

# Harnessing mining growth through superior skills



**Digging with Skills and Knowledge**

## ANNUAL REPORT 2017-2018



**mineral resources**

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA



**higher education  
& training**

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



MINING QUALIFICATIONS AUTHORITY

# MINING QUALIFICATIONS AUTHORITY (MQA)

## ANNUAL REPORT

### 2017–2018

HONOURABLE MINISTERS IT IS A PLEASURE TO PRESENT THE ANNUAL REPORT OF THE MINING QUALIFICATIONS AUTHORITY FOR THE FINANCIAL YEAR 1 APRIL 2017 TO 31 MARCH 2018



**Mr Gwede Mantashe**  
Minister of Mineral Resources



**Mr Mosebenzi Zwane**  
Minister of Mineral Resources (Former)



**Dr Hlengiwe Mkhize**  
Minister of Higher Education and Training (Former)



**Ms Naledi Pandor**  
Minister of Higher Education and Training



**Mr Mthokozisi Zondi**  
Acting MQA Chairperson



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REPUBLIC OF SOUTH AFRICA



MINING QUALIFICATIONS AUTHORITY

**Digging with Skills and Knowledge**

## VISION

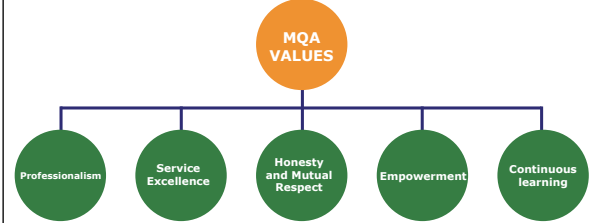
A competent health and safety-oriented mining and minerals workforce.

## MISSION

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

## VALUES

The MQA subscribes to the following values:



## STRATEGIC OBJECTIVES

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

## LEGISLATIVE AND OTHER MANDATES

The MQA is a Sector Education and Training Authority (SETA) that facilitates skills development under the Department of Higher Education and Training (DHET), and supports mine health and safety under the Department of Mineral Resources for the mining and minerals sector.

There are various pieces of key legislation that govern the operations of the MQA. These are listed 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 29 of 1996</li> <li>• Minerals and Petroleum Resources Development (MPRDA) Act 8 of 2002, as amended</li> <li>• Social and Labour Plan</li> </ul> | <ul style="list-style-type: none"> <li>• Skills Development Act 97 of 1998</li> <li>• South African Qualifications Authority Act 58 of 1995</li> <li>• Higher Education Act 101 of 1997, as amended</li> <li>• National Financial Aid Scheme Act 57 of 1999</li> <li>• Adult Education and Training Colleges Act of 2006</li> <li>• Further Education and Training Colleges Act 16 of 2006</li> <li>• National Qualifications Framework Act 67 of 2008</li> </ul> | <ul style="list-style-type: none"> <li>• Skills Development Levies Act 9 of 1999</li> <li>• Income Tax Act 58 of 1962, Section 12H Learnership Allowances</li> <li>• Public Finance Management Act 1 of 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 (NSDS) III, the New Growth Path, National Skills Accord, Mining and Minerals Sector Skills Plan (SSP), King III Report and code on Corporate Governance, Protocol on Corporate Governance in the Public Sector (2002), the Companies Act (Act 71 of 2008) and all the MQA policies and procedures.



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### 1.1. STRATEGIC OVERVIEW BY THE ACTING CHAIRPERSON



**Mr Mthokozisi Zondi**  
Acting Chairperson

It gives me great pleasure, on behalf of the MQA Board, to present the 1 April 2017 to 31 March 2018 Annual Report to the Honourable Minister of Higher Education and Training Ms Naledi Pandor, the Honourable Minister of Mineral Resources Mr Gwede Mantashe, our various industry stakeholders,

labour organisations, employers and employees in the mining and minerals sector (MMS).

The MQA received an unqualified audit report from the Auditor General of South Africa (AGSA) for the 2017-2018 financial year. The commitment demonstrated by the organisation and its staff towards addressing various challenges, and exercising greater care to ensure improved internal controls were instrumental in this achievement. I thank the staff members for their steadfast efforts in ensuring that the organisation received another unqualified audit report. We have put in place plans to ensure that we work towards a clean audit outcome in 2018-2019.

Concentrating on good corporate governance principles and in the pursuit of sound financial management practices, the MQA Audit and Risk Committee maintained control over identified risks and ensured there was an

improvement in internal controls during the period under review. The MQA's Risk Strategy and fraud prevention campaigns, continues to ensure sound monitoring of MQA activities.

The members of the Board conducted themselves in a professional manner in performing their duties and focusing on addressing key national and strategic issues. I extend my gratitude to the Board members for the steadfast support provided to me during my tenure as the Acting Chairperson of the MQA Board.

During the 2017-2018 financial year, internal project accountants were appointed to address the challenges of commitments. This project was concluded. The consistent, robust approach adopted to address the timeous disbursement of discretionary funds has seen a marked improvement. However, the MQA Board will continue to exercise its oversight role to ensure an improved process is in place to mitigate the risk of undisbursed funds.

The MQA as a public entity is also guided by National Treasury in terms of the PFMA (1999, as amended). 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 were sufficiently efficient and effective to mitigate potential risks to the MQA. Furthermore, the Board and supporting Committees are fully functional and support the strategic mandate of the MQA in their respective operational and technical capacities.

The Board held its strategic planning session from 10 to 11 August 2017. The focus was to prioritise good corporate governance practices and strategically position the MQA currently and beyond 2020. The MQA continues to support



its strategic objectives aligned to its legislative mandate as highlighted in this report.

The Board is satisfied that the amended objectives will continue to address the objectives of the broad-based socio-economic empowerment charter [Mining Charter], and it awaits the final decision on the revised Charter.

## Highlights

During the year under review, the Portfolio Committee on Mineral Resources paid an oversight visit to the MQA and other entities of the Department of Mineral Resources (DMR). The Committee was interested in the pivotal role played by the MQA in promoting health and safety in the mines in support of the concept of “Zero Harm”, and how this was integrated into the training courses the organisation approves and moderates. The focus of the visit also centred on the role of adult literacy in the mines, which is a key component of ensuring a literate mining work force. Moreover, improved literacy levels can improve the skill sets of mineworkers thus allowing them to earn higher wages and participate in promoting safe operations.

The MQA was also honoured during September 2017, to host visitors from the Namibia Training Authority (NTA), a vocational training and education body focusing on youth. The aim of the visit was to exchange information and benchmark the requirements of Work Integrated Learning (WIL) in Namibia, against those that are currently being implemented by SETAs.

It gives me great pleasure to announce that 82% of the targets set were achieved for the period under review. The MQA achieved 86% discretionary grant expenditure which

is a notable milestone for the MQA. I applaud the various departments for the exceptional effort made in this regard.

The return of the learners, that participated in a two-year MQA sponsored internship programme in jewellery manufacturing and design at the IL Tari Design School in Italy, was a notable highlight for the MQA. Of the 25 learners that started on the programme, 24 completed namely, 9 female and 15 male learners. Seventeen (17) of the learners are currently on a exit programme. Mineral beneficiation has become one of the major drivers in advancing the empowerment of historically disadvantaged communities in South Africa, and it is through such programmes that the MQA is committed to supporting new entrepreneurs in large and small mining industries.

The MQA entered into a three-year agreement with the JB Marks Education Trust Fund to manage and disburse bursary funds to 76 students studying mining related programmes at any tertiary institution of their choice across the country. The three-year Memorandum of Agreement (MoA) was signed at the MQA head office in Parktown on 29 November 2017.

The MQA Bursary Scheme which contributes to the skills transformation agenda was established to provide financial assistance to students from previously disadvantaged backgrounds and to increase the number of students pursuing careers in the mining and minerals sector. To date the Bursary Scheme continues to assist students by offering them the opportunity to study mining related careers at Higher Education and Training (HET) institutions.



## Transformation

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

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

## Mandatory Grants

Skills development legislation requires that all mining companies, regardless of size, submit their Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) as part of their commitment to skills development training. The mandatory deadline date for the submission of WSPs and ATRs is 30 April annually. Employers responded positively and a large number of WSPs-ATRs were submitted by the deadline. This ensures that the sector adopts a culture of continuous learning so that an informed profile of the scarce and critical skills needs within the sector is always available.

A total of 719 companies submitted their WSPs-ATRs for the period within 703 WSPs-ATRs being approved.

The MQA received R259 688 million from the mandatory levy income. A total of R183 338 million was disbursed for mandatory grant payments in the last financial year.

The MQA also invested in various projects that addressed the skills needs of the sector, and the results will inform the nature of interventions required to develop the sector.

## Discretionary Grants

The MQA Board approved a total budget of R1 156 515 million for discretionary projects, with a total spend of R1 000 344 million. These projects are established with a focus of addressing the skills gaps identified in the Sector Skills Plan, to fulfil the strategic goals of the MQA that are informed by the deliverables outlined in the National Development Skills Strategy (NSDS) III. The projects include various artisan (to support the continual need for artisan trades) and non-artisan learning programmes, the occupational health and safety skills programme, mathematics and physical science extra-curricular support, bursaries, work experience, internships as well as projects to support historically disadvantaged individuals in their career progression within the sector.

## Artisan Development, Support for Artisan Aides

Following the "Decade of the Artisan" campaign founded and led by the Department of Higher Education and Training (DHET), declared for the period 2014 to 2024, an increased number of young learners continue to pursue the artisan route to learn essential skills for gainful employment, and to contribute towards the economic growth of the country.

