarcity of qualified and experienced people, currently or anticipated in the future, either:</i>  a. because such skilled people are not available or  b. they are available but do not meet employment criteria	<b>Absolute scarcity:</b> suitably skilled (qualified and experienced) people are not available	New or emerging occupation
		Hard-to-fill vacancies (typically)
		6-12 months
		Replacement demand (age, chronic ill-health)
	<b>Relative scarcity:</b> suitably skilled (qualified and experienced) people are available but do not meet other employment criteria	Regulatory requirements (e.g. statutory registration)
		Geographical location
		Industry attractiveness
		Employment Equity considerations
		Education and Training Pipeline delays linked to replacement demand

### THE MQA APPROACH

The MQA has adopted a 'working definition approach' in finding a collective definition of scarce skills; the following model is currently in place as described in the table above.

- Use WSP-ATR to collect scarce skills information from MMS organisations
- Main indicator – hard to fill vacancies due to the lack of skills, qualification and experience, similar to the Social and Labour Plan
- Absolute vs relative – usually about 50-50
- Considered 10 as noteworthy
- Occupational specialisation makes it more accurate



## CONSIDERATIONS:

The following are some of the critical factors to be considered constituting scarcity definitions

- Vacancy volume - number of an occupation reported as scarce
- Compare to number of employees in that occupation
- Criticality of that occupation
- Qualification and experience required in that occupation
- Core to the sector

Labour projection model in various occupations (including scarce skills)

## RESEARCH PROJECTS

Given the need for the MQA to focus on producing excellent labour market research, which includes improving the accuracy of the WSP-ATRs submitted, the MQA will focus on 4 core labour market research projects in the year ahead. Furthermore impact assessments of priority programmes are planned together with additional research as reflected in the strategic plan and in support of South Africa's mineral beneficiation strategy. Increased effort 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.

The following were the research projects embarked on in 2012-2013:

- WSP-ATR Analysis for year 13 mandatory submissions
- 12 year trend analysis in the MMS and facts and figures booklet update
- Sector skills (2013-2018) including scarce skills
- WSP-ATR occupational profiling and skills audit
- Impact assessments for ABET, non-artisan learnerships, artisan learnerships, OHS Representatives Training, mineral beneficiation and DMR and Chamber of Mines Certificate of Competency

In addition to the research agenda (2011-2012) and 2013-2018 SSP Update, supplementary research projects undertaken in the financial year are summarised below:

The MQA commissioned a systematic annual analysis of the WSPs and ATRs every year since 2002 (available in individual annual reports). This provides data on the profile of the sector, and skills development initiatives in the sector.

# THE MQA LANGUAGE POLICY WITH SPECIFIC REFERENCE TO THE PHASING OUT OF FANAKALO IN THE MINING AND MINERAL SECTOR

## BACKGROUND

- In 2000 the Mining Qualifications Authority formulated a formal language policy that proposed the phasing out of Fanakalo
- In 2008 the MQA identified the need for in-depth research into the use of Fanakalo and the implementation of its phasing out policy
- Subsequent to the above, the MQA commissioned a research company namely, EE Research, to conduct research and assist the MQA to assess the implementation of its current phasing out language policy and future implementation of this policy
- In March 2011, EE Research presented its final findings which endorsed the MQA's phasing out policy statements

## PROGRESS TO DATE

- Stakeholders in the sector have already started studying the report, these include organised labour (NUM) and the Chamber of Mines (CoM).
- Furthermore, in accommodating the South African Language Bill of 2011, which promotes multi-lingualism in public entities, the MQA has set up a Language Policy Task Team constituted by DMR, CoM, labour (NUM) and the MQA research team to review the language policy.
- Amendments have been factored in and a draft revised language phasing out policy has been finalised.

Some members from within the sector such as Goldfields have taken a leadership stance by phasing out Fanakalo completely from its mines.

## 2.4.2. STANDARDS GENERATION

The main role of the Standards Generation Unit is to design, develop qualifications and competency standards for the mining industry and artisan development.

### STANDARDS GENERATION ACTIVITIES CONDUCTED

The QCTO Council has been legally established and is operational. The Skills Development Act Amendment Act of 2008 facilitates the development of a demand-driven occupational learning system that will provide relevant occupational skills especially in terms of workplace experience. As part of the transitional arrangements from SAQA to the QCTO; SAQA registered 2 unit standards-based qualifications for the MQA for small-scale mining and mine ventilation. In addition, 6 skills programmes focusing on artisan aides development were registered. The new QCTO occupationally based qualification for the mine rescue services worker was submitted to the QCTO for registration.

### STANDARDS GENERATION SPECIAL PROJECTS

#### DEVELOPMENT OF LEARNING MATERIALS

Since its inception, the MQA has been developing learning material packs for the mining and mineral sector. A total of 99 learning packs were approved for the 2012-2013 financial year and 22 learning packs for the QCTO Mine Rescue Service Worker qualification were also developed and approved.

## **CHEADLE, THOMPSON AND HAYSOM REPORT**

The report by CTH on the legislative framework governing the GCCs was concluded. A supplementary report was developed which included a proposed action plan to revise the current framework. Work on the legislative framework will commence once the examination analysis has been completed.

## **CERTIFICATED ENGINEER MANAGER**

The MQA has progressed well with the development of the certificated engineer manager learning programmes aligned to the registered National Certificate: Certificated Engineering, NQF Level 7. The programmes are at the completion stage and discussion with the Engineering Council of South Africa (ECSA) will be required to finalise the programmes.

## **CLAS SUPPORT**

A qualifications framework for the CLAS subsector was developed and the subsector participates in the development of QCTO surface mining related qualifications, laboratory qualifications, occupational health and safety qualifications as well as the certificated engineer manager qualifications.

## **CLASSIFICATION OF MINES**

The proposed risk-based model was developed. Testing still needs to be conducted within certain mining disciplines. Responses already received have been evaluated. The work conducted will be recommended to the SGB Committee in the 2013-2014 financial year.

## **CHALLENGES EXPERIENCED**

During development of certain occupational qualifications, the following challenges were experienced which caused a delay in the development process; namely

- the identification of an Assessment Quality Partner (AQP) for collaborative qualifications (qualifications that cut across various sectors) has proven to be a challenge and more guidance is necessary from the QCTO to resolve this issue;
- lack of appropriate industry experts in Community of Expert Practitioners (CEP) groupings impacted on the development process of certain qualifications;
- due to industry concerns with the implementation of the current Rockbreaker qualifications, as well as the request to revert back to the Blasting Ticket, have resulted in process delays on the QCTO developed Mining Occupations supporting the Government Certificates of Competency;
- during development of an identified occupational qualification, other occupations are also identified as needing development. This has resulted in an increase in the scope of the original work that was to be conducted;
- the QCTO is still in its foundational phase and has made many system and template changes. This has caused a delay in the development and submission of qualifications.

These issues need to be carefully considered going forward with future qualification development.

Furthermore, the SGB Unit found it very difficult to source a service provider that could conduct the analysis on the poor pass rate for the Government Certificates of Competency (GCC). This process will be finalised in the 2013-2014 financial year.

## ARTISAN DEVELOPMENT

There is a continuing need for qualified artisans to support and grow the South African economy. The national performance outcomes of government; the HRD Strategy for South Africa, NSDS III, Industrial Policy Action Plan, the New Growth Path and the National Skills Accord for economic development all make reference to the need for qualified artisans.

### MQA ARTISAN PERFORMANCE AGAINST TARGETS

The MQA's targets for the registration of employed and unemployed learners on artisan programmes were not met.

- 2 164 learners were registered on artisan programmes in the 2012-2013 financial year against a target of 2 000 learners set.

The learner completion target set by the MQA has been exceeded.

- 420 employed learners completed their programmes against a set target of 350;
- 1 104 unemployed learners completed programmes against a set target of 700 learners.

The artisan aides-RPL project targets were not realised. A total number of 276 learners were registered on programmes, of these, 123 were supported by the SETA with 97 completing in preparation of registering for the artisan programme

### CHALLENGES EXPERIENCED

- The late development and registration of the Artisan Aide skills programmes resulted in a low uptake on the Artisan Aides-RPL project;
- Employed Artisan learner uptake was poor in relation to the target set. This could be attributed to the labour unrest issues in the sector;
- Spending of funds for Artisan development that has taken place has not been very successful due to MIS system issues encountered.

The systems issues being experienced requires rectification so that grants are expended timeously. In addition a new MIS is being procured by the MQA. The MQA is also implementing the first-come, first-served strategy in order to provide support for learners that are being trained.

## 2.4.3. LEARNING PROGRAMMES

The main role of the learning programmes unit is to facilitate and support the delivery of learning, marketing the placement and registration of learners on the MQA Management Information System (MIS) within the mining and minerals sector (MMS), assisting the MQA levy-paying companies by providing discretionary grants, as well as managing and conducting learner site verification for the following key learning programmes:

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

This unit performs additional functions such as monthly disbursement of grants for the learning programmes, assisting companies and accredited providers by training them on the MQA Management Information System (MQA MIS) and resolve queries related to learning programmes including cancellations, transfers and changes on a learning programmes agreement.

### **ACHIEVEMENTS FOR THE UNIT**

The Learning Programmes unit has met the target for the following programmes (Non-artisan learnerships, Non-artisans for learners with disabilities, the enrolments of the ABET Practitioner career development project and the Mining Environmental Control Management.

### **ABET**

In the ABET symposium held in September 2010, the primary issues raised by stakeholders was the quality of ABET within the mining and mineral sector. The issues raised were related to the quality of the teachers, learning materials to be upgraded and formalised and to promote external assessments.

The MQA and ABET Project Task Team worked together to put forward proposals to address the issues: new rules implemented require the standardisation of the level of ABET levels 1-4 in the mining and minerals sector. The ABET project task team made a recommendation to the Learning Programmes Committee that all the learners in ABET levels 1-4 within the sector must be externally assessed with the following accredited recognised South African external assessment bodies, namely the Independent Examination Board (IEB) and Benchmark.

It is envisaged that significant benefits will be gained through external assessment-examination. These could include the following:

- The MQA through the ABET project task team and the Learning Programmes Committee would determine the standard of ABET levels in the mining and minerals sector.
- Learners would be more motivated to learn and achieve the ABET qualifications because the external assessment is recognised nationally.

New rules and criteria were developed for the implementation of ABET levels 1-4 including the GETC NQF Level 1, as part of the funding policy for 2012-2013. The MQA Board approved the grant that will be paid on completion per learning area, per ABET level.

### **OCCUPATIONAL HEALTH AND SAFETY (OHS)**

The MQA continued to support growth of the mining and minerals sector through the training of learners on the OHS project and remained committed to assisting with project funding for 2012-2013.

The MQA continued to partner with the mining companies to increase the uptake of learners on this project. Engagements agreed to continued with the Mine Health and Safety Council in order to fast track the process of implementation ensuring an increasing number of learners are trained on the OHS programme.

## NEW INTAKES FOR 2013-2014 FOR ABET PRACTITIONER CAREER DEVELOPMENT:

The MQA currently outsources the programme to Resonance Institute of Learning (Pty) Ltd. One hundred (100) practicing ABET Practitioners in the mining minerals sector (permanently, contractually or employed part time) have started training. They will be completing the programme by end of October 2013.

For 2013-2014 the MQA plans to pay the grant to employers once the practitioners have been employed in the mining and minerals sector and the qualification has been completed on ABET Practitioner certificate at NQF level 4 or 5. The MQA will pay R30 000 per learner on completion.

## CHALLENGES FOR THE LEARNING PROGRAMMES UNIT

The learning programmes unit is still experiencing the challenge of late submission for enrolments into the programmes. The companies still submit their agreements to be registered during the last quarter of the year. Historically, many companies have failed to comply with the learning programme regulations in that they need to register the learning programmes agreement with the SETA before they can start training.

The Learning Programmes Unit has developed rules and criteria for all programmes that employers and MQA accredited providers have to comply with. It has been difficult for other companies to provide the supporting documents and upload the correct documents for the Learning Programmes Unit to approve their grants. There have been some delays in the process due to registration and disbursement of grants since most companies submit their claims in the last quarter.

For disability, it is often difficult to get more learners to register in other non-MQA learnerships registered with other SETAs. Learners that were registered and found competent were registered on Jewellery and Diamond beneficiation learnerships. To address this difficulty, learners with disabilities will be trained in other SETAs' qualifications which are non-mining related, but that remain fundamentally for the benefit of disabled people within the mining sector.

For ABET: The MQA Learning Programmes Unit is still experiencing challenges in terms of the accuracy of the information captured by companies and a number of companies are not reporting the training on ABET because information is not fully captured on I-Share. There is a need for major campaign to train and give guidelines to companies on the process for ABET and FLC.

## THE NUMBER OF LEARNERS REGISTERED AND WHO HAVE COMPLETED ON VARIOUS PROGRAMMES

GOALS - OUTCOME - OUTPUTS	TARGET	ACHIEVEMENT
Non-artisans entered (Employed)	600	1 183
Non-artisans completions (Employed)	480	1 488
Non-artisans entered (Unemployed)	600	566
Non-artisans completions (Unemployed)	480	701

## LEARNERS WITH DISABILITY

The target set for the number of learners with disability entering programmes was 50. A total of 164 learners with disability registered on programmes and 18 learners completed the programme.

## ADULT BASIC EDUCATION AND TRAINING (ABET)

		Registered	Completed
		Target: 8 800	Target: 4 400
ABET	1	1 452	394
ABET	2	1 959	534
ABET	3	1 828	490
ABET	4	1 100	126
<b>Total</b>		<b>6 339</b>	<b>1 544</b>

## FOUNDATIONAL LEARNING COMPETENCY (FLC)

A total of 191 FLC learners registered FLC programmes and 116 attracted grants and completed the programme.

## MINING ENVIRONMENTAL CONTROL

A total of 82 learners have completed the Chamber of Mines Certificate Programme but not all were supported financially by the MQA.

## SKILLS PROGRAMMES

Goals - Outcome - Outputs	Target	Achievement
Skills programmes entered (employed)	10 000	14 465
Skills programmes certificated (employed)	10 000	24 007
Skills programmes entered (unemployed)	2 000	2 089
Skills programmes certificated (unemployed)	6 000	8 280

## 2.4.4. PROJECTS

The Project Unit in the MQA is responsible for managing the following discretionary projects:

### LECTURER SUPPORT

This programme focused on assisting the mining and minerals departments of nine universities to achieve employment equity and transformation targets among lecturing staff. For the 2012-2013 financial year, a total of **25** lecturers (target 19) were appointed to lecture in the mining, geology and mine survey departments of the following participating universities:

Number of Lecturers	Institutions
1	University of South Africa
6	University of the Witwatersrand
5	University of Johannesburg
2	University of Venda
2	University of Fort Hare
2	Rhodes University
3	University of Pretoria
2	University of Limpopo
2	University of Cape Town



## BURSARIES

This 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 (NSDS III). The Bursary Scheme, which is funded from the MQA discretionary budget, has assisted **1 060** bursars (target 500) from HET and FET institutions.

In 2012-2013, a total of 74 bursary students successfully completed their studies.

## WORK EXPERIENCE

The MQA assisted learners in obtaining their university qualifications by enabling them to gain the practical work experience required. During the year, a total of **406** students (target 300) were placed with 18 mining companies to gain workplace experience training. This number includes 69 learners who were assisted with vacation work placements during December 2012 and January 2013.

## FET LECTURER SUPPORT

This project also assisted 17 (target 10) Further Education Training (FET) lecturers that received artisan training through exposure at Anglo Gold Ashanti. The FET lecturers are from Vuselela FET and Westcol FET College.

## SMALL-SCALE MINING PROJECT

The focus of this project was on training and building the capacity of small-scale miners (SMEs). Through this project **359** learners (target 350), including women in mining in all the nine provinces, received small-scale mining technical training. The training providers appointed to conduct the training were Siyemba, Blue Nightingale and Mintek. The learners were trained on the underground hard rock skills programme. A total of **309** small scale miners received technical training and **50** Community-based organisations (CBO's), Non-levy paying employers (NLPE's) and Co-operatives (Co-ops).

## HIV- AIDS TRAINING PROJECT

The aim of the project is to facilitate and support the development of HIV-AIDS prevention programme (Including TB) to roll out to the mining and minerals sector in support of the Mining Charter. HIV & Aids is one of the 7 Key Development and transformational imperatives in the National Skills Development Strategy III.

A total of **264** learners (target 50) in the mining sector received training on HIV-AIDS prevention in the 2012-2013 financial year.

## MINE INSPECTOR TRAINING

This project contributed to the strengthening of mine health and safety by developing well-rounded mining inspectorate training for the inspectors. During 2012-2013, **63** learners were trained on the inspectorate programme (target 60) from the regional offices received training on Environmental Management programme offered by Witwatersrand University at the Centre for Sustainability in Mining Industry (CSMI). While implementation was underway for the health and safety training modules, a need was identified to conduct an impact assessment on the modules already developed. As a result the project was halted. The MQA appointed a service provider to conduct the impact assessment for the 2012-2013 financial year.

## INTERNSHIPS

The programme complemented qualifications in scarce and/or critical skills areas lacking in the mining and minerals sector. A total of **200** (target 200) graduates were placed through the internship programme to gain work experience through a variety of mining companies.

This project also assisted **61** National Certificate (Vocational) NCV graduates (target 50) that received artisan training through Anglo Gold Ashanti.

## HISTORICALLY DISADVANTAGED SOUTH AFRICANS (HDSA) PROJECT

A total of **135** employees (target of **50**) were successfully trained in numerous MDP programmes. Fraser Alexander, Minopex, Harmony, Foskor and BHP Billiton participated in this programme.

## WORKPLACE COACHES PROJECT

The pilot project was a success and **48** learners in various mining disciplines and a minimum of **6** coaches were placed under the pilot project. A total of **32** learners passed the Independent Board Certificate and 14 received their blasting tickets. The 4 coaches were appointed to provide the on-the-job training of the **48** learners on learnerships, work experience and internship programme.

## MINERAL BENEFICIATION PROJECT

A total of **313** beneficiaries were assisted through the following diamond and jewellery interventions:

- Jewellery project - rural development with symbolic and indigenous jewellery, using semi-precious minerals;
- Implementation of skills programmes;
- Occupational trainer (Kwazulu Natal and Western Cape);
- National Institute of the Deaf (NID) project;
- Technical top-up training;
- Workplace coaches;
- Moderators forum;
- Workplace training for diamonds;
- FLC customisation.

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

The ETQA Unit function is the final stage of the MQA value chain. It 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 approve training providers for specific skills programmes and qualifications;
- Verify 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 providers;
- Register assessors and moderators for specific unit standards, skills programmes and qualifications;
- Certify learners for skills programmes or qualifications achieved.

## ACCREDITATION AND PROGRAMME APPROVAL

A total of **132** accreditation, programme approval, sites-scope extensions and blitz audits were conducted. The following is a breakdown of audits conducted for the financial year:

- **65** providers scope - site extensions approved
- **6** providers' Comprehensive and Blitz audits conducted
- **17** providers received Full Accreditation
- **17** providers retained Full Accreditation
- **10** providers received Provisional Accreditation
- **6** providers retained Provisional Accreditation
- **5** first time providers received Programme Approval
- **4** providers retained Programme Approval

## A TOTAL OF SEVEN (7) PROVIDERS' ACCREDITATION-PROGRAMME APPROVAL STATUS LAPSED

Accreditations withdrawn: 2

- Training with Results
- Exxaro KZN Sands

Accreditations lapsed: 2

- SAFDICO
- Copper Coal

Programme approvals lapsed: 3

- Sandvik
- Dinyane Education and Training
- Module Developers

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 specialist areas. The opening for applications will be continued till coming financial year:

- underground coal mining
- mining technical support
- strata control
- mineral processing
- surface mining
- analytical services

A code of conduct and recruitment strategy has been developed and approved accordingly for audit team members in which roles and responsibilities were specified. A plan to acquire audit skills is planned for the next financial year.

The MQA ETQA has also participated in developing an improved approach for the quality assurance of providers with the rock-breaker scope. A blitz audit toolkit to be utilised in the planned blitz audit of providers was developed and approved.

## ASSESSOR AND MODERATOR REGISTRATION

A total of **442** assessors were registered whilst **162** moderators were registered with further **235** assessors granted scope extension for the various MQA qualifications, skills programmes and unit standards. During the period under review, the ETQA unit scanned all applications and supporting documentation for filing on MQA MIS. This has increased the efficiency of the registration process as complete applications are easily retrievable. In addition, continuous correspondence took place with a number of providers regarding applications with outstanding information. The ETQA unit also continuously provided capacity regarding assessor and moderator registration requirements.

## LEARNER CERTIFICATION

Learner achievement numbers are provided in the table below:

TYPES	ACHIEVED (April 2012 to March 2013)
Skills Programmes Statement of Attainments	<b>*34 376</b>
The MQA Level 1 Qualification	<b>66</b>
Non-artisan Learnership Qualifications	<b>2 178</b>
Artisan Red Seal Qualifications	<b>62</b>
Artisan Learnership Qualifications	<b>1 546</b>

\* Skills programme achievements have been primarily for:

- Competent person A,
- Competent person B and
- Blasting assistant
- OHS representatives

There were **4 293** learner certificates which were verified and a total **453** requests for the re-issue of learner certificates. A total of **36** provider accreditation certificates have been issued.

## OBSERVATIONS REGARDING CAPACITY FOR SECTORAL PROVISIONING

- Qualifications for Strata Control, Mineral Surveying and Geology have low uptake. More providers, assessors and moderators are required.
- Qualifications in the Mineral Processing and Metals Production field secured minimal uptake. The sector seems to be taking on an increased number of learners associated skills programmes. However, there seems to be a sufficient numbers of providers, assessors and moderators.
- There is a steady increase in the number of providers and learner achievements for the mining field. Additional providers, assessors and moderators may be required in this field. Improvements in the quality of provisioning are always sought, especially in this critical area.
- For the Jewellery Manufacturing and Diamond Processing fields the following seems to be the case:
  - There are sufficient providers, assessors and moderators. The MQA's plan is to improve and upskill assessors and facilitators for continuous improvements in this field.
  - Learners that have achieved the first qualification may be targeted to move up the learning ladder.
  - Learner tracer studies should be conducted as there is a need to support learners in obtaining goldsmith competence.

- For the Occupational Health and Safety field, there is an increase in the number of providers, assessors and moderators seeking approval.
- For the Engineering Artisan field, to meet the national imperatives, increased learner achievements are required.

A focus on continued improvements in the Quality Assurance Process must be maintained to ensure that the number of learners' achievements is aligned to quality and needs within the workplace.

## **PROJECTS AND GRANTS ADMINISTERED**

### **ISO 9001-2008 GRANTS (DISCONTINUED)**

Following the termination of training the project, there were at least twelve (12) training providers that met the criteria for the ISO certification grant.

### **FLC FACILITATOR PILOT PROJECT**

The MQA ETQA concluded its Phase 3 Foundation Learning Competence (FLC) Facilitator pilot project with the submission of the report for possible consideration to the QCTO in the processing of its qualification registration. All 67 Phase 3 FLC facilitator pilot participants were successful and awarded with Statements of Results to recognise individual learning and a further 17 Occupational Education Training and Development Practitioner achievers were supported.

### **EXTERNAL ASSESSMENT TOOL DEVELOPMENT**

The MQA ETQA had planned for the development of external assessment tools for QCTO registered qualifications. In spite the delay in amendments to the QCTO processes, development of the external assessment tools has begun with at least one in Mine Rescue Services qualification.

### **MQA UPLOAD OF DATA TO THE NATIONAL LEARNERS RECORD DATABASE**

The MQA uploaded its data to the National Learners' Record Database (NLRD) in January 2013. Amendments to this upload were required and additional uploads were done. The evaluation from SAQA in terms of the status and quality of the upload is still awaited.

### **MEMORANDUM OF AGREEMENT SIGNED WITH THE QCTO**

A Memorandum of Agreement was signed with the QCTO for the MQA ETQA to be the recognised Assessment Quality Partner (AQP) as per QCTO delegation of AQP functions on designated qualifications.





A FEMALE ARTISAN STUDENT AT THE ELECTRICAL WORKSHOP DURING TRAINING.



A QUANTITY SURVEYOR IN A PLANNING SESSION



A MINE OPERATOR AT WORK

# SECTION THREE

## CORPORATE SERVICES

3.1. CORPORATE GOVERNANCE	55
3.2 BOARD STRUCTURE	55
3.2.1. BOARD AND COMMITTEE STRUCTURE	55
3.2.2. BOARD MEMBERS	56
3.2.3. BOARD MEETINGS ATTENDANCE	57
3.2.4. BOARD AND STANDING COMMITTEES ROLES AND RESPONSIBILITIES	58
3.2.5. BOARD STRATEGIC PLANNING	60
3.2.6. BOARD AND COMMITTEE INDUCTION	60
3.3 HUMAN RESOURCES	60
3.4 CUSTOMER SERVICE AND COMMUNICATION	64
3.5 FACILITIES AND OFFICE MANAGEMENT	67
3.6 REGIONAL EXPANSION SUPPORT	67





# CORPORATE SERVICES

## 3.1 CORPORATE GOVERNANCE

In line with the 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 by the stakeholders in line with the protocol for corporate governance in the public sector.