The MQA remains committed to the objectives of artisan development and this was demonstrated by the great response from the employers in the sector who registered their learners in artisan and non-artisan learnerships. The overwhelming number of artisan aides were supported through the Recognition of Prior Learning (RPL) process.





## **Technical Vocational Education and Training College Support**

The MQA has established partnerships with Technical Vocational Education and Training (TVET) colleges in different regions in an effort to support the goal of improved artisan skills.

During the year under review, lecturers from TVET colleges were provided with workplace exposure to enhance the learning experience of TVET learners and advance their skills in artisan and non-artisan trades. Further support was offered to learners through the TVET College mathematics and physical science intervention programme. The TVET college management was also supported with accredited leadership and management training.

## **Occupational Health and Safety**

The training of the Occupational Health and Safety representatives is one of the goals of the Mine Health and Safety Tripartite Leadership Summit agreement signed on 5 September 2008.

There were 88 fatalities in the sector in 2017 compared to 73 fatalities that took place in 2016. The MQA remains committed to the principles of 'Zero Harm' and will support the various initiatives in the sector by providing skills that will contribute to mine health and safety.

The measures that are continually taken regarding safety concerns, demonstrates the MQA's and the sector's commitment to continued improvements in the safety standards within mines.

The employers in the mining and minerals sector continued to respond positively to the call to train an increased number of OHS representatives in line with the Mine Health and Safety Act requirements.

## **Literacy Support for Continuous Learning**

Literacy support is a fundamental element of skills development training that ensures continued learning opportunities for employees in the mining and minerals sector. In the year under review, the continued engagements between the MQA and employers in the sector resulted in a positive response that led to the support for the Adult Education and Training (AET), and Foundational Learning Competency (FLC) programmes. This will ensure that all employees in the sector are afforded enough opportunities that will improve their skills levels and their growth within the mining and minerals sector.

## **Career Guidance and Support for Graduates**

Career guidance is a fundamental cornerstone in shaping the vocational choices of young maths and science learners. This underpins the MQA's commitment to support the mining and minerals sector's needs for transformation through skills development interventions that also targets the youth.

The MQA, in the year under review, supported an increased number of previously disadvantaged learners with bursaries to pursue mining related professions at universities and TVET colleges.

The MQA also undertook an extensive career guidance programme in line with the objectives of the Department of Higher Education and Training (DHET), and conducted career exhibitions that created awareness about mining related careers amongst maths and science learners. Learners studying grade 10, 11 and 12 mathematics and physical science subjects were provided with extra curricula lessons to improve their progress in these subjects, to qualify to study mining related qualifications at universities, universities of technology and TVET colleges.



The MQA funded work experience opportunities to undergraduate learners at tertiary institutions, which is vital in ensuring that learners attain their qualifications. This was demonstrated in the positive support shown by employers in the sector, who heeded the call to offer their workplaces as learning spaces to allow graduates to improve their prospects of gaining employment within the sector, and thus contributing to the reality of a transformed sector.

### **Revenue – Administration Budget**

The MQA's income continues to be stable. In the year under review, the revenue increased from R1 089 432 million in 2016-2017 to R1 118 871 million in the current financial year. The total spend on administration costs increased from R125 578 million in the 2016-2017 financial year to R131 805 million in 2017-2018. The total budget for the year was R1 529 836 million with an expenditure of R1 336 534 million resulting in an expenditure of 87% increasing by 10,5% from the previous year. This is a great achievement for the MQA.

### **Challenges**

The Honourable Minister of Mineral Resources, Mr Gwede Mantashe, publically announced in February 2018, that his main focus was to resolve the impasse of the 2017 Mining Charter, indicating that his main focus was to resolve the current challenges.

He further stated that the challenges experienced posed undue delays in the implementation for stakeholders who were willing to support equitable participation for all, in the mining and minerals sector. The MQA remains positive that all stakeholders will arrive at an amicable solution to support the finalisation of the 2017 Mining Charter in line

with the values of a skilled, developed and an economically viable sector.

The reluctance of some employers to offer their work spaces for learners in core learnership programmes remains a concern. The MQA continues to engage with key role players, to ensure that measures are in place to support ongoing skills development in the sector..

### **Appreciation**

To the Ministries of both Higher Education and Training as well as of Mineral Resources, I extend my sincere gratitude for the support and the diligent manner in which the mandate of the MQA was executed over the past year.

I would also like to extend my gratitude to the MQA Board, sub committees, the Internal and External Auditors for their support. It is indeed an honour to serve as a member of the Board together with committed Board members.

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

I also extend my gratitude, on behalf of the MQA Governing Board, to the MQA staff for the good performance and support during which the MQA's mandate was executed over the past year.

**Mthokozisi Zondi**

Acting Chairperson of the MQA Board  
31 May 2018

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



Mr Tebogo Mmotla  
Acting CEO

Honourable Minister of Higher Education and Training, Ms Naledi Pandor; Honourable Minister of Mineral Resources, Mr Gwede Mantashe; the Acting Chairperson of the MQA Board, Mr Mthokozisi Zondi; it gives me immense pleasure to present the Annual Report for the MQA for the financial year 1 April 2017 to 31 March 2018.

It remains an honour to be at the helm of an organisation that remains committed to its mandate of ensuring a skilled mining and minerals sector workforce.

In the year under review, an unqualified audit report was obtained from the AGSA. The organisation is upholding the objectives of ensuring that stringent controls are in place to guard against the loss of faith in the governance structures of the MQA. The unfailing commitment demonstrated by MQA management and staff to continue to address some of the remaining challenges was instrumental in steering the organisation towards the achievement of its goals in the financial year. I would like to thank the Higher Education and Training, as well as the Mineral Resources departments, the MQA Board and Committees for the support awarded to the MQA.

The MQA continues to uphold and execute the five strategic goals in its efforts of ensuring the credibility of the MQA in the sector.

While the global economy was slowly recovering from the grips of the 2016 recession during the financial year, South Africa was in a technical recession due to two consecutive quarters of negative growth and downgrading. This negatively impacted the sector where more employers in the sector were forced to shed jobs, resulting in a decreased demand for training. The MQA, however, continued to play its role and consulted extensively to support the training needs of the sector.

The MQA experienced tangible successes with regards to its performance, continuing on a trajectory towards achieving notable performance targets, as per the Service Level Agreement (SLA) and Annual Performance Plan (APP) between the MQA and the DHET. The MQA achieved **82%** overall on organisational performance and **86%** on total expenditure on discretionary grants. This accomplishment would not have been possible without the tutelage of the MQA Board.

Discussions have started regarding the re-licensing of SETAs beyond 2020 and the continuation of the NSDS. We are following these proceedings closely and await the decision, which will propel forward the successes of skills development training in the country.

Although some challenges and opportunities characterised the year under review, the MQA's dedication towards skills development training culminated in the achievement of targets set to benefit stakeholders in the sector.



***The following presents a summary of our most notable achievements during the 2017-2018 financial year.***

## **Research in the sector**

Research in the mining and minerals sector presents the first step in the MQA's value chain. This area informs and impacts on the delivery of quality learning programmes and other training initiatives the MQA invests in. The various data gathering instruments which include the WSPs-ATRs and the Sector Skills Plans (SSPs), offer an extensive analysis of the sector and its employees.

In the year under review, the set target of 660 WSP-ATRs received was exceeded, with a total of **719** WSPs-ATRs received and 703 being approved. The MQA's six regional offices played a crucial role during the WSP and ATR submission process by providing face-to-face support to stakeholders.

A total of **12** research projects were conducted in the sector against a set target of 9.

## **Youth and Learner Development**

Youth and learner development lies at the cornerstone of skills development initiatives developed by the MQA. It is one form of intervention that supports the consistent supply of skilled, qualified individuals that can contribute significantly towards advancing the goal of a transformed mining and minerals sector.

The MQA continues to facilitate career guidance opportunities, bursaries, work readiness programmes, and other projects centred on youth development.

During the 2017-2018 financial year, the MQA participated in a total of **67** career guidance workshops, against the target of 60. The MQA provided extra curricula support in mathematics and physical science subjects to **1 484** learners in grades 10, 11 and 12 from historically disadvantaged areas in eight of the nine provinces. The MQA also supported a total of **1 421** learners from disadvantaged backgrounds on its bursary scheme, against the set target of 1 000.

Workplace training forms the core of mining graduate qualifications. To this end, the MQA and stakeholders in the sector continue to support graduates to attain work experience to enhance their employability. A total of **510** graduate learners, against the set target of 500, were placed with host employer companies for work place experience training, with a total of **281** graduate learners completing the training.

The Workplace Coach Development Programme aims to provide capacity to coaches in the workplace to enable them to offer support to the graduates seeking workplace and experiential training. The MQA placed **53** coaches with different employers, out of the set target of 50 coaches.

In 2015, the MQA, the DHET and the National Skills Fund (NSF) collaborated on a special project to support a total of 25 young individuals on a two-year jewellery and watch-making internship programme at the IL Tari Design School in Italy. The learners returned to the country on 30 July 2017. In an endeavour to propel them towards entrepreneurship, the MQA formed partnerships with stakeholders in the jewellery industry to roll out their exit strategy. Moreover, it has always been the aim of the DHET that in 2017, when the young designers returned to South Africa, they would be assisted to start new businesses, to



accelerate the country's beneficiation process. Through a partnership with the State Diamond Trader, this objective will soon be realised.

### **Occupational Health and Safety (OHS) Skills Programme**

The policy of "Zero Harm" concerning mining fatalities was formally adopted in 2008 during the Tripartite Leadership Summit Agreement in the mining and minerals sector. The focus was on the provision of OHS training, and the availability of an adequate number of OHS representatives in the sector.