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

### 3.1.1. COMPOSITION OF THE BOARD

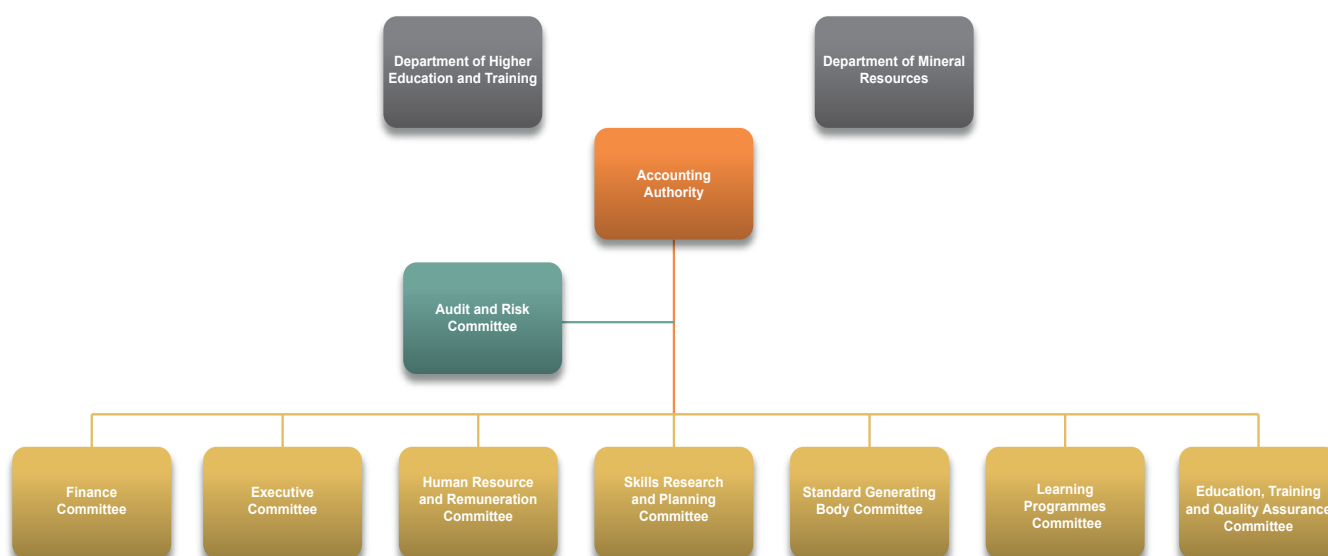
The Mine Health and Safety Act of 1996 governs the MQA Board of Directors. The comprises of 17 non-executive directors namely, the Chief Inspector of Mines, five representatives from Organised Employers, five representatives from Organised Labour; four State representatives and two Ministerial Appointees. For business continuity, the MQA makes provision for the appointment of alternate directors. These alternates are invited to Board meetings when the full-time stakeholder representatives they represent are unable to attend. The Board possess extensive expertise providing a mixed balance of knowledge that enables the MQA to deliver on its mandate.

### 3.1.2. REMUNERATION OF BOARD MEMBERS

The Board is assisted by eight committees and has delegated various matters in line with each Committee's Charter together with Terms of Reference. Only non-executive independent directors not employed by Government are paid fees for their expertise and fees are determined by the Board.

## 3.2. BOARD STRUCTURE

### 3.2.1. BOARD AND COMMITTEE STRUCTURE



## 3.2.2 BOARD MEMBERS



**David Msiza**  
Chairperson of the Board

### MINISTERIAL



**Thulani Tshozane**  
DHET



**Nomathemba Kubeka**  
DHET

### STATE



**Headman Mbiko**  
DMR



**Motlatso Kobe**  
DMR



**Mthokozisi Zondi**  
DMR

### EMPLOYERS



**Johan Venter**  
Colliery Training Centre



**Lorato Mogagi**  
Anglo Platinum



**Mashego Mashego**  
Harmony Gold



**Sheridan Rogers**  
Petra Diamonds



**Vusi Mabena**  
Chamber of Mines

### LABOUR



**Amon Teteme**  
NUM



**Azaria Tshangase**  
NUM



**Faith Letlala**  
NUM



**Zwelitsha Tantsi**  
NUM



**Richard Samuel**  
UASA

### 3.2.3. BOARD MEETING ATTENDANCE

	CHAIRPERSON	ORGANISATION	CONSTITUENCY	MEETING DATES					
				07 June 2012	26 July 2012	25 October 2012	14 February 2013	26 February 2013	TOTAL
1	*D. Msiza	Department of Mineral Resources	State	√	√	√	x	√	4
	MEMBERS	ORGANISATION	CONSTITUENCY						
2	†T. Tshozane	Ministerial Appointee	Ministerial Appointee	√	√	x	x	√	3
3	†N. Kubheka	Ministerial Appointee	Ministerial Appointee	√	√	√	√	√	5
4	A. Tshangase	National Union of Mineworkers	Labour	√	√	√	√	√	5
5	F. Letlala	National Union of Mineworkers	Labour	√	x	x	x	x	1
6	R. Samuel	United Association of South Africa	Labour	√	√	x	x	√	3
7	Z. Tantsi	National Union of Mineworkers	Labour	X	X	√	x	x	1
8	**D. Shikati	National Union of Mineworkers	Labour	X	X	√	√	√	3
9	*A. Teteme	National Union of Mineworkers	Labour	√	√	√	x	√	4
10	*V. Mabena	Chamber of Mines	Employers	√	√	√	√	√	5
11	**S. Carthy	Chamber of Mines	Employers	√	X	√	√	√	4
12	**L. Mogaki	Anglo Platinum	Employers	x	√	x	√	√	3
13	**J. Venter	Colliery Training Centre	Employers	√	X	√	√	√	4
14	**M. Mashego	Harmony	Employers	√	√	√	x	x	3
15	**S. Rogers	Petra Diamonds	Employers	x	√	√	x	√	3
16	**P. Gamede	Department of Mineral Resources	State	x	√	√	x	x	2
17	**H. Mbiko	Department of Mineral Resources	State	√	X	√	√	√	4
18	**M. Kobe	Department of Mineral Resources	State	√	√	x	x	x	2
19	**M. Zondi	Department of Mineral Resources	State	√	√	√	√	√	5

\*Chief Inspector of Mines

\* Convenor of Stakeholder delegation

\*\* New appointments effective 01 April 2011

†Ministerial Appointees effective 01 April 2011

### 3.2.4. OVERVIEW OF THE BOARD AND STANDING COMMITTEES ROLES AND RESPONSIBILITIES

	NAME	FUNCTION	COMPOSITION	
1.	MQA Board	Accounting Authority responsible for strategic direction, oversight and approval of policies, strategies and resource allocations.	Chief Inspector of Mines, Five representatives per stakeholder group present (Organised Employers, Organised Labour); four State representation and two Ministerial Appointees.	
2.	MQA Executive Committee	Financial matters, oversight on policy implementation, coordination of stakeholder functions, budget determination, business planning and employee related matters.	Chairperson of the Board, Three Convenors (State, Organised Labour and Organised Employer), Chief Executive Officer, Chief Operations Officer, Chief Financial Officer and Executive Manager Corporate Services (EMCS), Chief Risk Monitoring and Evaluation Officer (CRMEO), Executive Manager: Stakeholder Results (EMSR)	
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, Chief Executive Officer, Chief Operations Manager, Chief Financial Officer and Executive Manager Corporate Services	
4.	Skills Development Levy- Finance Committee	Advises on the budget, financial control of projects & grants, levy grant disbursement.	Two representatives per stakeholder group, Chief Executive Officer, Chief Operations Officer, Chief Financial Officer and Executive Manager Corporate Services	
5.	Skills Planning and Research Committee	Advise on development and implementation of the Sector Skills Plan, administration of workplace skills plan & annual training report and grants, unit projects & grants implementation.	Two representatives per stakeholder group and unit management.	
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 unit management.	
7.	Learning Programmes Committee	Advises on learning programmes, skills programme registration, learning material development, apprentice administration, MQA MIS administration, and unit projects and grants implementation	Two representatives per stakeholder group	
8.	Quality Assurance Committee	Advises on quality assurance, accreditation, MoUs with SETAs, Monitoring of learning provision, unit projects & grants implementation.	Two representatives per stakeholder group	
9.	Human Resource and Remunerations Committee	Oversees the implementation of a Remuneration Framework for the MQA	Three external representatives, one representative per stakeholder group, CEO and EMCS	

	QUORUM	CHAIRPERSON	SECRETARY	MEETING FREQUENCY
	Two stakeholder groups present	Chief Inspector of Mines	External service provider	Quarterly
	Three members present	Chairperson of the Board	External service provider	Quarterly
	Two stakeholders from different stakeholder groups and one external representative present	External representative	External service provider	Quarterly
	Two stakeholder groups present	Board member	External service provider	Quarterly
	Two stakeholder groups present	Board member	External service provider	Quarterly
	51% of representatives	Board member	External service provider	Quarterly
	Two stakeholder groups present	Board member	External service provider	Quarterly
	Two stakeholder groups present	Board member	External service provider	Quarterly
	Two stakeholders from different stakeholder groups and one external representative present	External representative	External service provider	Quarterly

### 3.2.5. BOARD STRATEGIC PLANNING

The MQA Board held the strategic planning session on 28 and 29 August 2012. This is an annual strategic engagement platform between the Board and Executive Management that is aimed at reviewing the strategic direction of the organisation, assessing internal and external challenges and providing direction to the Executive Management. The MQA regards planning as key enabler for delivery of expected outputs.

### 3.3.4. BOARD AND COMMITTEE INDUCTION

One of the key responsibilities of the Board is the induction of new members. On 19 October 2012, the MQA inducted three non-executive, independent directors to serve on the Audit and Risk Committee. The induction focused on the core business – strategic objectives of the MQA contained in the annual strategic plan, the governance framework, the founding documents, and the committee charter containing the roles and responsibilities.

## 3.3. HUMAN RESOURCE MANAGEMENT

Human Capital Management (HCM) is a critical strategic function directly impacting organisational performance and the corporate culture of the organisation. It also contributes towards the strategic objective of the company to develop a competent workforce in the mining minerals sector. Key deliverables listed in the table below show highlights for the financial year 2012-2013:

DELIVERABLES	STATUS	COMMENTS
HR Policies and Procedures	Under review	Three policies were reviewed and approved by the MQA Board and training of employees will be done in the new financial year.
Induction and Orientation	Implemented	The induction programme was implemented to all new appointees.
Employee Wellness	Implemented	65% of the staff attended the employee wellness.
Employee Climate Survey	Implemented	64 % of the staff participated in the employee engagement survey
Teambuilding	Implemented	The teambuilding took place on 28 February 2013 and several issues were raised and resolved including communication, performance management and planning.
Staff recruitment	Implemented	Recruitment was made in line with the workforce planning of the MQA according to its strategic plan.
Organisational Development Study	Implemented	Key Point Consulting was appointed to conduct an OD Study. The purpose was to review the current organisational structure against current and future business requirements.
Skills Audit	Implemented	Aptus Integrated Solutions was appointed to conduct skills audit in order to assess the skills gap. The project will be concluded in the new financial year.

### 3.3.1. HUMAN RESOURCE OVERSIGHT STATISTICS

#### 3.3.1.1. PERSONNEL COST BY SALARY BAND

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top management	4 650	13.5	5	930
Senior management	8 885	25.7	11	807
Professional qualified	11 006	31.8	20	550
Skilled	6 272	18.2	27	232
Semi-skilled	167	0.5	1	167
Unskilled	409	1.2	13	31
Other related costs	382	1.1		
Temporary staff	1 678	4.9	21	79
Leave payments	1 114	3.2	98	11
<b>TOTAL</b>	<b>34 563</b>		<b>98</b>	<b>352</b>

#### 3.3.1.2. PERFORMANCE REWARDS

PROGRAMME	NUMBER OF BENEFICIARIES	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Top management	4	528	1.5
Senior management	8	890	2.6
Professional qualified	20	1 713	5
Skilled	20	913	2.6
Semi-skilled	1	30	0.09
Unskilled	3	76	0.44
<b>TOTAL</b>	<b>63</b>	<b>4150</b>	<b>12</b>

#### 3.3.1.3. TRAINING COSTS

This section highlights the efforts of the MQA with regard to skills development.

DIRECTORATE BUSINESS UNIT	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A PERCENTAGE OF PERSONNEL COST	NUMBER OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE (R'000)
Human Resources (Training and Development Budget)	34 563	1 639	4.7	45	36



Five staff members registered with Unisa Business School for the Leadership Development Programme as part of the integrated development strategy to address leadership gaps. Entrenching the core values of the MQA to support staff to study further, nine staff members were granted study aid assistance at various tertiary institutions.

In terms of the skills programmes and up skilling of staff, 77% of staff attended training courses related to their personal development plans to ensure that the MQA drive the objectives of skills development. The training interventions included the following, supervisory management, amendments to the labour law, defeating the dangers of dismissals, internal audit, fraud and supply chain management, business writing, and caseware PFMA training.

### 3.3.2 EMPLOYMENT AND VACANCIES

Eight (8) new staff members were appointed at the management level and six (6) at the administrative level which amounted to fourteen (14) appointees.

PROGRAMME	2012-2013 NO. OF EMPLOYEES	2013-2014 APPROVED POSTS	2013-2014 NO. OF EMPLOYEES	2013-2014 VACANCIES	% OF VACANCIES
Executive	5	6	5	1	16.67%
Senior Management	11	17	16	1	5.8%
Professionals	20	28	20	8	27.5%
Administration	27	36	27	9	25%
Semi skilled	1	1	1	-	-
Unskilled	3	3	3	-	-
<b>Total</b>	<b>67</b>	<b>92</b>	<b>72</b>	<b>19</b>	<b>22%</b>

### 3.3.3 EMPLOYMENT CHANGES

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	3	2	0	5
Senior Management	7	4	3	11
Professional qualified	16	4	2	20
Skilled	23	4	0	27
Semi-skilled	1	0	0	1
Unskilled	3	0	0	3
<b>Total</b>	<b>53</b>	<b>14</b>	<b>5</b>	<b>67</b>

### 3.3.4 REASONS FOR STAFF LEAVING

REASON	NUMBER	PERCENTAGE OF STAFF LEAVING
Death	0	0
Resignation	6	8.9
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
<b>Total</b>	<b>6</b>	<b>8.9</b>

During the 2012-2013 financial year, six (6) staff members resigned. Although the turnover figures were lower compared to the previous year, this could be attributed to the MQA strategically positioning itself within the skills development arena.

### 3.3.5. LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0

No labour matters were reported during the financial year.

### 3.3.6. WORKFORCE PROFILE AND EMPLOYMENT EQUITY STATUS

LEVELS	WORKFORCE PROFILE							
	African		Coloured		Indian		White	
	Male	Female	Male	Female	Male	Female	Male	Female
Top management	3	1	-	-	1	-	-	-
Senior management	4	3	-	1	1	1	-	-
Professional qualified	7	11	1		1		-	1
Skilled	7	16	2		-	1	-	1
Semi-skilled	1	-	-		-	-	-	
Unskilled	-	3	-		-	-	-	
<b>TOTAL</b>	<b>22</b>	<b>34</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>2</b>
Disability	1	-	-	-	-	-	-	-
Management level								
Target	72%		10%		8%		10%	
Achieved	80.5%		5.5%		11%		3%	

In compliance with the provisions of the Employment Equity Act, the MQA submitted a yearly Employment Equity report to the Department of Labour, including income differentials. The MQA has met its targets for the appointment of females in management positions against the target of 40% including the appointment of the Executive Manager, Corporate Services.

### 3.4. CUSTOMER SERVICE AND COMMUNICATION

The MQA is responsible for skills development in the MMS and has multi-stakeholders that require different types of information at different levels and for various purposes. It is therefore imperative to have a strategy that is aligned to the needs of the stakeholders. The approved Communication Strategy for 2006 - 2011 was used by the unit to strategically position the organisation and ensure continued communication and feedback.

#### 3.4.1. PROMOTION OF THE MQA

In line with NSDS 3 requirements, the MQA produced a number of communication tools comprising electronic, printed, and face-to-face media. Printed materials included the MQA's company brochures, a range of targeted communiqués, the quarterly stakeholder newsletter, the annual report, the career brochure, the disability brochure, newspapers and magazine articles, advertisements and a range of other promotional items including corporate and unit specific banners.

#### 3.4.2. STAKEHOLDER ENGAGEMENT

A number of face-to-face stakeholder events were hosted throughout the financial year. These included the stakeholder engagement forums, information sessions, exhibitions, conferences and workshops.

#### 3.4.3. INTERNATIONAL LITERACY DAY

The International Literacy Day was held on 08 September 2012 at the Tshwane University of Technology campus in Witbank in partnership with the Nation Union of Mineworkers and BHP Billiton. It was a joint employer, labour and MQA event. Over 1 600 ABET learners, community members, invited speakers and MQA representatives attended the event. The theme of the event was ***“Eliminating illiteracy 30 years onwards”***.

#### 3.4.4. ANNUAL CONSULTATIVE CONFERENCE

The Annual Consultative Conference was held in Johannesburg on 26 October 2012 at which the MQA 2011-2012 Annual Report was tabled. The Director for SETA Performance Management at DHET, Mr Hannes Hoon delivered the keynote address on behalf of the Minister of Higher Education and Training at the event. The conference theme was ***Partnering for superior skills transformation success in mining***. This theme tied in strongly with the newly launched New Growth Path that aims to reduce unemployment from 25% to 15% by 2020 and the National Skills Accord that aims to increase South Africa's pool of skilled artisans.

#### 3.4.5. CAREER GUIDANCE

Career guidance in the mining sector provides the platform for learners and interested communities to acquire information related to career opportunities in the sector. A number of scheduled and unplanned career guidance sessions were held throughout the year to encourage learners at schools as well as unemployed individuals who have passed both mathematics core and physical science, and further obtained a bachelor pass in Grade 12 to pursue mining related careers.

#### 3.4.6. MEDIA AND ADVERTISING

The exposure of the MQA to the media was minimal due to the challenges encountered by the sector in the year under review. A number of articles related to skills development were published and advertisements were placed in various

national newspapers and magazines. Magazines such as Mining Weekly, Achiever, Post Matric, Mining News, Mail and Guardian, Independent Newspapers and City Press Business were used to enhance communication efforts. Very limited radio exposure was achieved, although a few community radio stations were used to disseminate information.

### 3.4.7. EVENT MANAGEMENT

The Customer Service and Communication Unit scheduled and implemented the following events, amongst others, during the financial year:

#### 3.4.7.1. ANNUAL EXHIBITIONS, CAREER GUIDANCE AND INFORMATION SESSIONS

DATE	NAME OF EVENT	AREA	PROVINCE
19-20 April 2012	Murray and Roberts Career Expo	Lydenburg	Mpumalanga
19-20 April 2012	Steve Tshwete Municipality Career Day	Middelburg	Mpumalanga
04 May 2012	Great Basin Gold	Balfour	Mpumalanga
17-18 May 2012	Soweto Careers Expo	Orlando Hall	Gauteng
17 May 2012	DoL Career Exhibition	Ulundi Zululand Nhlungwane	KwaZulu Natal
28-29 June 2012	Youth Indaba	Kimberly	Northern Cape
03-04 July 2012	Artisan Development Conference	Eskom Conference Centre	Gauteng
01-05 July 2012	DMR Learner Focus Week	Kimberly	Northern Cape
16-21 July 2012	DHET Annual Mandela Career Guidance Event	Vuselela FET College, Taung	North West
20 July 2012	MQA Annual Disability Workshop	Sunnyside	Gauteng
26-27 July 2012	PSDF Career Expo in Libode and Qumbu	Libode and Qumbu	Eastern Cape
01-03 Sept 2012	Jewellex	Sandton Convention Centre	Gauteng
08 Sept 2012	International Literacy Day	Tshwane University of Technology, Emalahleni	Mpumalanga
26 Oct 2012	Annual Consultative Conference	Premier Hotel, Kempton Park	Gauteng
04-07 Feb 2013	Mining Indaba	International Convention Centre, Cape Town	Western Cape
04 March 2013	DHET Year of the Artisan	Kwa Guqa, Nkangala FET College, Middleburg	Mpumalanga
14-15 March 2013	Soweto Careers Expo	Orlando Hall, Soweto	Gauteng

### 3.4.7.2. STAKEHOLDER ENGAGEMENT FORUMS

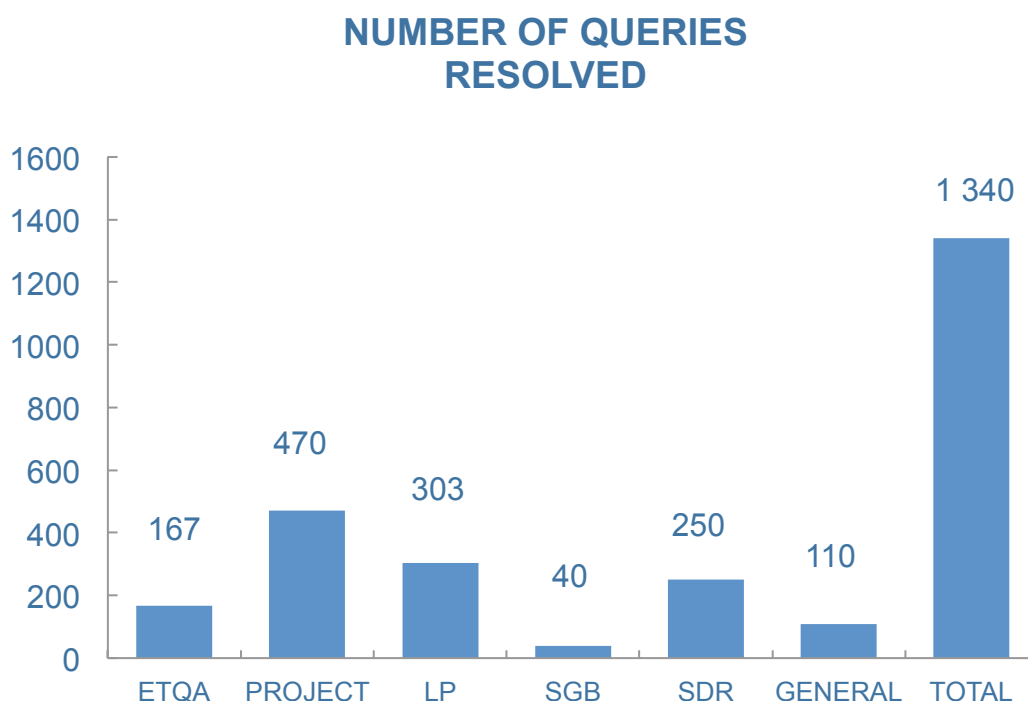
DATE	AREA	PROVINCE	VENUE
05 March 2013	Emalahleni	Mpumalanga	Protea Hotel
08 March 2013	Rustenburg	North West	Bakubung Game Lodge
12 March 2013	Welkom	Free State	Welkom Inn
14 March 2013	Port Elizabeth	Eastern Cape	Chap Manor
19 March 2013	Burgersfort	Limpopo	Khumula Lodge
24 March 2013	Kuruman	Northern Cape	Eldorado Hotel
20 March 2013	Cape Town	Western Cape	Cape Town Lodge
26 March 2013	Durban	Kwa Zulu Natal	Beach Hotel
28 March 2013	Johannesburg	Gauteng	Booyens Inn

### 3.4.8. CORPORATE IDENTITY

The MQA has an approved corporate identity manual, which provides guidelines for the use of the company logo in a consistent approach. Monitoring the use of the logo was successfully implemented and communication of the guidelines to staff is continuous.

### 3.4.9. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

The Customer Relationship Management (CRM) system has been used by the MQA as a tool to log enquiries, complaints and compliments raised by stakeholders. This is to increase the speed of logging, resolving and recording stakeholder enquiries. All enquiries are logged using a reference case number and these are followed-up with relevant departments to track progress. There is still a need for improvement in the resolution of enquiries. The graph below shows the number of enquiries resolved:



#### **3.4.10. CORPORATE SOCIAL INVESTMENT**

Corporate Social Investment is one of the MQA's priorities and the organisation continues to look for opportunities to contribute positively to deserving communities. A donation of R20 000 was made to Amazing Grace Children's Home in Eikenhof on 2 May 2012. The home looks after orphans, children from abusive backgrounds and abandoned children from birth to 18 years. The home was started by a black woman who herself suffered abuse as a child from her guardian. The award was intended to improve the home's computer lab. The MQA staff members also volunteered to spend Mandela Day on 18 July 2012 in the home, playing with the children, feeding and bathing them.

### **3.5 FACILITIES AND OFFICE MANAGEMENT**

The MQA moved into new office space at 07 Anerley Road, Parktown on 3 December 2013. The relocation was a success, although only two blocks (C and D) are currently occupied. The buildings consist of 3 separate blocks comprising 2 floors each of approximately 3 800 square metres in total. The premises have capacity for future growth in terms of meeting facilities, which will result in huge savings for the MQA as opposed to booking outside venues. The last block (B) will be refurbished in the new financial year.

### **3.6 REGIONAL EXPANSION SUPPORT**

The MQA has successfully established contact with five (5) FET colleges in five 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 are taking place. Five (5) Memorandums of Understandings (MoUs) were signed. Below is the list of FET colleges where the MQA will be located:

- Eastern Cape Regional Office, Butterworth;
- Free State Regional Office, Welkom;
- Limpopo Regional Office, Sekhukhune;
- Mpumalanga Regional Office, Nkangala;
- Northern Cape Regional Office, Kathu;
- North West Regional Office, Rustenburg.

Official launches of these offices will serve to announce the presence of the MQA and communicate the accessibility of services in the regions to improve delivery of services.

# SECTION FOUR

## REPORT OF THE AUDIT AND RISK COMMITTEE





## 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 2013.

### COMMITTEE MEMBERS AND ATTENDANCE

The Audit and Risk Committee consists of the members listed hereunder and should meet five 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.