Stakeholders in the mining and minerals sector including the MQA, the Department of Mineral Resources (DMR) and organised labour organisations, continue to sustain this learning programme in an effort to reduce the prevalence of mining related fatalities and health issues related to mining activity.

The MQA exceeded its target of training representatives on the OHS Skills Programme. A total of **6 239** employees completed the training programme, against the set target of 6 200.

### **Learnerships, artisan and non-artisan development**

There was a high demand for learnerships where a total of **1 513** employed learners were enrolled on various learnership programmes against the set target of 1 500. A total of **899** employed learners successfully completed their learnership training against the set target of 800. A total of **201** learners completed their RPL training against the set target of 200.

The high demand for artisan training in the sector resulted in a total of **1 535** learners being registered on various

artisan programmes against the set target of 1 500. The target of 400 learners enrolled for artisan aides training was exceeded with **406** successfully completing their training.

There was visible support given by employers to train unemployed learners from surrounding mining communities on learnership programmes. A total of **2 280** unemployed learners against the set target of 2 400 were enrolled on learnership programmes; a total of **1 404** unemployed learners completed their training against the set target of 500.

### **Stakeholder Development, TVET Support**

The MQA aims to ensure that the sector has sufficient and skilled specialists who are able to provide the organisation with critical, relevant information to address the training needs and successes of employers in the sector. In the year under review the MQA trained a total of **28** Skills Development Facilitators (SDFs) against the set target of 20; and **111** skills development committee members, against the set target of 100. A total of **64** lecturers at TVET colleges, were offered workplace exposure training, exceeding the set target by 34 additional learners.

### **Support for Literacy in the Sector**

The MQA supports literacy programmes that promote the value of learning amongst mining and minerals sector employees without prior access to learning opportunities. During the 2017-2018 financial year, a total of **2 507** learners against the set target of 2 500 completed their AET. A total of **318** learners completed their FLC training, against the set target of 280.



## Challenges

During the period under review, the sector experienced an increased number of fatalities. This resulted in the ongoing concern that requires concerted efforts to implement more stringent occupational health and safety measures.

The discussion concerning the skills levels of TVET college lecturers and the quality of learning offered to learners has been under the spotlight. There was a marked improvement in the number of lecturers that were exposed to and supported with workplace training. This will go a long way in ensuring stronger partnerships between stakeholders in the sector and TVET colleges.

The significant improvement in the number of learners enrolled for the AET learning programme for all levels is also encouraging. The MQA would like to commend the sector for this increased interest in literacy education in general, and especially the support provided to adult learners who participate in the AET learning programme.

The overall poor performance of the MMS is still posing a challenge regarding the number of learners enrolled on artisan training programmes. The MQA will devise strategies to support employers in the sector to train employees on this crucial learning programme.

The sector responded well to the call to support and train an increased number of unemployed learners from the immediate mining communities, on learnership programmes.

The MQA has invested in surmounting these challenges through ongoing discussions with stakeholders in the mining and minerals sector.

## Appreciation

I would like to express my gratitude to the various stakeholders in the sector who contributed to the MQA's achievements during the financial year. I would like to commend the DHET, DMR, the MQA Board and standing committees, employers and labour organisations for the support shown to facilitate the vision and objectives of the MQA. I value the constant feedback provided during our various engagements, which will improve the organisation's performance and promote accelerated learning.

I would also like to extend my special gratitude to the MQA Board and Acting Chairperson, Mr Mthokozisi Zondi, who steered the organisation towards the attainment of its achievements.

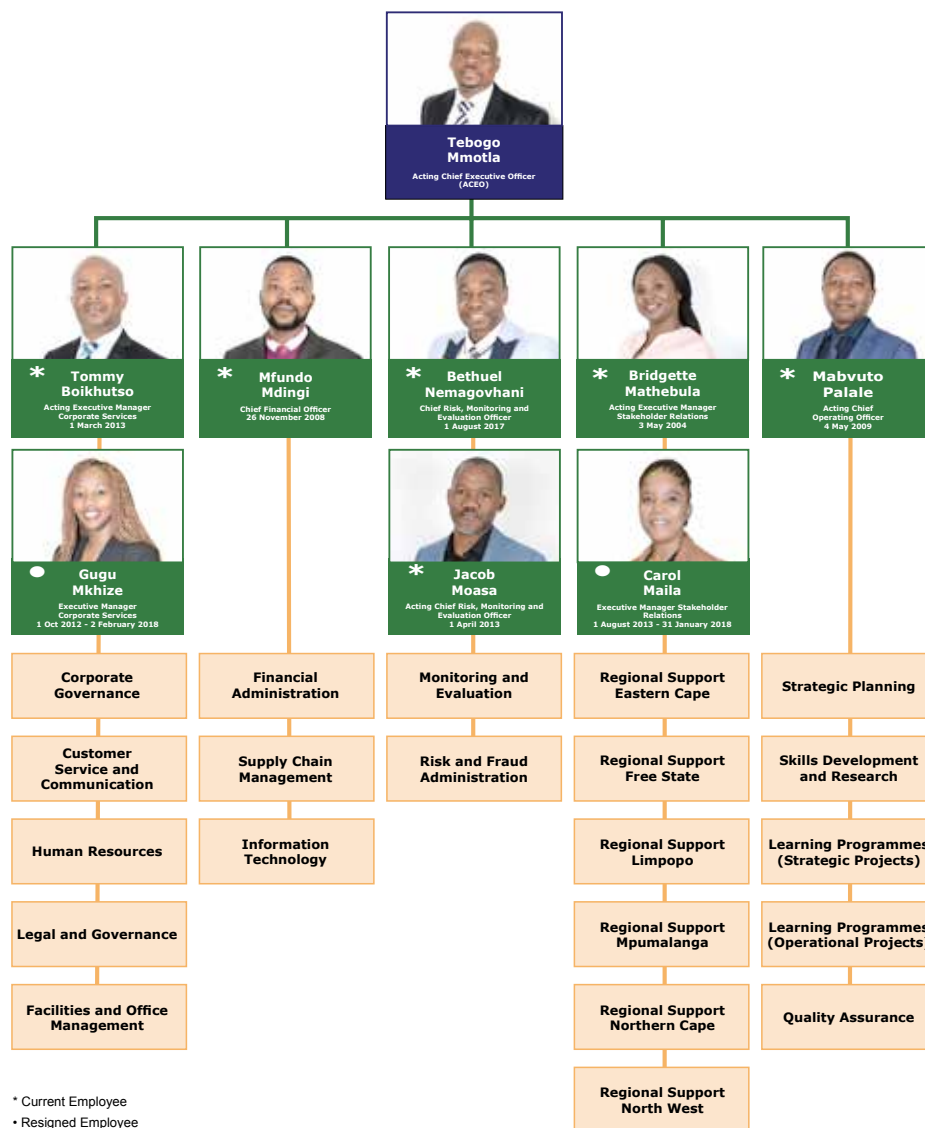
My continuous appreciation is extended to the MQA management and staff for their efforts and commitment to contribute to the goals of creating a sector that espouses the values of productivity, health and safety as well as employment equity.

**Tebogo Mmotla**

Acting Chief Executive Officer

31 May 2018

## 1.3. ORGANISATIONAL STRUCTURE





## Section 2: Corporate Governance Information



### 2.1. CORPORATE GOVERNANCE

In line with Treasury Regulation 30, a Service Level Agreement (SLA) must be concluded annually between the MQA and 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.

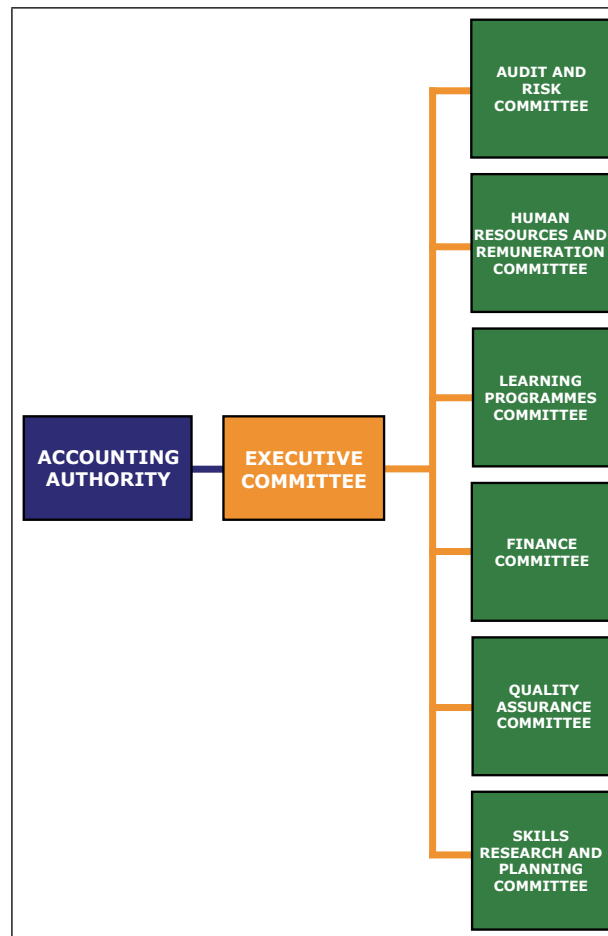
The Board provides strategic direction, leadership, determines goals, objectives of the MQA, approves key policies, financial objectives, plans, goals as well as strategies. The MQA Constitution, the Board Charter and the Terms of Reference for all standing committees are aligned to the principles incorporated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

The Corporate Services Unit provides support to the MQA management, staff and stakeholders in the execution of the MQA legislative mandate which is to facilitate skills development in terms of the SDA (1998).