**Mr Sam Seepei**  
Chief Executive Officer



**Mr Abel Mawela**  
Independent Member



**Bongani Mathibela**  
Independent Member



**Velile Kweyama**  
Independent Member

	CHAIRPERSON	CONSTITUENCY	NUMBER OF MEETINGS ATTENDED	DATE STARTED	END DATE	FEES PAID
<b>OLD INDEPENDENT MEMBERS</b>						
1.	H Qanqule	Independent	2	Oct 00	Aug 12	R16 279.00
2.	Prof Y Gordhan	Independent	2	Sep 04	Aug 12	R11 936.00
3.	A Ngwenya	Independent	1	Apr 09	Aug 12	R5 968.00
<b>NEW INDEPENDENT MEMBERS</b>						
1.	A Mawela*	Independent	3	Sep 12		R24 417.00(1)
2.	B Mathibela	Independent	3	Sep 12		R17 904.00 (2)
3.	V Kweyama	Independent	3	Sep 12		R17 904.00 (3)
<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	1	Apr 09		N/A
6.	J Hugo	Labour	3	Apr 09		N/A
7.	B Nemagovhani	State	3	Apr 12		N/A
8.	K Mkhwanazi	State	1	Apr 12		N/A
9.	H Groenewald	Employer	2	Jun 10		N/A
10.	T Shogole	Employer	0	Apr 11		N/A

\* Chairperson.

(1) Fees for Audit and Risk Committee R24 417.00

(2) Fees for Audit and Risk Committee R17 904.00

(3) Fees for Audit and Risk Committee R17 904.00

## 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 2013, 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, 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.

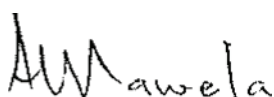
The Audit and Risk Committee concurs with members of the Board that the adoption of the going concern assertion in the preparation of the annual financial statements is appropriate.

## 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.



**A Mawela**

Chairperson

19 August 2013

# SECTION FIVE

## REPORT OF THE AUDITOR-GENERAL



## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MINING QUALIFICATIONS AUTHORITY REPORT ON THE FINANCIAL STATEMENTS

### INTRODUCTION

1. I have audited the financial statements of the Mining Qualifications Authority (MQA) as set out on pages 82 to 127 which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

### ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The board of directors, which constitutes 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 Standards of GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA), and for such internal control as management determines 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 that 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 Qualifications Authority as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with South African Standards of GRAP and in the manner required by the PFMA and SDA.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

## PREDETERMINED OBJECTIVES

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 16 to 33 of the annual report.
9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether objectives and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for Managing Programme Performance Information* (FMPPI).
10. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
11. The material findings are as follows:

## RELIABILITY OF INFORMATION

12. The FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

Significantly important targets with respect to Programme 3: Learning Development and Implementation: Facilitate and support the implementation of core sector skills and develop programmes aligned to the sector qualifications framework are materially misstated. This was due to the lack of frequent review of validity of reported achievements against source documentation.

## ADDITIONAL MATTER

13. I draw attention to the following matter below. This matter did not have an impact on the predetermined objectives audit findings reported above.

## ACHIEVEMENT OF PLANNED TARGETS

14. Of the total number of 43 targets planned for the year, 15 were not achieved during the year under review. This represents 35% of total planned targets that were not achieved during the year under review, as reported in the entities' annual performance report. For further details on the extent and reasons for deviations between planned targets and actual performance refer to Section Two; pages 16 to 33 of the Annual Performance Report.



## COMPLIANCE WITH LAWS AND REGULATIONS

15. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA.

## INTERNAL CONTROL

16. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis of opinion, the findings on the performance report and the findings on compliance with laws and regulations included in this report.

## LEADERSHIP

17. During the audit of the MQA, it was identified that the oversight responsibility regarding performance reporting requires attention. This conclusion was derived from the fact that there were material findings regarding predetermined objectives. It was therefore critical that the MQA draft action plans to address these issues and to constantly follow up and monitor these action plans throughout the year.

## FINANCIAL AND PERFORMANCE MANAGEMENT

18. The Accounting Authority did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support performance reporting. This was mainly due to the lack of controls over the compilation of reporting on predetermined objectives. Management did not adequately review the Annual Performance Report for consistency and accuracy prior to submission for auditing

Auditor-General

Pretoria

31 July 2013.



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



# SECTION SIX

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL	77
ACCOUNTING AUTHORITY'S REPORT	78
STATEMENT OF FINANCIAL PERFORMANCE	82
STATEMENT OF FINANCIAL POSITION	83
STATEMENT OF CHANGES IN NET ASSETS	84
CASH FLOW STATEMENT	85
ACCOUNTING POLICIES	86
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS	105



## **REPORT OF THE ACCOUNTING AUTHORITY FOR THE YEAR END 31 MARCH 2012**

### **ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL**

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

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

The audited annual financial statements set out on pages 82 to 127, which have been prepared on the going concern basis, were approved by the accounting authority on 25 July 2013 and were signed on its behalf by:



**MS SEEPEI**  
**CHIEF EXECUTIVE OFFICER**



**D MSIZA**  
**MQA CHAIRPERSON**

## 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

Total revenue for the MQA for the 2013 financial year including donor income amounted to R835 million (2012:R718 million). The effect was an increase of R117 million. The increase was mainly due to payroll increases in the mining industry.

The administration income allocated from levies received was R102 million for the financial year (2012:R86 million). The actual administrative expenditure for the year amounted to R66 million (2012:R59 million).

The MQA recorded a surplus of R30 million for the current financial year (2012:R93 million). The MQA reserves at year end amounts to R393 million (2012:R362 million). These reserves are also adequate to meet future commitments of R385 million (2012:R203 million).

During the year the MQA expensed R727 million (2012:R556 million) towards mandatory, discretionary grants and special projects excluding donor funding expenditure of R12 million (2012:R10 million).



## ACCOUNTING AUTHORITY'S REPORT

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:

	2013 R' millions	2012 R' millions
Adult Basic Education & Training (ABET)	8	4
HDSA Development	3	3
Bursary Scheme and Work Experience	89	67
Learnerships & Skills Programmes	34	24
Graduate Training Programme	43	20
Learning Material Development Grants	3	8
Unit Standard Generation Grants	2	4
Employment Equity Grant(University)	9	6
Maths and Science project.	7	5
SME Skills Development Support	4	2
Occupational Health & Safety Programme	8	2
Mine Inspector Training	2	5
Jewelry and Diamond Industry Support	4	7
Artisan Development	88	20
Skills Development Research Analysis	2	6
Other various projects	8	4
<b>Total</b>	<b>314</b>	<b>187</b>

### 3. CASH SURPLUS

Our cash surplus would have been much lower had the SETAs received the relevant information in time from SARS through DHET to make the necessary mandatory grant payments. However our cash reserves are just sufficient to cover liabilities and commitments.

### 4. 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.

### 5. 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 capacity to carry out its mandate.

### 6. UTILISATION OF DONOR FUNDS

The Unemployment Insurance Fund (UIF) transferred R2 650 thousand to the MQA during the year under review. These funds were mainly used for the training of artisans. The funds were utilised in terms of the project plan and service level agreement between the MQA and the UIF.

### 7. PUBLIC PRIVATE PARTNERSHIPS

During the period of review, no formal Public Private Partnership agreements were concluded.

# MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2013

## ACCOUNTING AUTHORITY'S REPORT

### 8. 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.

### 9. CHANGE IN LEGISLATIVE INTERPRETATION

There were no changes in legislation that materially effected the financial statements for the current financial year.

### 10. DISCONTINUED PROJECTS

During the period under review no projects or services were discontinued.

### 11. NEW/PROPOSED PROJECTS

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

- Artisan Development (Unemployed)
- Employed Artisan Aides

### 12. 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.

### 13. EXECUTIVE MANAGERS EMOLUMENTS

Name & Title	Basic salaries	Performance Bonuses	Non-Pensionable Allowances	Pension Contribution	Total 2013	Total 2012
	R '000	R '000	R '000	R '000	R '000	R '000
S. Seepei (CEO)	665	78	654	99	1 496	1 121
Y. Omar (CFO)	756	84	159	112	1 111	1 121
E. Nxumalo (COO)	552	73	279	81	985	926
I.G. Mkhize (EMCS)	257	-	140	40	437	-
M. Mdingi (CRM&EO)	34	-	32	3	69	-
	2 264	235	1 264	335	4 098	3 168

Notes: I.G. Mkhize appointed Executive Manager: Corporate Services on 01-10-2012 & M Mdingi appointed Chief Risk, Monitoring & Evaluation Officer on 01-03-2013

## **ACCOUNTING AUTHORITY'S REPORT**

### **14. EVENTS AFTER REPORTING DATE**

The Minister of Higher Education and Training has in terms of the Skills Development Levy issued new Grant Regulations that will be effective from 1 April 2013. The new grant regulations will set aside the SDL revenue for the purposes of :

	<b>2014</b>	2013
Administration cost (including 0.5 % transfer to QCTO)	<b>10.5%</b>	10%
Mandatory grants	<b>20%</b>	50%
Discretionary grants and projects	<b>49.5%</b>	20%
	<b>80%</b>	80%

### **15. 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.

### **16. SETA RE-ESTABLISHMENT**

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

### **17. 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 2013

## STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2013 R '000	2012 R '000
<b>Revenue</b>			
<b>Revenue from non exchange transactions</b>			
Skills Development Levy: Income	3	786 589	682 442
Skills Development Levy: Interest and penalties	3	7 679	3 737
Government grants & donor funding income	21	11 780	10 167
		<b>806 048</b>	696 346
<b>Revenue from exchange transactions</b>			
Investment income	4	25 361	21 598
Other income	5	3 905	392
		<b>29 266</b>	21 990
<b>Total Revenue</b>		<b>835 314</b>	718 336
<b>Expenditure</b>			
Employer grant and projects	6	(727 484)	(556 345)
Finance costs	9	(46)	(58)
Government grants and donor funding expenditure	21	(11 780)	(10 167)
Administration expenditure	7	(65 489)	(58 561)
<b>Total Expenditure</b>		<b>(804 799)</b>	(625 131)
Gain / (loss) on disposal of property, plant, equipment and intangible assets		(57)	(17)
<b>Surplus for the year</b>		<b>30 458</b>	93 188



**STATEMENT OF FINANCIAL POSITION**

	Notes	2013 R '000	2012 R '000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	14	220	199
Trade receivables from non-exchange transactions	15	28 657	14 593
Trade and other receivables from exchange transactions	13	7 348	634
Cash and cash equivalents	16	564 047	453 532
		<u>600 272</u>	<u>468 958</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	7 522	2 388
Intangible assets	12	210	139
		<u>7 732</u>	<u>2 527</u>
<b>Total Assets</b>		<u>608 004</u>	<u>471 485</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Grants and transfers payable	19	115 211	82 105
Trade and other payables from exchange transactions	20	17 850	9 416
Finance lease obligation	17	183	168
Provisions	22	81 879	17 358
		<u>215 123</u>	<u>109 047</u>
<b>Non-Current Liabilities</b>			
Finance lease obligation	17	116	131
<b>Total Liabilities</b>		<u>215 239</u>	<u>109 178</u>
<b>Net Assets</b>		<u>392 765</u>	<u>362 307</u>
<b>Net Assets</b>			
Reserves			
Administration reserve	25	7 732	2 527
Employer grant reserve	24	23	126
Discretionary reserve	25	385 010	359 654
<b>Total Net Assets</b>		<u>392 765</u>	<u>362 307</u>

# MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2013

## STATEMENT OF CHANGES IN NET ASSETS

	Administration reserve R '000	Employer grant reserve R '000	Discretionary reserve R '000	Total reserves R '000	Unappropriated surplus R '000
<b>Balance at 01 April 2011</b>	<b>3 172</b>	<b>130</b>	<b>265 817</b>	<b>269 119</b>	-
Changes in net assets					
Surplus for the year	-	-	-	-	93 188
Allocation of unappropriated (Deficit) / Surplus - Note 2	27 426	46 386	19 376	93 188	(93 188)
Transfer to discretionary reserves	(28 071)	(46 390)	74 461	-	-
<b>Balance at 01 April 2012</b>	<b>2 527</b>	<b>126</b>	<b>359 654</b>	<b>362 307</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	-	-
<b>Balance at 31 March 2013</b>	<b>7 732</b>	<b>23</b>	<b>385 010</b>	<b>392 765</b>	-

## CASH FLOW STATEMENT

	Notes	2013 R '000	2012 R '000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Levies, interest and penalties received		823 870	686 638
Government grants and donor funding recieved		6 292	6 482
Interest received		24 679	21 969
Other cash receipts from stakeholders		-	432
		<u>854 841</u>	<u>715 521</u>
<b>Payments</b>			
Grant and project payments		(661 761)	(568 387)
Special projects		(13 430)	(9 783)
Finance costs		(46)	(58)
Compensation of employees		(33 800)	(31 031)
Payments to suppliers and others		(28 722)	(25 266)
		<u>(737 759)</u>	<u>(634 525)</u>
<b>Net cash flows from operating activities</b>	23	<u>117 082</u>	<u>80 996</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(6 403)	(397)
Proceeds from sale of property, plant and equipment	11	13	6
Purchase of other intangible assets	12	(177)	(86)
<b>Net cash flows from investing activities</b>		<u>(6 567)</u>	<u>(477)</u>
<b>Cash flows from financing activities</b>			
(Repayment) / Assumption of finance lease obligations		-	(146)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>110 515</b>	<b>80 373</b>
Cash and cash equivalents at the beginning of the year		<u>453 532</u>	<u>373 159</u>
<b>Cash and cash equivalents at the end of the year</b>	16	<u>564 047</u>	<u>453 532</u>

## 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.

GRAP 1 requires the disclosure of actual performance against the approved budget.

GRAP 24, the accounting standard for presentation of Budget Information in Financial Statements has been issued and was effective from 1 April 2012.

Paragraph 51 of this standard does not require the disclosure of comparative information in respect of previous periods, hence comparative amounts have not been disclosed.

### 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 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 :

	2013	2012
Administration Costs of the MQA	10%	10%
Mandatory grants	50%	50%
Discretionary grants and projects	20%	20%
	<u>80%</u>	<u>80%</u>

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.

**ACCOUNTING POLICIES**

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.

**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 result in a need to change SETAs. Such adjustments are disclosed separately as inter-seta transfers. The amount of inter-seta adjustments is calculated according to the most recent Standard Operating Procedure as issued by the 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 because the employers are exempted from paying skills development levies.

**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 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 written agreement with the donors.

## 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 and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- Revenue from exchange transaction is measured at the fair value of the consideration received or receivable.

### 1.4 GRANTS AND PROJECT EXPENDITURE

In terms of the Grant Regulations, registered employers may recover 50% of levy payments (excluding interest and penalties) in the form of mandatory grants provided, they timeously submit the documents prescribed in terms of grant regulations 6 and 10.

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 cost.

#### MANDATORY GRANTS

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

The grant is equivalent to 50% of the total levies paid by the employer during the corresponding financial period for the skills planning and annual training report grants. (2012 : 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 may result in grants that have been paid to certain employers that are in excess of the amount the MQA is permitted to have granted to employers as mandatory grants.

**ACCOUNTING POLICIES**

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.

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

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

Project expenditure comprises:

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

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

No provision is made for projects approved at year-end, unless the 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.

**1.4 GRANTS AND PROJECT EXPENDITURE (CONTINUED)**

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 services provider, make advance payments.



## ACCOUNTING POLICIES

### 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.

### 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 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.

## **ACCOUNTING POLICIES**

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 has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

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

### **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:

Office furniture	10 - 15 years
Motor vehicles	4 - 5 years
Office equipment	5 - 10 years
Computer equipment	2 - 3 years
Fixtures and fittings	10 - 15 years
Cellphones	1 - 2 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.

## ACCOUNTING POLICIES

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.

### 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 ongoing 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.

**ACCOUNTING POLICIES**

Managements determination of useful lives also impact 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 as to whether it is finite or indefinite.

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

**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.

**AMMORTISATION**

The ammortisable / 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.

## ACCOUNTING POLICIES

### 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 has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

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

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

### 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	1 - 3 years
-------------------	-------------

### REVALUATION BASIS

The revaluations 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.

**ACCOUNTING POLICIES**

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 the derecognition of an intangible asset 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****INVENTORIES**

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

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

**INITIAL MEASUREMENT**

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

**SUBSEQUENT MEASUREMENT**

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

**RECOGNITION AS AN EXPENSE**

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

The cost of inventories is assigned consistently, using the first-in, first-out (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.

## ACCOUNTING POLICIES

### 1.10 LEASES

#### FINANCE LEASES

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

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

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

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

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

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

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

The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned, 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.

#### 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 for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

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

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



**ACCOUNTING POLICIES****1.11 BORROWINGS 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 or,
- 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 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.

**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.

## ACCOUNTING POLICIES

### 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 are not eligible for capitalisation.

### 1.12 EMPLOYEE BENEFITS

Employee benefits comprise of short-term benefits and termination 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 render the related service.

The MQA awards the following short term employee benefits:

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

The employee benefits are recognised as an expense and liability during the reporting period in which the employee has rendered the 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 recognises that excess as an asset.

**ACCOUNTING POLICIES****TERMINATION BENEFITS**

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

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

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

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

**1.13 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, and
- 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.

**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.

## ACCOUNTING POLICIES

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 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.

## ACCOUNTING POLICIES

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.

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

#### 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.

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

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

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

#### LOANS AND RECEIVABLES

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

Loans and receivables are measured at amortized cost using the effective interest rate method less any impairments. Interest income is recognized by applying the effective interest rate, except for short term receivables where the recognition of interest would be immaterial.

## ACCOUNTING POLICIES

### EFFECTIVE INTEREST RATE METHOD

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

The effective interest rate 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 cash flows of the investment have been impacted.

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

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

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

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.

**ACCOUNTING POLICIES****OTHER FINANCIAL LIABILITIES**

Other financial liabilities are initially measured at their fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

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

**1.16 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, Act No. 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.

**1.17 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.



## ACCOUNTING POLICIES

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.

### 1.18 COMPARATIVES

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 2. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES

2013	Total per Statement of financial performance R '000	Administration funds R '000	Mandatory grant funds R '000	Discretionary grants funds R '000	Special projects funds R '000
<b>Total revenue</b>	<b>835 314</b>	<b>102 225</b>	<b>491 653</b>	<b>229 656</b>	<b>11 780</b>
Skills development levy: income	794 268	98 320	491 653	204 295	-
Admin levy income (10%)	98 320	98 320	-	-	-
Grant levy income (70%)	688 269	-	491 653	196 616	-
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>(804 799)</b>	<b>(65 535)</b>	<b>(425 425)</b>	<b>(302 059)</b>	<b>(11 780)</b>
Administration expenditure	(65 489)	(65 489)	-	-	-
Finance costs	(46)	(46)	-	-	-
Employer grants and project expenditure	(739 264)	-	(425 425)	(302 059)	(11 780)
Gain/(loss) on disposal of property, plant & equipment	(57)	(57)	-	-	-
<b>Surplus allocated</b>	<b>30 458</b>	<b>36 633</b>	<b>66 228</b>	<b>(72 403)</b>	<b>-</b>
2012	Total per Statement of financial performance R '000	Administration funds R '000	Mandatory grants funds R '000	Discretionary grants funds R '000	Special projects funds R '000
Total revenue	718 336	86 062	426 350	195 757	10 167
Skills development levy: income	686 179	85 670	426 350	174 159	-
Admin levy income (10%)	85 670	85 670	-	-	-
Grant levy income (70%)	596 772	-	426 350	170 422	-
Skills development levy: penalties and interest	3 737	-	-	3 737	-
Donations for special projects	10 167	-	-	-	10 167
Investment income	21 598	-	-	21 598	-
Other income	392	392	-	-	-
Total expenditure	(625 131)	(58 619)	(379 964)	(176 381)	(10 167)
Administration expenditure	(58 561)	(58 561)	-	-	-
Finance costs	(58)	(58)	-	-	-
Employer grants and project expenditure	(566 512)	-	(379 964)	(176 381)	(10 167)
Gain/(loss) on disposal of property, plant & equipment	(17)	(17)	-	-	-
Surplus allocated	93 188	27 426	46 386	19 376	-

# MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2013

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2013 R '000	2012 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 & donor funding income	11 780	10 167
Skills Development Levy: Income	786 589	682 442
Skills Development Levy: Interest and penalties	7 679	3 737
	<b>806 048</b>	<b>696 346</b>
<b>Skills development levy income</b>		
<b>Levy income: Administration</b>	<b>98 375</b>	<b>85 728</b>
Levies received		
Levies received from SARS	98 372	85 308
Intersecta transfers in	3	420
Movement in levies accrued	(55)	(58)
	<b>98 320</b>	<b>85 670</b>
<b>Levy income: Employer Grants</b>	<b>491 929</b>	<b>426 638</b>
Levies received		
Levies received from SARS	491 916	424 537
Intersecta transfers in	13	2 101
Movement in levies accrued	(276)	(288)
	<b>491 653</b>	<b>426 350</b>
<b>Levy income: Discretionary Grants</b>	<b>196 727</b>	<b>170 535</b>
Levies received		
Levies received from SARS	196 722	169 696
Intersecta transfers in	5	839
Movement in levies accrued	(III)	(113)
	<b>196 616</b>	<b>170 422</b>
<b>Interest and penalties : skills development levy income</b>	<b>2 799</b>	<b>2 401</b>
Levy interest		
Levy penalties	4 880	1 336
	<b>7 679</b>	<b>3 737</b>
<b>4. INVESTMENT REVENUE</b>		
<b>Interest revenue</b>	<b>24 679</b>	<b>21 969</b>
Interest received		
Movement in interest accrued	682	(371)
	<b>25 361</b>	<b>21 598</b>
<b>5. OTHER INCOME</b>		
Reprinting of training certificates	-	1
Insurance recoveries	8	15
SDL recoveries	164	132
Learning materials & other recoveries	3 733	244
	<b>3 905</b>	<b>392</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2013 R '000	2012 R '000
<b>6. EMPLOYER GRANTS AND PROJECTS EXPENDITURE</b>		
Mandatory grants expenditure	425 425	379 964
Disbursed	402 170	415 585
Movement in liabilities and accruals	23 255	(35 621)
Discretionary grants expenditure	210 178	109 695
Disbursed	172 899	85 151
Movement in liabilities and accruals	37 279	24 544
Project expenditure	91 881	66 686
Disbursed	86 695	67 651
Movement in liabilities and accruals	5 186	(965)
<b>Total employer grants and projects expenditure</b>	<b>727 484</b>	<b>556 345</b>
<b>Project expenditure consist of:</b>		
Direct project costs	85 957	62 379
Service provider costs	5 924	4 306
Administration costs	-	1
<b>Total projects expenditure</b>	<b>91 881</b>	<b>66 686</b>
<b>7. ADMINISTRATION EXPENDITURE</b>		
Depreciation, amortisation and impairments	1 305	1 104
Operating lease	3 694	2 580
Premises	3 183	2 320
Plant, machinery and equipment	511	260
Maintenance repairs and running costs	931	711
Property and buildings	720	522
Machinery and equipment	211	189
Research and development costs	1 511	1 882
Advertising, marketing, promotions and communications	3 686	3 303
Entertainment	24	119
Consulting and professional fees	1 567	1 391
Legal fees	62	308
Cost of employment	34 735	31 357
Travel and subsistence	7 375	1 452
Staff training and development	1 645	1 043
Remuneration to committee members	174	260
Internal Audit Fees	452	733
External Audit Fees	1 882	1 359
Provincial linkages	-	134
Printing and stationery	2 512	2 311
Conferences and seminars	2 192	7 295
Insurance	341	331
Rates & Taxes, Water & Electricity and Security	1 292	766
Donations & Sponsorships	32	53
Sundry items	77	69
<b>Total administration expenditure</b>	<b>65 489</b>	<b>58 561</b>

# MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2013

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2013 R '000	2012 R '000
<b>8. COST OF EMPLOYMENT</b>		
<b>Salaries and wages</b>		
Basic salaries	17 355	16 974
Performance awards	4 150	4 051
Other non-pensionable allowance	7 412	4 387
Temporary staff	1 678	1 836
Leave payments	1 286	551
	<b>31 881</b>	<b>27 799</b>
<b>Social contributions</b>		
Medical aid contribution	-	797
Pension contributions	2 344	2 334
UIF	128	120
Other salary related costs	382	307
	<b>2 854</b>	<b>3 558</b>
	<b>34 735</b>	<b>31 357</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.

## 9. FINANCE COSTS

Obligations under finance leases	46	58
----------------------------------	----	----

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 10. COMPARISON OF BUDGETS AND ACTUALS

<b>2013</b>	<b>Approved Budget R '000</b>	<b>Revised Budget R '000</b>	<b>Actual R '000</b>	<b>Variance R '000</b>
Administration funds - income	84 471	96 478	102 225	5 747
Mandatory funds - income	422 356	482 443	491 653	9 210
Discretionary funds - income	168 942	196 134	204 295	8 161
Investment income	17 432	23 343	25 361	2 018
Total income	693 201	798 398	823 534	25 136
Administration funds - expenditure	(78 253)	(83 378)	(65 592)	17 786
Mandatory funds - expenditure	(380 120)	(435 968)	(425 425)	10 543
Discretionary funds - expenditure	(357 919)	(373 919)	(302 059)	71 860
Total expenditure	(816 292)	(893 265)	(793 076)	100 189
(Deficit)/Surplus	(123 091)	(94 867)	30 458	125 325
Capex	57 603	60 553	(6 580)	(67 133)

### 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.

The approved budget includes only the activities of the MQA and is for the period 01 April 2012 to 31 March 2013.

The approved budget was revised in October 2012 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 higher than the approved budget and this prompted us to revise our budgeted revenue in October 2012.

#### INVESTMENT INCOME

A lower mandatory grants disbursement resulting from delays in availability of levy downloads, together with low discretionary grants disbursements resulted in actual interest received exceeding the investment income budget .

# MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2013

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### ADMINISTRATION EXPENDITURE

The saving in administration expenditure relates to new positions approved by board being filled later than anticipated.

### MANDATORY GRANTS EXPENDITURE

Mandatory grants expenditure variance to budget mainly resulted from fewer employers that claimed their mandatory grants than anticipated in the preparation of the budget.

### DISCRETIONARY GRANTS EXPENDITURE

The saving in this area is due to projects that started later than anticipated..