The MQA is proud to be an organisation whose values are embedded in the principles of good corporate governance. This could not have been achieved without the visionary leadership of the Board, which exercises strategic leadership oversight over the MQA's legislative mandate and operational performance.

#### 2.1.1. Governance Structures

In the execution of its oversight function, the Board is assisted by six standing Committees that provide strategic support to the MQA's management as per the diagram below:





### 2.1.2. Board Strategic Planning Session

The MQA Board held its strategic planning session from 10 to 11 August 2017. The purpose of the session was to review the strategic direction of the organisation, assessing internal and external challenges, provide direction, review the Annual Performance Plan and align this with the available budget. The session also enabled the Board to deliberate on various policy initiatives aimed at improving operational efficiencies.

### 2.1.3. Executive Committee (EXCO)

The MQA Executive Committee (EXCO) meets quarterly and affords management the opportunity to report on strategic matters affecting the organisation from all Board sub-committees. EXCO recommends these reports for tabling, discussion and decision by Board.

### 2.1.4. The Accounting Authority

In terms of Section 50 and 51 of the Public Finance Management Act (PFMA) of 1999, as amended, the Accounting Authority must accept their fiduciary duties in writing.

### 2.1.5. Board Responsibilities

The Board is responsible for the strategic direction and control of the company. It also sets the values to which the company will adhere to. It further ensures that its conduct and that of its management aligns to the values and is adhered to in all aspects of its business. The Board promotes a stakeholder inclusive approach of governance.

### 2.1.6. Board Charter

The MQA Board Charter is approved by the Accounting Authority, and compliance to the Charter is ensured.

### 2.1.7. Remuneration of the Board

The remuneration of the Board is determined by the National Treasury rates. The members from the DMR are not entitled to remuneration as they are employed by a State entity. Members of the Board are also reimbursed for their travel. The rate per kilometre is determined by the South African Revenue Service (SARS).

### 2.1.8. Stakeholder Capacity Building

The MQA values its stakeholders. The entity depends on stakeholder buy-in for the success of its programmes. Providing capacity to stakeholders is critical in ensuring common understanding, stakeholder support to the MQA mandate, creating awareness of the MQA as a brand and sharing of information about the MQA business. On an annual basis, the MQA schedules engagement sessions with stakeholders to share relevant and accurate information.



**MQA Stakeholder Capacity Building**



## 2.2. BOARD AND STANDING COMMITTEES ROLES AND RESPONSIBILITIES
















| NO | NAME  | FUNCTION   | COMPOSITION   | QUORUM   | CHAIRPERSON              |
|----|---|--|---|--|--------------------------|
| 1. | <b>MQA Board</b>                              | Accounting Authority policy, strategies and resource allocations.  | Five representatives per stakeholder group present  | Two stakeholder groups present   | Chief Inspector of Mines |
| 2. | <b>Executive Committee EXCO</b>               | Board delegated tasks and management oversight.  | Chairperson of the Board, three Conveners, CEO, COO, CFO, Executive Manager Corporate Services (EMCS), Chief Risk Monitoring and Evaluation (CRMEO), Executive Manager Stakeholder Relations (EMSR) | Two stakeholder groups present   | Chief Inspector of Mines |
| 3. | <b>Audit and Risk Committee</b>               | Advises on the effectiveness of financial management systems and controls in terms of the PFMA (1999, as amended).   | Three external representatives, one representative per stakeholder group, representative from internal auditors, one representative from external auditors, CEO, COO, CFO, EMCS, CRMEO and EMSR     | Two stakeholders from different stakeholder groups and one external representative present | External representative  |
| 4. | <b>Finance Committee</b>                      | Advises on budget, financial control of projects and grant and levy grant disbursement.  | Two representatives per stakeholder group, CEO, COO, CFO, EMCS, CRMEO and EMSR  | Two stakeholder groups present   | Board member             |
| 5. | <b>Skills Planning and Research Committee</b> | Advises on development and implementation of the Sector Skills Plan, the administration of WSP-ATRs grants, unit projects and grant implementation.  | Two representatives per stakeholder group and unit management   | Two stakeholder groups present   | Board member             |
| 6. | <b>Learning Programmes Committee</b>          | Advises on learning programmes, skills programme registration, learning material development, apprentice administration, MQA-I-Share administration, unit projects and grant implementation. | Two representatives per stakeholder group   | Two stakeholder groups present   | Board member             |
| 7. | <b>Quality Assurance Committee</b>            | Advises on quality assurance, accreditation, MoUs with Sector Education and Training Authorities (SETAs), monitoring of learning provision, unit projects and grant implementation.          | Two representatives per stakeholder group   | Two stakeholder groups present   | Board member             |
| 8. | <b>HRREMCO</b>                                | Oversees the implementation of a Remuneration Framework for the MQA.   | Three external representatives, one representative per stakeholder group, CEO and EMCS  | One stakeholder and one external representative present                                    | External representative  |

**NB:** Secretarial support provided by external service provider in all structures

### Meeting frequency

|                          |           |                          |                    |
|--------------------------|-----------|--------------------------|--------------------|
| <input type="checkbox"/> | Quarterly | <input type="checkbox"/> | Every second month |
|--------------------------|-----------|--------------------------|--------------------|

## 2.3. BOARD MEMBERS

| MINISTERIAL |  <p><b>Mthokozisi Zondi</b><br/>Acting Chairperson</p>                |  |  |  |  <p><b>Nomathemba Khubeka</b><br/>Ministerial Appointee</p>              |
|-------------|--|--|--|--|---|
|             |  <p><b>Headman Mbiko</b><br/>Department of Mineral Resources</p>      |  |  |  |  <p><b>Motlatso Kobe</b><br/>Department of Mineral Resources</p>          |
| STATE       |  <p><b>Mthokozisi Zondi</b><br/>Department of Mineral Resources</p> |  |  |  |  <p><b>Patricia Gamede</b><br/>Department of Mineral Resources</p>       |
|             |  <p><b>Johan Venter</b><br/>Colliery Training Centre</p>             |  |  |  |  <p><b>Lorato Mogaki</b><br/>Anglo Platinum</p>                           |
| EMPLOYERS   |  <p><b>Mashego Mashego</b><br/>Harmony</p>                          |  |  |  |  <p><b>Sheridan Rogers</b><br/>Petra Diamonds</p>                       |
|             |  <p><b>Mustak Ally</b><br/>Chamber of Mines</p>                    |  |  |  |   |
| LABOUR      |  <p><b>Donald Shikati</b><br/>National Union of Mineworkers</p>     |  |  |  |  <p><b>Azaria Tshangase</b><br/>National Union of Mineworkers</p>       |
|             |  <p><b>Amon Teteme</b><br/>National Union of Mineworkers</p>      |  |  |  |  <p><b>Frik van Straten</b><br/>United Association of South Africa</p> |



## 2.4 BOARD MEETING ATTENDANCE

|    | MEMBERS        | ORGANISATION          | CONSTITUENCY          | MEETING DATES |              |              |              |                |                  |                  |       |
|----|----------------|-----------------------|-----------------------|---------------|--------------|--------------|--------------|----------------|------------------|------------------|-------|
|    |                |                       |                       | 31 May 2017   | 30 June 2017 | 25 July 2017 | 31 July 2017 | 29 August 2017 | 07 December 2017 | 28 February 2018 | TOTAL |
| 1  | ***M. Zondi    | DMR - Pretoria        | State                 | √             | √            | √            | √            | x              | √                | √                | 6     |
| 2  | ^N. Khubeka    | Ministerial Appointee | Ministerial Appointee | x             | x            | x            | x            | x              | x                | x                | 0     |
| 3  | A. Tshangase   | NUM – Head Office     | Labour                | √             | √            | x            | √            | √              | √                | √                | 6     |
| 4  | D. Shikati     | NUM – Head Office     | Labour                | √             | √            | √            | √            | √              | √                | √                | 7     |
| 5  | F. Van Straten | UASA                  | Labour                | x             | √            | √            | √            | √              | √                | √                | 6     |
| 6  | *A. Teteme     | NUM – Head Office     | Labour                | √             | √            | √            | √            | √              | √                | √                | 7     |
| 7  | *M. Ally       | Chamber of Mines      | Employers             | √             | x            | √            | √            | √              | √                | √                | 6     |
| 8  | **L. Mogaki    | Anglo Platinum        | Employers             | √             | x            | x            | x            | √              | x                | x                | 2     |
| 9  | **J. Venter    | CTC                   | Employers             | √             | √            | √            | x            | √              | x                | √                | 5     |
| 10 | **M. Mashego   | Harmony               | Employers             | x             | x            | x            | x            | x              | x                | x                | 0     |
| 11 | **S. Rogers    | Petra Diamonds        | Employers             | √             | √            | x            | x            | √              | x                | x                | 3     |
| 12 | **P. Gamede    | DMR                   | State                 | √             | x            | x            | √            | √              | x                | √                | 4     |
| 13 | **H. Mbiko     | DMR                   | State                 | x             | √            | x            | x            | √              | √                | x                | 3     |
| 14 | **M. Kobe      | DMR                   | State                 | √             | x            | √            | √            | x              | x                | x                | 3     |

\*\*\*Acting Chairperson

\* Convenor of stakeholder delegation

\*\* Members

^Ministerial appointees

### 3.1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION FOR THE YEAR-ENDED 31 MARCH 2018

As the Acting Chief Executive Officer of the MQA, I confirm that to the best of my knowledge and belief; all information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General.

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

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

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

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



**Mr Tebogo Mmotla**

Acting Chief Executive Officer  
31 May 2018

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

The MQA Annual Financial Statements (pages 74 to 151) and the performance information (pages 19 to 33) approved by the MQA Board for the year-ended 31 March 2018, has been examined by the external auditors to express an independent opinion and their report is presented on pages 65 to 68 of this report.