### CAPITAL EXPENDITURE

The variance mainly relates to a budget for the acquisition of an office building. The MQA is the process of procuring a new building as approved by MQA Board and the Minister of Higher Education and Training in terms of section 54(2) (d) of the PFMA. At reporting date, the appointed attorneys still have to lodge.

### 11. PROPERTY, PLANT AND EQUIPMENT

	2013			2012		
	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	2 327	(1 585)	742	2 439	(1 651)	788
Motor vehicles	471	(286)	185	471	(256)	215
Office equipment	2 206	(1 274)	932	2 045	(1 488)	557
Computer equipment	2 957	(2 165)	792	2 618	(1 836)	782
Fixtures and Fittings	4 910	(136)	4 774	-	-	-
Cellphones	215	(118)	97	147	(101)	46
<b>Total</b>	<b>13 086</b>	<b>(5 564)</b>	<b>7 522</b>	<b>7 720</b>	<b>(5 332)</b>	<b>2 388</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED) RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2013

#### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2013

	Opening carrying amount	Additions	Disposals	Accumulated 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

#### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2012

	Opening carrying amount	Additions	Disposals	Accumulated depreciation on disposals	Depreciation	Closing carrying amount
	R '000	R '000	R '000	R '000	R '000	R '000
Office furniture	964	5	(38)	35	(178)	788
Motor vehicles	246	-	-	-	(31)	215
Office equipment	804	58	(3)	3	(305)	557
Computer equipment	953	301	(346)	330	(456)	782
Cellphones	75	33	(21)	17	(58)	46
	3 042	397	(408)	385	(1 028)	2 388

# MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2013

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2013  
R '000

2012  
R '000

### 11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### ASSETS SUBJECT TO FINANCE LEASE (NET CARRYING AMOUNT)

Office equipment	272	272
------------------	-----	-----

#### COST OF ITEMS FULLY DEPRECIATED

Computer equipment	1 263	1 229
Office furniture	710	738
Office equipment	494	866
Cellphones	61	31
Intangible assets	160	-
	2 688	2 864

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 have been taken into account.

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

The MQA made an offer to purchase a building and the offer was accepted.

### 12. INTANGIBLE ASSETS

	2013			2012		
	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	467	(257)	210	334	(195)	139

#### RECONCILIATION OF INTANGIBLE ASSETS - 2013

	Opening carrying amount	Additions	Disposals	Accumulated amortisation on disposal	Amortisation	Closing carrying amount
	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	139	177	(44)	44	(106)	210

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### RECONCILIATION OF INTANGIBLE ASSETS - 2012

	Opening carrying amount	Additions	Amortisation	Closing carrying amount
	R '000	R '000	R '000	R '000
Computer Software	130	86	(77)	139
			<b>2013 R '000</b>	<b>2012 R '000</b>

### 13. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Prepayments	<b>4 428</b>	121
Free Minutes Receivable	<b>354</b>	88
Deposits	<b>1 538</b>	230
Staff Advances	<b>105</b>	8
Interest receivable - MQA	<b>857</b>	175
Interest receivable - NSF	-	10
Other receivables	<b>66</b>	2
	<b>7 348</b>	634

### 14. INVENTORIES

Printing and other consumable stores	<b>220</b>	199
Inventories recognised as an expense during the year	<b>981</b>	534

### 15. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

InterSETA receivables	<b>74</b>	74
Administration	<b>9</b>	9
Employer grants	<b>46</b>	46
Discretionary grants	<b>19</b>	19
Mandatory grants receivables	<b>18 263</b>	9 697
Donor funding receivables	<b>10 320</b>	4 822
	<b>28 657</b>	14 593

#### Mandatory grants receivables

#### Overpayment of mandatory grants to registered employers

Overpayments to employers	<b>18 230</b>	9 667
Provision for doubtful debts	<b>(36)</b>	(17)
Net effect of SARS retrospective adjustments	<b>18 194</b>	9 649
Mandatory grants receivable from other SETAs	<b>69</b>	47
	<b>18 263</b>	9 697

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

R18 194 thousand (2012 : R9 649 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 R36 thousand (2012 : R17 thousand) has been raised. R9 thousand (2012 : R63 thousand) was written off as bad debts.

<b>2013</b>	<b>2012</b>
<b>R '000</b>	<b>R '000</b>

**16. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of:

Cash at bank and in hand	<b>511 958</b>	371 775
Cash at bank	<b>511 954</b>	371 769
Cash on hand	<b>4</b>	6
Short term investments/instruments	<b>52 089</b>	81 757
	<b>564 047</b>	453 532

Included in cash at bank is a current account with a balance of R6 thousand (2012: R1 085 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 rating and in line with the investment policy as required by Treasury Regulation 31.3.5.

**BORROWINGS/LOANS**

In terms of PFMA section 66(3)(c), public entities may 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2013 R '000	2012 R '000
<b>17. FINANCE LEASE OBLIGATION</b>		
Non current finance lease obligation (recoverable after 12 months)	116	131
Current finance lease obligation (recoverable within 12 months)	183	168
<b>Finance lease obligation</b>	<b>299</b>	<b>299</b>
<b>RECONCILIATION BETWEEN THE TOTAL OF THE MINIMUM LEASE PAYMENTS AND THE PRESENT VALUE: UP TO 1 YEAR</b>		
Future minimum lease payments	221	168
Finance cost	(39)	(34)
<b>Present value</b>	<b>182</b>	<b>134</b>
<b>1 TO 5 YEARS</b>		
Future minimum lease payments	140	131
Finance cost	(23)	(8)
	<b>117</b>	<b>123</b>
Finance lease repayments for the year	185	145

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 estimating the finance costs.

# MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2013

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 18. RETIREMENT BENEFIT OBLIGATIONS

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 16.35% (2012:16%).

	2013 R '000	2012 R '000
Skills development grants payable - mandatory	76 086	44 265
Skills development grants payable - discretionary	37 235	34 300
Donor payables	1 890	3 540
	<b>115 211</b>	<b>82 105</b>

### 19. GRANTS AND TRANSFERS PAYABLE

Skills development grants payable - mandatory	76 086	44 265
Skills development grants payable - discretionary	37 235	34 300
Donor payables	1 890	3 540
	<b>115 211</b>	<b>82 105</b>

### 20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	2 668	1 374
Project creditors	10 916	5 730
Trade creditors accruals	1 716	565
Cellphone contracts obligation	467	121
Payroll creditors and accruals	2 083	1 626
	<b>17 850</b>	<b>9 416</b>

### 21. GOVERNMENT GRANTS AND DONOR FUNDING DONOR FUNDS

Draw downs and interest received	1 460	5 822
Donor funding received	2 650	6 871
Prior year draw down receivable - received	(1 190)	(1 140)
Interest received	-	91
Draw downs receivable - conditions met	10 320	4 822
Utilised and recognised as revenue-conditions met	(11 780)	(10 167)
Unused funds paid back	-	(477)
	<b>-</b>	<b>-</b>

During the current year R2 650 thousand (2012 : R6 871 thousand) was received from donor funds in respect of the development of artisans in partnership with the MQA.

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. (2012:0).

### 22. PROVISIONS

#### 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	-	III	-	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
	<b>17 358</b>	<b>(6 923)</b>	<b>(1 350)</b>	<b>72 794</b>	<b>81 879</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### RECONCILIATION OF PROVISIONS - 2012

	Opening Balance	Utilised during the year	Change in estimates	Addition	Total
	R '000	R '000	R '000	R '000	R '000
SARS Creditors - Administration	725	-	32	-	757
SARS Creditors - Mandatory	3 627	-	157	-	3 784
SARS Creditors - Discretionary	1 451	-	62	-	1 513
Administration provisions	1 801	(1 850)	-	2 119	2 070
Discretionary and projects	-	-	-	9 234	9 234
	7 604	(1 850)	251	11 353	17 358

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 last 2 quarters of the financial year. For the purpose of payment of bonuses are finalised and will be paid 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 2013.

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

### DHET OVERPAYMENT

The overpayment arose due to a SARS error where amounts contributed for UIF were erroneously allocated to SDL.

### 23. CASH GENERATED FROM OPERATIONS

	2013 R '000	2012 R '000
Surplus	30 458	93 188
<b>Adjustments for:</b>		
Depreciation and amortisation	1 305	1 105
Loss/ (Gain) on sale of assets and liabilities	57	17
Impairment reversals	-	(1)
Movements in provisions	64 521	9 754
<b>Changes in working capital:</b>		
(Increase) in inventory	(21)	(71)
(Increase)/decrease in trade and other receivables from exchange transaction	(6 714)	483
(Increase)/decrease in trade and other receivables from non-exchange transactions	(8 566)	4 264
Increase/(decrease) in trade and other payables from exchange transactions	8 435	(555)
Increase/(decrease) in grants and transfers payables	33 105	(24 364)
(Decrease) in government grants and donor funding	(5 498)	(2 824)
	<b>117 082</b>	<b>80 996</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****24. CONTINGENCIES****MANDATORY GRANT RESERVE**

A balance of R23 thousand (2012 :R126 thousand) has been set aside in terms of the accounting policy.

The amount of the outflow depends on the new employer's 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 2013 to claim the mandatory grants after which they expire and will be swept to the discretionary funds in terms of the grants regulations.

**25. COMMITMENTS****ADMINISTRATION RESERVE**

A balance of R7 732 thousand (2012 : R2 527 thousand) has been set aside in terms of the accounting policy as follows.

	<b>2013</b> <b>R '000</b>	<b>2012</b> <b>R '000</b>
Net assets	7 732	2 527

The MQA has in terms of section 54(2)(d) of the PFMA been granted approval to purchase an office building. An offer to purchase an office building for R45 million excluding transfer duty was signed by the accounting authority. At reporting date, the transaction was not completed yet.

## 25. COMMITMENTS

### Discretionary reserve

Of the balance of R385 million (2012 : R360 million) available in the discretionary reserve on 31 March 2013, R385 million (2012 R203 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.

	Opening balance 2012 R '000	Reallocations approved by Accounting Authority R '000	Utilised R '000	Opening balance 2013 R '000	Reallocations approved by Accounting Authority R '000	Utilised R '000	TOTAL R '000
<b>PROGRAMMES:</b>							
MQA-001 Lecturer / Trainer Support	9 690	(3 195)	(6 099)	396	10 220	(8 570)	2 046
MQA-002 Bursaries	70 132	3 621	(27 000)	46 753	55 981	(50 288)	52 446
MQA-003 Work Experience	33 025	34 779	(40 000)	27 804	53 990	(38 342)	43 452
MQA-005 Minerals Beneficiation (Diamond & Jewellery)	-	10 780	(6 778)	4 002	1 161	(4 200)	963
MQA-007 Standard Setting Grant (TRGs)	-	2 334	(2 242)	92	1 323	(1 415)	-
MQA-009 Learning Materials Development	-	8 857	(7 571)	1 286	1 218	(2 504)	-
MQA-010 Internships (GDP)	1 908	43 934	(20 088)	25 754	56 011	(43 489)	38 276
MQA-011 Learnerships	16 553	28 627	(23 757)	21 423	56 438	(34 465)	43 396
MQA-012 SME Skills Development Support	397	2 485	(2 191)	691	3 245	(3 936)	-
MQA-014 ISO 9001-2000	-	1 520	(1 520)	-	741	(560)	181
MQA-018 Skills Development Facilitator Support	-	2 389	(2 389)	-	1 415	(1 415)	-
MQA-019 ABET	-	3 114	(3 114)	-	7 140	(7 140)	-
MQA-020 Skills Development Research & Impact Analysis	750	3 267	(3 980)	37	591	(628)	-
MQA-023 Literacy Promotion	-	577	(577)	-	486	(486)	-
MQA-024 OHS Rep Development	-	2 300	(2 300)	-	8 243	(8 243)	-
MQA-026 Artisan Development	-	33 875	(13 875)	20 000	7 416	(19 496)	7 920
MQA-027 Employed Artisan Development	-	15 960	(3 300)	12 660	72 790	(24 780)	60 670
MQA-030 Maths & Science	-	5 000	(5 000)	-	7 000	(7 000)	-
MQA-031 Mine Inspector Training	-	5 106	(4 591)	515	4 765	(1 564)	3 716
MQA-036 External Assessment Tools Development	-	-	-	-	1	(1)	-
MQA-035 Learners with Disability	100	1 218	(718)	600	7 618	(2 626)	5 592
MQA-037 Facilitator Development	-	1 218	(1 142)	76	462	(538)	-

## NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

### 25. COMMITMENTS (CONTINUED)

MQA 038 FLC-Founded Learning Competence	-	-	-	353	(353)	-
MQA 039 Cement Lime Aggregates and Sand Support	-	999	(999)	1 448	(1 448)	-
MQA 040 Standard Setting HET	-	1 596	(1 344)	294	(546)	-
MQA 041 HDSA Development	-	2 984	(2 984)	2 751	(2 751)	-
MQA 042 UIF Artisan Development Partnership	-	16 930	(2 380)	38 276	(23 561)	29 265
MQA 043 ABET Practitioner Career Progression	-	-	-	2 747	(1 000)	1 747
MQA 047 HIV & Aids Prevention Programme	-	137	(137)	-	-	-
MQA 044-Workplace Coach Development	-	-	-	2 106	(2 106)	-
MQA 050 Mpumalanga FET Artisan Development	-	27 030	(474)	1 205	(4 363)	23 398
MQA 051 Unemployed Artisan Development	-	-	-	85 170	(14 570)	70 600
MQA 052 Employed Artisan Aides	-	-	-	2 910	(1 455)	1 455
	132 555	257 442	(186 550)	495 515	(313 839)	385 123
				203 447		

### Operating leases

### Future minimum lease payments under non-cancellable leases:

Not later than one year		2013	2012
		R '000	R '000
		1 522	1 204

The operating lease relates to the building premises; 7 Arneley Street used for office accommodation. The MQA has entered into a lease agreement with the intention to purchase the building. The purchase condition is that the landlord must transfer the property to the MQA by end of September 2013, failure to do so will render the lease agreement invalid.