In my opinion, the Annual Report fairly reflects the operations, performance information, human resources information and the financial affairs of the MQA for the financial year-ended 31 March 2018.

Yours faithfully



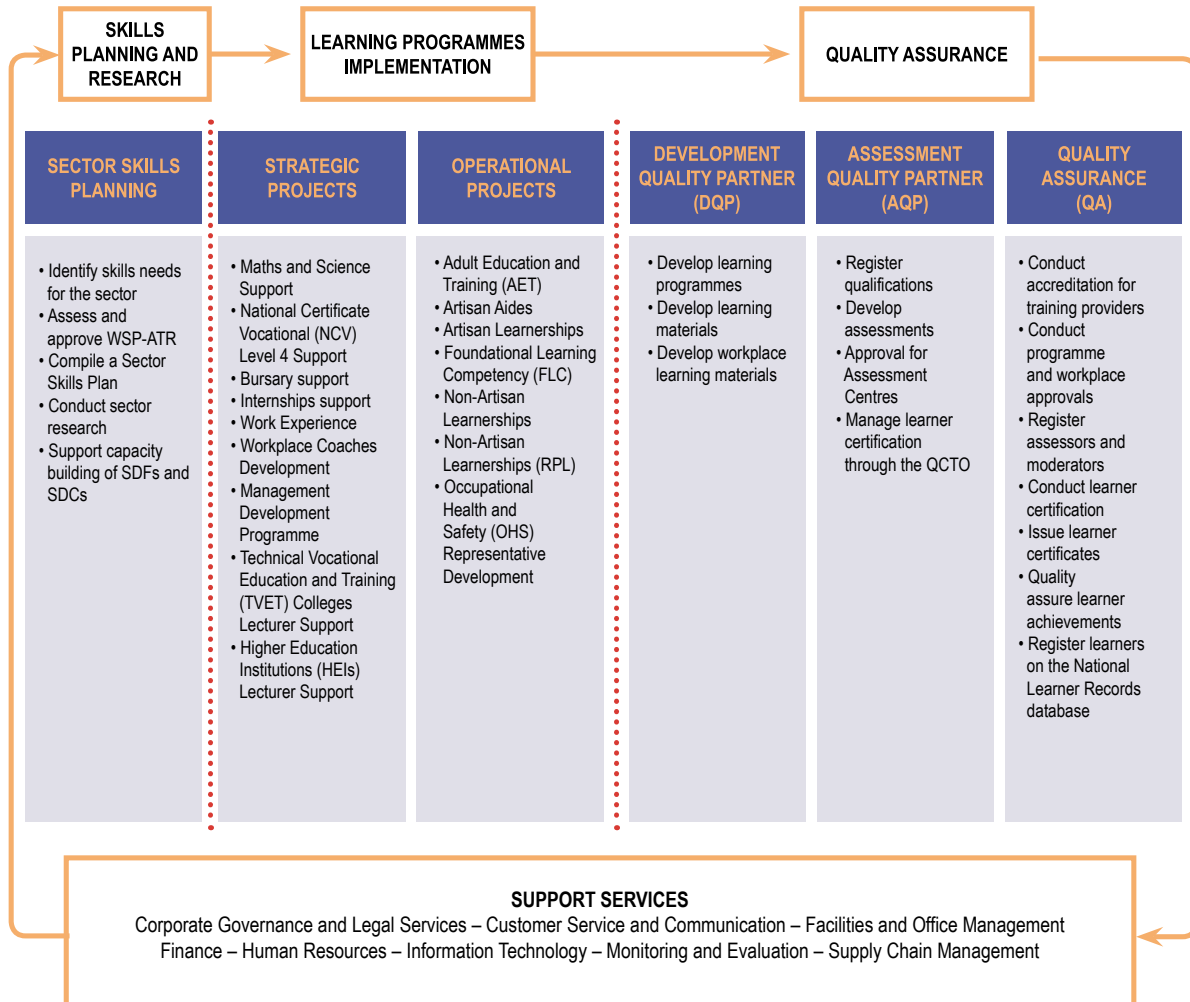
**Mr Mthokozisi Zondi**

Acting Chairperson  
31 May 2018



## 3.2. SECTOR SKILLS DEVELOPMENT VALUE CHAIN

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





### 3.3. THE MINING CHARTER DECLARATION, COMMITMENTS AND SCORECARD

#### THE MINING CHARTER DECLARATION, COMMITMENTS AND SCORECARD FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018

During the 2017-2018 financial year, the MQA implemented various projects and initiatives in support of the broad-based socio-economic empowerment charter known as the Mining Charter.

The Mining Charter sets out the following objectives:

- a) To promote equitable access to the nation's mineral resources to all the people of South Africa.
- b) To substantially and meaningfully expand opportunities for historically disadvantaged South Africans (HDSAs) to enter the mining and minerals industry and to benefit from exploration of the nation's mineral resources.
- c) To utilise and expand the existing skills base for the empowerment of HDSAs and to serve the community.
- d) To promote employment and advance the social and economic welfare of mine communities and major labour sending areas.
- e) To promote beneficiation of South Africa's mineral commodities.
- f) Promote sustainable development and growth of the mining industry.

In addition the Mining Charter has the following elements:

- a) Ownership.
- b) Procurement and enterprise development.
- c) Beneficiation.
- d) Employment equity.
- e) Human resource development.
- f) Mine community development.
- g) Housing and living conditions.
- h) Sustainable development and growth of the mining industry.
- i) Reporting (monitoring and evaluation).

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

#### **Beneficiation Support**

The MQA continued to support the training of learners in diamond processing and jewellery manufacturing disciplines, funding a total of 1 612 learners entering and 350 learners completing programmes in these disciplines in the year under review. A total of 250 of these were learners with disability. Since 2010, a total of 4 478 learners have been trained.



## Human Resource Development

The MQA facilitated 28 capacity building workshops to develop skills development facilitators (SDFs) and 111 workshops for Skills Development Committee members. Participants to these workshops are made up of old and new SDFs from within the sector as well as members from organised labour groups.

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

## Mine Community Development Support

The MQA supported various mine communities and labour sending areas, with skills development initiatives. These programmes were not restricted to mining skills but also included training in portable skills such as carpentry, bricklaying, agri-skills and road construction. A total of R80 million was disbursed for mine community support.

In addition, 60 community learners were supported with small scale mining skills in the Mpumalanga province. The MQA also offered mathematics and science extracurricular classes to **1 484** disadvantaged learners in rural schools.

Career guidance activities were conducted in rural mining communities to highlight career opportunities in the mining and minerals sector. A total of 67 career guidance events

were conducted. Some of the communities reached included: Secunda, Standerton, Ermelo, Brits, Khayelitsha, Uitenhage, Paarl, Welkom, Richmond, Rustenburg, Ekuphumleni, Merafong, Middleburg, Phosaville, Mthatha and Mankotwoa village.

## HDSA Support

The MQA continued supporting 31 HDSA lecturers at universities. Another 166 black managers were supported to complete their management development training. The MQA also funded 1 421 undergraduate bursaries in disciplines related to the mining and minerals sector. These bursaries are targeted at previously disadvantaged learners in rural communities. The MQA increased its BEE levels 1 to 4 spend to 95% of service providers and vendors providing services to the SETA.

The MQA also assisted a total of 5 HDSA training providers to obtain MQA accreditation.

A number of other projects and initiatives in the MQA strategic plan supported the Mining Charter. These include programmes and projects in artisan development, core learnerships, skills development, mathematics and science, work experience, internships, adult education and training (AET), Recognition of Prior Learning (RPL), Occupational Health and Safety (OHS) and Foundational Learning Competency (FLC). These initiatives support objectives and elements such as employment equity and human resources development.





### 3.4. ANNUAL PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018

#### Performance against Targets agreed with the DHET

##### Service Level Agreement Performance

| Number of Targets Agreed Upon | Number of Targets Not Met | Number of Targets Achieved |
|-------------------------------|---------------------------|----------------------------|
| 34                            | 5                         | 29                         |
| 100%                          | 15%                       | 85%                        |

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

| Number of Targets Agreed Upon | Number of Targets Not Met | Number of Targets Achieved |
|-------------------------------|---------------------------|----------------------------|
| 47                            | 10                        | 37                         |
| 100%                          | 21%                       | 79%                        |

##### Summary budget achievement

| Annual Budget     | Total Expenditure | Percentage Expenditure |
|-------------------|-------------------|------------------------|
| R1 156 515 000,00 | R1 000 344 000,00 | 86%                    |

#### Programme: 1

##### Skills Development Priority: One

**MQA Strategic Objective 1:** Promote efficient and effective governance and administration.

**Priority Focus:** The aim is to streamline the internal business processes, systems and procedures to meet MQA strategic objectives. This includes the alignment of standing committees with MQA Board objectives and governance to ensure compliance with all legislation.



| Ref No | Programme performance indicator  | Annual Target       | Annual Achievement | Variance Against Annual Target | Annual Achievement % | Dashboard | Comments on Deviation   |
|--------|--|---------------------|--------------------|--------------------------------|----------------------|-----------|---|
|        |  |                     | SETA Funded        |                                |                      |           |   |
| 1.1    | Clean audit outcome  | Clean audit outcome | Unqualified        | N/A                            | N/A                  |           | <b>Target not met</b><br>This was due to material adjustments to Annual Financial Statements.   |
| 1.2    | MQA organisation wide compliance report  | 1                   | 1                  | 0                              | 100%                 |           | <b>Target met</b>   |
| 1.3    | Percentage utilisation of BBBEE Level 1 -4 suppliers   | 80%                 | 95%                | 15                             | 115%                 |           | <b>Target exceeded</b><br>This was due to the SMME drive. The MQA increased preference of BBBEE level 1-4 suppliers.  |
| 1.4    | Percentage of MQA projects monitored per annum (previously number of projects)                   | 80%                 | 100%               | 20                             | 120%                 |           | <b>Target exceeded</b><br>Cost effective methods were used and the MQA monitored all projects by making use of different verification methods such as desktop and physical verification and assistance from regional resources. |
| 1.5    | One Stakeholder Satisfaction Survey completed every second year for 2014-15, 2016-17 and 2018-19 | N/A                 | N/A                | N/A                            | N/A                  | N/A       | N/A   |
| 1.6    | Annual International Literacy Day event hosted   | 1                   | 1                  | 0                              | 100%                 |           | <b>Target met</b>   |
| 1.7    | Number of Career Guidance events held per annum  | 60                  | 67                 | 7                              | 112%                 |           | <b>Target exceeded</b><br>The demand for career guidance exceeded the target set.   |
| 1.8    | Adherence to turnaround time prescribed in MQA business processes                                | 80%                 | 80%                | 0                              | 100%                 |           | <b>Target met</b>   |

## Programme: 2

### Skills Development Priority: Two

**MQA Strategic Objective 2:** Improve skills development planning and decision-making through research

**NSDS Goal:** 4.1 To establish a credible institutional mechanism for skills planning

**Priority Focus:** Interventions related to this strategic objective will contribute towards a credible institutional mechanism for skills planning through the conduit of the following initiatives: SDF and SDC capacity building, skills development research and impact analyses, support for skills audits at organisational level and contributing to the body of skills development research within the MMS sector and nationally.

| Ref No | Programme performance indicator   | Annual Target | Annual Achievement | Variance Against Annual Target | Annual Achievement % | Dashboard | Comments on Deviation  |
|--------|---|---------------|--------------------|--------------------------------|----------------------|-----------|--|
|        |   |               | SETA Funded        |                                |                      |           |  |
| 2.1    | Number of Skills Development Facilitator capacity building workshops per annum  | 20            | 28                 | 8                              | 140%                 |           | <b>Target exceeded</b><br>The sector saw a slight growth in the number of SDFs during the year.  |
| 2.2    | Number of Skills Development Committee member capacity building workshops per annum   | 100           | 111                | 11                             | 111%                 |           | <b>Target exceeded</b><br>This was due to an increase in the number of new SDC members appointed at companies that requested additional training from the MQA. |
| 2.3    | Number of Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) evaluated for small levy paying, medium and large firms to access mandatory grants per annum | 660           | 719                | 59                             | 109%                 |           | <b>Target exceeded</b><br>The sector experienced increased participation of small companies due to intensified training in the prior year.                     |



| Ref No | Programme performance indicator  | Annual Target | Annual Achievement | Variance Against Annual Target | Annual Achievement % | Dashboard | Comments on Deviation   |
|--------|--|---------------|--------------------|--------------------------------|----------------------|-----------|---|
|        |  |               | SETA Funded        |                                |                      |           |   |
| 2.4    | Number of sector research outputs completed per annum  | 9             | 12                 | 3                              | 133%                 |           | <b>Target exceeded</b><br>This was due to the current year's research agenda being augmented with research from prior years.    |
| 2.5    | Collaborate with Higher Education Institutions regarding skills development research in the mining and minerals sector | 3             | 0                  | -3                             | 0%                   |           | <b>Target not met</b><br>This was due to differences in the research focus between the MQA and Higher Institutions of Learning. |

## Programme: 3

**Skills Development Priority:** Three

**MQA Strategic Objective 3:** Promote work-based skills development to support transformation in the mining and mineral sector

**MQA Strategic Objective 4:** Facilitate access to occupationally directed learning programmes for the unemployed.

**MQA Strategic Objective 5:** Support mine community training initiatives to access economic opportunities.

**NSDS Goal:** 4.2 To Increase access to occupationally-directed programmes

**Priority Focus:** Interventions related to this strategic objective address the core learning programmes inclusive of PIVOTAL programmes needed in the mining and minerals sector.

| Ref No | Programme performance indicator                        | Annual Target | Annual Achievement | Variance Against | Annual Achievement % | Dashboard | Comments on Deviation   |
|--------|--|---------------|--------------------|------------------|----------------------|-----------|---|
|        |  |               | SETA Funded        | Annual Target    |                      |           |   |
| 3.1a   | Number of employees entering learnerships per annum    | 1 500         | 1 513              | 13               | 101%                 |           | <b>Target exceeded</b><br>This was due to a high demand on learnership training for employees during the financial year.                          |
| 3.1b   | Number of employees completing a learnership per annum | 800           | 899                | 99               | 112%                 |           | <b>Target exceeded</b><br>This was due to a number of learners from quarter 4 of the previous year completing their training in the current year. |
| 3.1c   | Number of employees completing RPL for learnerships    | 200           | 201                | 1                | 101%                 |           | <b>Target exceeded</b><br>This was due to a high number of employers with learners completing learnerships through RPL in the financial year.     |



| Ref No | Programme performance indicator   | Annual Target | Annual Achievement | Variance Against Annual Target | Annual Achievement % | Dashboard | Comments on Deviation  |
|--------|---|---------------|--------------------|--------------------------------|----------------------|-----------|--|
|        |   |               | SETA Funded        |                                |                      |           |  |
| 3.2a   | Number of HDSA MMS employees that enter a management development programme per annum  | 250           | 251                | 1                              | 100%                 |           | <b>Target exceeded</b><br>This was due to a high demand on management training for employees during the financial year.                            |
| 3.2b   | Number of HDSA MMS employees that complete a management development programme per annum                                       | 150           | 166                | 16                             | 111%                 |           | <b>Target exceeded</b><br>This was due to some learners attending a shorter Management Development Programme.                                      |
| 3.3a   | Number of employees that enter the Occupational Health and Safety Representatives' skills programme per annum                 | 6 200         | N/A                | N/A                            | N/A                  | N/A       | N/A  |
| 3.3b   | Number of employees that successfully complete the Occupational Health and Safety Representatives' skills programme per annum | 6 200         | 6 239              | 39                             | 101%                 |           | <b>Target exceeded</b><br>This was due to a higher demand for occupational health and safety training during the year.                             |
| 3.4a   | Number of HDSA MMS learners that enter a candidacy programme per annum  | 100           | 55                 | -45                            | 55%                  |           | <b>Target not met</b><br>This was due to an insufficient numbers of learners that met the requirement of the programme.                            |
| 3.4b   | Number of HDSA MMS learners that complete a candidacy programme per annum   | 100           | 101                | 1                              | 101%                 |           | <b>Target exceeded</b><br>This was due to a sufficient pipeline being created for learners who entered the programmes in previous financial years. |
| 3.5a   | Number of HDSA HET lecturers that enter into a lecturer development programme per annum                                       | 30            | 31                 | 1                              | 103%                 |           | <b>Target exceeded</b><br>This was due to a high demand for lecturer support from the institutions.  |



| Ref No | Programme performance indicator   | Annual Target | Annual Achievement | Variance Against Annual Target | Annual Achievement % | Dashboard | Comments on Deviation  |
|--------|---|---------------|--------------------|--------------------------------|----------------------|-----------|--|
|        |   |               | SETA Funded        |                                |                      |           |  |
| 3.5b   | Number of HDSA HET lecturers that complete a lecturer development programme per annum | N/A           | N/A                | N/A                            | N/A                  | N/A       | N/A  |
| 3.6    | Number of HDSA TVET lecturers placed for workplace exposure per annum                 | 30            | 64                 | 34                             | 213%                 |           | <b>Target exceeded</b><br>This was due to an increase in demand for MQA interventions in the TVET sector.  |
| 3.7a   | Number of learners that enter an artisan programme per annum                          | 1 500         | 1 535              | 35                             | 102%                 |           | <b>Target exceeded</b><br>This was due to a high demand for artisan learnership training during the financial year.                                    |
| 3.7b   | Number of learners that complete an artisan programme per annum                       | 1 800         | 1 478              | -322                           | 82%                  |           | <b>Target not met</b><br>This was due to the MQA not having a sufficient pipeline of learners from the prior years.                                    |
| 3.7c   | Number of learners that complete an artisan aides programme per annum                 | 400           | 406                | 6                              | 102%                 |           | <b>Target exceeded</b><br>This was due to a high number of employers with learners completing artisan aides learning programmes in the financial year. |
| 3.8a   | Number of learners that enter AET levels 1-4  | 4 700         | N/A                | N/A                            | N/A                  | N/A       | N/A  |
| 3.8b   | Number of learners that successfully complete AET programmes levels 1-4               | 2 500         | 2 507              | 7                              | 100%                 |           | <b>Target met</b>  |
| 3.8c   | Number of learners that successfully complete FLC programmes                          | 280           | 318                | 38                             | 114%                 |           | <b>Target exceeded</b><br>This was due to a high demand in applications for FLC programmes in the financial year.                                      |