### 26. 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 2013.

#### Material losses through criminal conduct:

None

#### Material losses through fraud

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 26. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

None	2013 R '000	2012 R '000
<b>Fruitless and wasteful expenditure</b>		
Opening balance	-	-
Add: Fruitless and wasteful expenditure	-	15
Less: Amounts condoned	-	(15)
Fruitless and wasteful expenditure awaiting condonation	-	-

### 27. 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	Floating rate		Non-interesting bearing		Total
	Amount	Effective interest rate	Amount	Weighted average period until maturity years	
	R'000	%	R'000		
<b>31 March 2013</b>					
<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 %	(17 851)	0.5 years	(17 851)
Total financial liabilities	-	0 %	(17 851)		(17 851)
	564 043		(10 499)		553 544

Year ended	Floating rate		Non-interesting bearing		Total
	Amount	Effective interest rate	Amount	Weighted average period until maturity years	
	R'000	%	R'000		
<b>31 March 2012</b>					
<b>Assets</b>					
Cash	453 526	9.50 %	6	-	453 532
Accounts receivable	-	0 %	634	1 year	634
Total financial assets	453 526	9.50 %	640		454 166
<b>Liabilities</b>					
Accounts payable	-	0 %	(9 416)	0.5 years	(9 416)
Total financial liabilities	-	0 %	(9 416)		(9 416)
	453 526		(8 776)		444 750

# MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2013

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 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.

	2013		2012	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Past due 31 - 120 days	28 657	-	14 593	-
Cash & cash Equivalenrs				

	2013		2012	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
No 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 2013	Carrying Amount R'000	Contractual cash flows R '000	6 months or less R '000	6 months or more R'000
Trade and other payables from exchange transactions	17 850	17 850	17 850	-

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AT 31 MARCH 2012	Carrying Amount R'000	Contractual cash flows R '000	6 months or less R '000	6 months or more R'000
Trade and other payables from exchange transactions	9 416	9 416	9 416	-

### MARKET RISK

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

No significant events occurred during the year that the MQA are aware that 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 1 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.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****28. NEW STANDARDS AND INTERPRETATIONS****28.1 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

**STANDARD / INTERPRETATION**

		<b>Effective date: Years beginning on or after</b>	<b>Date Issued:</b>
• GRAP 18 :	Segment Reporting	01 April 2014	October 2004
• GRAP 25 :	Employee benefits	01 April 2014	June 2011
• GRAP 105:	Transfers of functions between entities under common control	01 April 2014	November 2010
• GRAP 106:	Transfers of functions between entities not under common contro	01 April 2014	November 2010
• GRAP 107:	Mergers	01 April 2014	November 2010
• GRAP 20 :	Related partie	01 April 2014	November 2009

**GRAP 18 - SEGMENT REPORTING**

The Standard 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 25 : EMPLOYEE BENEFITS**

The Standard 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 105 : TRANSFER OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL**

The Standard provides principles for recognition, measurement, presentation and disclosure of 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.



---

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

### **GRAP 106 : TRANSFER OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL**

The Standard 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 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 20 : RELATED PARTY DISCLOSURES**

The Standard 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.

# MINING QUALIFICATIONS AUTHORITY

Annual Financial Statements for the year ended 31 March 2013

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 29. RELATED PARTIES

#### SECTOR EDUCATION AND TRAINING AUTHORITIES & OTHER PUBLIC ENTITIES

SETAs	2013		2012	
	R'000		R'000	
	Amount receivable / (payable)	Transfers in / (out) during the year	Amount receivable / (payable)	Transfers in / (out) during the year
EWSETA	5	-	5	-
SERVICES SETA	70	-	70	-
AGRISETA	-	12	-	-
W&R SETA	-	8	-	11
TETA	-	-	-	76
HWSETA	-	-	-	1 770
CETA	-	-	-	1 300
	<b>75</b>	<b>20</b>	<b>75</b>	<b>3 157</b>

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

Other transactions with other public entities	2013		2012	
	R'000		R'000	
	Amount receivable / (payable)	Transfers in / (out) during the year	Amount receivable / (payable)	Transfers in / (out) during the year
Unemployment Insurance Fund	10 320	2 650	-	-
National Skills Fund	-	-	4 822	6 871
ETDP SETA	69	-	47	-
	<b>10 389</b>	<b>2 650</b>	<b>4 869</b>	<b>6 871</b>

#### RELATED PARTY TRANSACTIONS

2013		Levies	Payments	Grants /	Grants
Stakeholder	Board	Received	R'000	Amounts	overpaid
represented	Member	R'000		Payable	(Receivables)
				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	F Letlala	-	57	-	-
Mineworkers	Z Tantsi	-	-	-	-
Elijah Barayi Training	A Teteme	-	-	-	-
Centre	Z Tantsi	-	258	-	-
		<b>92 975</b>	<b>24 612</b>	<b>5 950</b>	<b>6 189</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2012 Stakeholder represented	Board Member	Levies Received R'000	Payments R'000	Grants / Amounts Payable R'000	Grants overpaid (Receivables) R'000
Harmony Gold Mine	M Mashego	35 363	32 379	6 095	10
Colliery Training College	J Venter	284	435	57	-
Chamber of Mines	V Mabena	400	7 237	122	-
Anglo Platinum	L Mogaki	37 341	20 421	570	3 663
National Union of Mineworkers	M Letlala	-	25	-	-
	Z Tantsi				
	A Teteme				
Elijah Barayi Training Centre	Z Tantsi	-	248	104	-
		<u>73 388</u>	<u>60 745</u>	<u>6 948</u>	<u>3 673</u>

### 30. EVENTS AFTER THE REPORTING DATE

#### ALLOCATION OF DISCRETIONARY GRANTS

In the current financial year, employers were invited to apply for various discretionary grants obtained in note 25. Such grants were allocated to employers subsequent to year-end.

# ACRONYMS

<b>AA</b>	Affirmative Action	<b>NRF</b>	National Research Foundation
<b>ABE</b>	Adult Basic Education	<b>NSB</b>	National Skills Body
<b>ABET</b>	Adult Basic Education and Training	<b>NSF</b>	National Skills Fund
<b>AEL</b>	Adult Education and Learning	<b>NSA</b>	National Skills Authority
<b>AFS</b>	Annual Financial Statements	<b>NSB</b>	National Standards Body
<b>AIDS</b>	Acquired Immune Deficiency Syndrome	<b>NSDS</b>	National Skills Development Strategy
<b>ATR</b>	Annual Training Reports	<b>NSF</b>	National Skills Fund
<b>AQP</b>	Assessment Quality Partner	<b>NUM</b>	National Union of Mineworkers
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment	<b>NVC</b>	New Venture Creation
<b>BEE</b>	Black Economic Empowerment	<b>OFO</b>	Organising Framework for Occupations
<b>CBO</b>	Community-based Organisation	<b>OHS</b>	Occupational Health and Safety
<b>CEP</b>	Communities of Expert Practice	<b>OQF</b>	Occupational Qualification Framework
<b>CHE</b>	Council for Higher Education	<b>OQDF</b>	Occupational Qualification Development Facilitator
<b>CLAS</b>	Cement, Lime, Aggregates and Sand	<b>PDI</b>	Previously Disadvantaged Individuals
<b>CoMTT</b>	Classification of Mines Task Team	<b>PFMA</b>	Public Finance Management Act
<b>DEA</b>	Department of Environmental Affairs	<b>PGDS</b>	Provincial Growth Development Strategy
<b>DHET</b>	Department of Higher Education and Training	<b>PGM</b>	Platinum Group of Metals
<b>DoE</b>	Department of Education	<b>PIVOTAL</b>	Professional, Vocational, Technical and Academic Learning Programmes
<b>DoF</b>	Department of Finance	<b>PSDF</b>	Provincial Skills Development Forum
<b>DoL</b>	Department of Labour	<b>PWD</b>	People with Disabilities
<b>DMR</b>	Department of Mineral Resources	<b>QCTO</b>	Quality Council for Trades and Occupations
<b>DQP</b>	Development Quality Partner	<b>RPL</b>	Recognition of Prior Learning
<b>DTI</b>	Department of Trade and Industry	<b>SA</b>	South Africa
<b>DVD</b>	Digital Versatile Disk	<b>SADC</b>	South African Development Corporation
<b>ECSA</b>	Engineering Council of South Africa	<b>SADPMR</b>	South African Diamond and Precious Metals Regulator
<b>EE</b>	Employment Equity	<b>SAM &amp; MS</b>	South African Mining and Minerals Sector
<b>EPP</b>	Executive Preparation Programme	<b>SANIRE</b>	South African National Institute of Rock Engineering
<b>ETD</b>	Education, Training and Development (Practitioners)	<b>SAQA</b>	South African Qualifications Authority
<b>ETQA</b>	Education, Training and Quality Assurance	<b>SDA</b>	Skills Development Act
<b>EXCO</b>	Executive Committee	<b>SDF</b>	Skills Development Facilitator
<b>FETC</b>	Further Education and Training Certificate	<b>SDFW</b>	Social Development Funding Window
<b>FET</b>	Further Education and Training (College)	<b>SDL</b>	Skills Development Levy
<b>FLC</b>	Foundational Learning Competence	<b>SDR</b>	Skills Development and Research
<b>FOG</b>	Falls of Ground	<b>SDT</b>	State Diamond Trader
<b>H&amp;S</b>	Health and Safety	<b>SEE</b>	Survey of Employment and Earnings
<b>HDI</b>	Historically Disadvantaged Individuals	<b>SETA</b>	Sector Education and Training Authority
<b>HDSEA</b>	Historically Disadvantaged South Africans	<b>SGB</b>	Standards Generating Body
<b>HIV</b>	Human Immune Virus	<b>SIC</b>	Standard Industrial Classification
<b>HRDSA</b>	Human Resources Development Strategy for South Africa	<b>SLA</b>	Service Level Agreement
<b>HSRC</b>	Human Science Research Council	<b>SME</b>	Small, Micro Enterprises
<b>ISDF</b>	Independent Skills Development Facilitator	<b>SMME</b>	Small, Micro, Medium Enterprises
<b>ISO</b>	International Organisation for Standardization	<b>SOC</b>	Standard Occupational Classification
<b>JAC</b>	Jewellery Apprenticeship Committee	<b>SOPF</b>	Sector Occupational Pathway Framework
<b>LFS</b>	Labour Force Survey	<b>SPR</b>	Skills Planning and Research
<b>LMSC</b>	Learning Materials Steering Committee	<b>SQCG</b>	Standards and Qualifications Co-ordinating Group
<b>MAC</b>	Mining Advisory Committee	<b>SSP</b>	Sector Skills Plan
<b>MHS</b>	Mine Health and Safety	<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
<b>MHSA</b>	Mine Health and Safety Act	<b>TB</b>	Tuberculosis
<b>MHSC</b>	Mine Health and Safety Council	<b>TEBA</b>	The Employment Bureau of Africa
<b>MIS</b>	Management Information System	<b>ToR</b>	Terms of Reference
<b>MIGDETT</b>	Mining Industry Growth, Development and Employment Task Team	<b>TRG</b>	Technical Reference Group
<b>MMS</b>	Mining and Minerals Sector	<b>UASA</b>	United Association of South Africa
<b>MoA</b>	Memorandum of Agreement	<b>UMALUSI</b>	Umalusi Council for General and Further Education and Training
<b>MoU</b>	Memorandum of Understanding	<b>UNISA</b>	University of South Africa
<b>MPRDA</b>	Mineral and Petroleum Resources Development Act	<b>VAT</b>	Value-Added Tax
<b>MQA</b>	Mining Qualifications Authority	<b>WSP</b>	Workplace Skills Plans
<b>MRAC</b>	Mining Regulatory Advisory Committee	<b>ZAR</b>	South African Rand
<b>MTSF</b>	Medium Term Strategic Framework		
<b>NATED</b>	National Technical Education		
<b>NC</b>	National Certificate		
<b>NCV</b>	National Certificate (Vocational)		
<b>NGO</b>	Non-Government Organisation		
<b>NLRD</b>	National Learner Records Database		
<b>NPO</b>	Non-Profit Organisation		
<b>NQF</b>	National Qualifications Framework		