| Ref No | Programme performance indicator  | Annual Target | Annual Achievement | Variance Against Annual Target | Annual Achievement % | Dashboard | Comments on Deviation  |
|--------|--|---------------|--------------------|--------------------------------|----------------------|-----------|--|
|        |  |               | SETA Funded        |                                |                      |           |  |
| 3.9a   | Number of unemployed learners that enter a learnership per annum                   | 2 400         | 2 280              | -120                           | 95%                  |           | <b>Target not met</b><br>This is due to companies that struggled to recruit unemployed community learners to enter learnerships on time.                   |
| 3.9b   | Numbers of unemployed learners that complete a learnership per annum               | 500           | 1 404              | 904                            | 281%                 |           | <b>Target exceeded</b><br>This was due to a number of unemployed learners from prior years completing their programmes in 2017-2018.                       |
| 3.10a  | Number of unemployed learners awarded a bursary per annum                          | 1 000         | 1 421              | 421                            | 142%                 |           | <b>Target exceeded</b><br>This was due to a new streamlined approach to the implementation of this project and an increase in the uptake of TVET learners. |
| 3.10b  | Number of unemployed learners awarded a bursary completing                         | 600           | 606                | 6                              | 101%                 |           | <b>Target exceeded</b><br>This was due to a sufficient pipeline being created by learners who entered the programmes in previous financial years.          |
| 3.11a  | Number of undergraduates that enter a work place experience programme per annum    | 600           | 605                | 5                              | 101%                 |           | <b>Target exceeded</b><br>This was due to a high demand for work experience interventions during the financial year.                                       |
| 3.11b  | Number of undergraduates that complete a work place experience programme per annum | 340           | 360                | 20                             | 106%                 |           | <b>Target exceeded</b><br>This was due to a sufficient pipeline being created by learners who entered the programmes in previous financial years.          |





| Ref No | Programme performance indicator  | Annual Target | Annual Achievement | Variance Against Annual Target | Annual Achievement % | Dashboard | Comments on Deviation   |
|--------|--|---------------|--------------------|--------------------------------|----------------------|-----------|---|
|        |  |               | SETA Funded        |                                |                      |           |   |
| 3.12a  | Number of TVET NCV graduates that enter a work placement programme per annum                       | 250           | 250                | 0                              | 100%                 |           | <b>Target met</b>   |
| 3.12b  | Number of TVET NCV graduates that complete a work placement programme per annum                    | 200           | 132                | -68                            | 66%                  |           | <b>Target not met</b><br>This was due to the lack of a pipeline of learners that entered in the prior year.                                       |
| 3.13a  | Number of graduates that enter an internship programme per annum                                   | 500           | 510                | 10                             | 102%                 |           | <b>Target exceeded</b><br>This was due to a high demand on internship programmes during the financial year.                                       |
| 3.13b  | Number of graduates that complete an internship programme per annum                                | 275           | 281                | 6                              | 102%                 |           | <b>Target exceeded</b><br>This was due to a sufficient pipeline being created by learners who entered the programmes in previous financial years. |
| 3.14a  | Number of retrenched employees that enter a training programme per annum                           | 6 000         | 0                  | -6 000                         | 0%                   |           | <b>Target not met</b><br>This was due to applications received for the retrenched project not meeting the criteria.                               |
| 3.14b  | Number of retrenched employees that complete a training programme per annum                        | 6 000         | 0                  | -6 000                         | 0%                   |           | <b>Target not met</b><br>This was due to a limited pipeline of learners that entered in the prior year.   |
| 3.15a  | Number of unemployed beneficiaries in mining communities that enter a training programme per annum | 4 000         | 4 405              | 405                            | 110%                 |           | <b>Target exceeded</b><br>This was due to a high demand of mine community projects which were approved.   |



| Ref No | Programme performance indicator   | Annual Target | Annual Achievement | Variance Against Annual Target | Annual Achievement % | Dashboard | Comments on Deviation   |
|--------|---|---------------|--------------------|--------------------------------|----------------------|-----------|---|
|        |   |               | SETA Funded        |                                |                      |           |   |
| 3.15b  | Number of unemployed beneficiaries in mining communities that complete a training programme per annum                       | 4 000         | 4 235              | 235                            | 106%                 |           | <b>Target exceeded</b><br>This was due to sufficient pipeline being created by learners who entered the programmes in previous financial years. |
| 3.16   | Number of beneficiaries trained in small-scale mining per annum   | 60            | 60                 | 0                              | 100%                 |           | <b>Target met</b>   |
| 3.17   | Number of coaches placed within workplaces to support employers with on-the-job mentoring and coaching activities per annum | 50            | 53                 | 3                              | 106%                 |           | <b>Target exceeded</b><br>This was due to a high demand of coaches during the financial year.   |
| 3.18   | Number of grade 10,11 and 12 learners that enter into the maths and science support programme                               | 1 200         | 1484               | 284                            | 124%                 |           | <b>Target exceeded</b><br>The appointed service providers were willing to support more learners at the approved budget.                         |

## Programme: 4

### Skills Development Priority: Four

**MQA Strategic Objective 6:** Ensure the delivery of quality learning programmes in the Mining and Minerals Sector.

**NSDS Goal:** 4.2 To Increase access to occupationally-directed programmes

**Priority Focus:** Interventions related to this strategic objective will ensure that the MQA delivers optimally and efficaciously through:

- Review and develop learning programmes and materials including external assessment tools;
- Quality assurance of learner achievements for certifications;
- Monitoring and evaluation of quality of the delivery and assessments and supporting the sector to develop sufficient training and development capacity, including support for HDSA training providers to attain accreditation.

| Ref No | Programme performance indicator  | Annual Target | Annual Achievement | Variance Against Annual Target | Annual Achievement % | Dashboard | Comments on Deviation  |
|--------|--|---------------|--------------------|--------------------------------|----------------------|-----------|--|
|        |  |               | SETA Funded        |                                |                      |           |  |
| 4.1    | Number of training providers quality assured including workplace approvals per annum   | 150           | 123                | -27                            | 82%                  |           | <b>Target not met</b><br>This was due to challenges experienced in securing adequate expertise to conduct quality audits.  |
| 4.2    | Review: Number of updated/amended qualifications, skills programmes, learning materials and learnerships as per sector needs | 80            | 88                 | 8                              | 110%                 |           | <b>Target exceeded</b><br>This was due to an urgent need to review learning programmes within OQSF, to be aligned with the learnership criteria as per SETA specifications during the period under review. |
| 4.3    | Number of historically disadvantaged South African training providers accredited   | 10            | 5                  | -5                             | 50%                  |           | <b>Target not met</b><br>The mining business downturn affected entry of potential HDSAs and no new applications were received during the financial year.   |



### 3.5. Skills Development and Research

The Skills Development Act 97 of 1998 mandates the MQA to develop and implement Sector Skills Plans (SSPs) within the framework of the NSDS III. The SSP is a five-year plan that gives an analysis of the mining and minerals sector and its associated skills requirements. The SSP serves to identify and map the key skills issues, trends, forecasts and legislative initiatives pertaining to skills development. Overall, the SSP underlies the identification of skills development priorities for the sector and provides the basis for strategic decision making within the MQA, thus informing the Strategic Plan and Annual Performance Plan.

The primary source for skills planning and the scarce skills list for the mining and minerals sector is the WSP and ATR. The WSP-ATRs serve as a format for the MQA to collect information annually from individual organisations and as a mechanism to release mandatory grants, provided that the MQA requirements are met.

Furthermore, the MQA undertakes analysis of the WSP-ATR submissions annually to examine trends, skills requirements and priorities for the sector. The MQA uses research to enhance objective decision making for skills development. This is in line with establishing a credible institutional mechanism for skills planning in the mining and minerals sector.

The Skills Development and Research Unit of the MQA is responsible for the activities listed below:

- Conduct research and develop a Sector Skills Plan annually.

- Provide labour market information relating to skills development in the sector.
- Identify priority skills in the mining and minerals sector.
- Manage the submission, evaluation and approval of the WSP-ATRs.
- Manage organisation (including Inter-SETA transfers) and SDF registration.
- Support and capacity building for SDFs and Skills Development Committees within the sector.
- Collaborating with higher education institutions (HEIs) regarding skills development research in the sector.

During the year under review, the MQA ensured tremendous progress was made to meet the targets as outlined in the Strategic Plan, Annual Performance Plan and the SLA with the DHET. The achievement is reflected in the APP:

- 2 145 entities registered against SETA 16 (MQA).
- 490 SDFs registered.
- 44 Standard Industry Classification Codes (SIC Codes) representing 9 sub-sectors in the mining and minerals sector.
- The DHET approved the MQA's request to add 68 occupational changes and updates on the Organising Framework for Occupations.
- The MQA received and evaluated 719 WSPs-ATRs against a target of 660.
- A total of R183,338 million mandatory grant payments were made to organisations that submitted WSP-ATRs and met the MQA criteria.



- The 2017 SSP Annual Update Report was submitted and approved by the DHET.
- 12 research projects against a target of 9 were undertaken during this period.
- 111 workshops were held to provide capacity to Skills Development Committee members.
- 28 workshops were held to provide capacity to SDFs.

## Research Agenda

Research is key to the Post-School Education and Training (PSET) system, realising the vision outlined by the White Paper for Post-School Education and Training. Research can determine the skills development priorities and trends in the sector in an effort to identify a set of sector specific objectives and goals that meet the needs, occupational shortages and skills gaps in the sector as well as to identify strategies to address these objectives and goals. It also enables practitioners to test and compare diverse theories and approaches to the provision of PSET as well as the development of leading-edge information, services and applications for the system. Most importantly, research can make available the evidence on which the SETA is able to make decisions, review policy and improve upon the system, services and practices.

Through the depth of research and engagement with stakeholders, the MQA remains well-placed to understand the national and local context of the sector, recognise the skills challenges presented and deliver solutions as enshrined in the SSP. The MQA research activities are driven by the NSDS III and informed by the MQA's Strategic Outcome-Oriented Goal 2 of the Strategic Plan and Annual Performance Plan documents. The outcome

clearly states that research is to continually inform and support objective decision making for skills development planning in the sector.

During the year under review, the MQA invested close to R3 million in a variety of research projects outlined in the MQA research agenda for 2017-2018.

The MQA SSP annual update was submitted to and approved by the DHET. This document is prepared in accordance with the NSDS III and the revised 2017 DHET Guidelines.

The purpose of the SSP is to guide and inform skills development initiatives in the sector. The SSP outlines current and future learning and qualifications needs within the mining and minerals sector to inform the development of targeted interventions that address the skills needs identified. The SSP is a critical instrument for building a connected labour market information system across all sectors, this being an important evidence base for skills development and its impact at a national level.

Through its research agenda for 2017, the MQA identified specific focus areas and topics that are of particular priority for its needs. The NSDS III requires a new approach and set of skills to identify, foster and develop strategic opportunities and partnerships, as well as to ensure specialised technical support for new initiatives that focus on quality, throughput and scale. To address this requirement, the MQA has adopted a strategic approach that seeks to put research at the centre of planning, and inform decision-making.



Below is a list of six research projects on the research agenda for the 2017-2018 financial year:

| No | Project Title  |
|----|--|
| 1. | Sector Skills Plan 2017 Annual Update  |
| 2. | WSP-ATR Analysis 2017  |
| 3. | Eight-Year WSP-ATR Submission Trends Analysis  |
| 4. | Understanding the impact of skills development support given to ex-mineworkers on their livelihood               |
| 5. | Understanding the Status of Current and Potential Contribution of Green Skills in the mining and minerals sector |
| 6. | Nine Regional Sector Skills Plan (RSSP) Updates (2017)   |

**Table 3.1. Research Projects**

## WSP-ATR Submission, Evaluation and Approval

The MQA is committed to establishing a credible mechanism for skills planning in the mining and minerals sector. During the year under review, the process of evaluating mandatory grant applications (submitted WSPs-ATRs) began in quarter 2 after the submission cut-off date in preparation for mandatory grants disbursement. There was a notable increase of 719 submissions compared to the 2016-2017 submission of 635. Mandatory grants disbursement totalled \*R183,338 million which provides evidence of the progressive commitment of the MQA to facilitate education and training in the sector.

| Deliverables                                  | Status |
|---|--------|
| WSP-ATR target as per Annual Performance Plan | 660    |
| WSP-ATR submissions                           | 719    |
| WSP-ATR approved                              | 703    |

**Table 3.2. MQA Registered Employers' versus WSP-ATR 2017 Submissions**

The table below illustrates the number of organisations registered with the MQA (SETA 16) versus WSP-ATR submissions during the 2017-2018 financial year. During the year under review, 2 145 organisations were registered with the MQA. This shows an increase of 282 additional organisations registered with the MQA compared to the previous year.

| Province           | 2017 WSP-ATR Submissions | MQA Registered Employers |
|--------------------|--------------------------|--------------------------|
| Eastern Cape       | 11                       | 44                       |
| Free State         | 18                       | 52                       |
| Gauteng            | 287                      | 1 000                    |
| KwaZulu-Natal      | 33                       | 93                       |
| Limpopo            | 50                       | 66                       |
| Mpumalanga         | 121                      | 347                      |
| North West         | 97                       | 193                      |
| Northern Cape      | 49                       | 135                      |
| Western Cape       | 53                       | 215                      |
| <b>Grand Total</b> | <b>719</b>               | <b>2 145</b>             |

**Table 3.3. MQA registered employers per province**

## Skills Development Facilitators and Committees

The MQA is committed to building a culture of service excellence to its stakeholders. SDFs and Skills Development Committees contribute to the improvement of sector skills as process engineers by ensuring that skills development takes place within their respective organisations. Therefore, building the capacity of SDFs and Skills Development Committee members remains a priority. The table on the next page reflects programmes and targets that the MQA committed itself to achieving during the period under review:

| Programme Description                                      | Target        | Achievement |
|--|---------------|-------------|
| Capacity Building for Skills Development Committee members | 100 workshops | 111         |
| Capacity Building for Skills Development Facilitators      | 20 workshops  | 28          |

**Table 3.4. Capacity Building of SDFs and Skills Development Committees.**

### Partnerships with Higher Education Institutions

The MQA, as an organisation driven by skills development, collaborated with HEIs to enhance skills development research in the sector and support historically disadvantaged post-graduate learners undertaking research within the mining and minerals sector and related study disciplines. The partnership will produce relevant research outputs that will contribute towards robust discussions on skills development related issues in the mining and minerals sector.



**Learners at a graduation ceremony**

## 3.6. Learning Programmes – Strategic Projects

The Learning Programmes: Strategic Projects Unit administered ten strategic projects whose achievements are highlighted below:

| No | Project Name                                       | Annual Targets | Quantitative Achievements | % Achievements |
|----|--|----------------|---------------------------|----------------|
| 1  | Bursaries (students supported)                     | 1 000          | 1 421                     | 142%           |
|    | Bursaries (students completed)                     | 600            | 606                       | 101%           |
| 2  | Candidacy Programme                                | 100            | 55                        | 55%            |
|    | Candidacy Programme (completed)                    | 100            | 101                       | 101%           |
| 3  | HEI Lecturer Support                               | 30             | 31                        | 101%           |
| 4  | Internship Programme                               | 500            | 510                       | 102%           |
|    | Internship Programme (completed)                   | 275            | 281                       | 103%           |
| 5  | Management Development Programme (MDP) (entered)   | 250            | 251                       | 100%           |
|    | Management Development Programme (MDP) (completed) | 150            | 166                       | 111%           |
| 6  | Mathematics and Physical Science Support           | 1 200          | 1 484                     | 124%           |
| 7  | TVET Student Placement                             | 250            | 250                       | 100%           |
|    | TVET Student Placement (completed)                 | 200            | 132                       | 66%            |
| 8  | TVET Lecturers                                     | 30             | 64                        | 110%           |
| 9  | Work Experience (entered)                          | 600            | 605                       | 101%           |
|    | Work Experience (completed)                        | 340            | 360                       | 106%           |
| 10 | Workplace Coaches                                  | 50             | 53                        | 106%           |

**Table 3.5. Learning Programmes – Strategic Projects**



## Higher Education Institutions Lecturer Support

This programme focused on assisting eight universities to achieve employment equity and transformation by supporting the development of historically disadvantaged lecturers. A total of **31** lecturers were supported in the mining, geology and mine survey departments of the participating universities.

**The following universities participated:**

| University                      | No. of Lecturers |
|---------------------------------|------------------|
| University of South Africa      | 4                |
| University of the Witwatersrand | 5                |
| University of Johannesburg      | 6                |
| University of Venda             | 2                |
| University of Fort Hare         | 2                |
| University of Pretoria          | 6                |
| University of Limpopo           | 2                |
| University of Cape Town         | 4                |
| <b>TOTAL</b>                    | <b>31</b>        |

**Table 3.6.**

## Work Experience

The MQA supports learners to obtain their university of technology qualifications by enabling them to gain the required practical work experience that is a required component of this regulated training. University learners were also assisted with vacation work placement. During the reporting year, a total number of **605** out of a set annual target of 600 learners were placed within mining companies for workplace experiential training. A total of 343 learners were placed on practical training 1 and 2 and 262 learners were placed on vocational work.

For the year under review, **360 learners** completed their work experience programme.

## Internships

The project provides structured work experience for young unemployed graduates from HEIs to complement the scarce and/or critical skills qualifications required by the mining and minerals sector. During the reporting period, **510** out of a target of 500 graduates were placed at different mining companies to gain work experience.

**281 graduates** completed their internship programmes in the 2017-2018 financial year.

## TVET College Lecturers Support Project

The focus of this project is to support public TVET college lecturers with workplace exposure within host mining companies. The aim was to train and build the capacity of the TVET college lecturers within the mining and minerals sector. Through the partnership with the TVET colleges and mining companies, the MQA supported 15 lecturers that have been placed in the workplace and 49 TVET lecturers to attain their assessor and moderator training.

## TVET NCV Level 4 Learners Support Project

The MQA supported TVET NCV Level 4 learners to obtain the artisan qualification through placing them with the host employers. The NCV curriculum includes extensive practical components, but learners often exit these programmes without the necessary practical skills. The project was a strategic intervention to equip such graduates with practical skills. Out of a target of 250 graduates entered on the programme, **250** were supported.

**132 NCV graduates** qualified as artisans in the year.





## Mathematics and Science Project

The project assisted **1 484** learners from a target of 1 200 in grades 10, 11 and 12 focusing on learners from historically disadvantaged communities. Learners were represented from eight provinces in mining related careers.

## Workplace Coach Development Project

The objective of the project is to facilitate and support skills development activities within the mining and minerals sector. The aim was to provide capacity to coaches at the workplaces so that they could in turn support the graduates seeking workplace experience.

The MQA placed **53 coaches** with different employers to coach and mentor learners on various practical learning interventions.

## Management Development Project

The aim of the project is to facilitate the development of mining and minerals sector employees in the area of supervision or management to support the transformation targets of the sector. A set annual target of 250 was exceeded, and **251** employees benefitted from this programme. A total of **166** learners completed their management development programmes during the year under review.

## Bursaries Project

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

## Bursar intake and achievements

The set annual target of **1 000** bursars that was exceeded, with **1 421** bursars from universities, universities of technology and TVET colleges benefitting.

- A total of **606** bursars completed their qualification.
- The MQA Bursary Unit has entered into MoAs with some of the HEIs, to streamline payment processes.
- Twenty six percent (26%) of the beneficiary population is enrolled for electrical engineering, followed by mechanical engineering at 14%, chemical engineering and metallurgical engineering combined at 13%, mining engineering at 10%, while geology is not far off at 6%.

## Candidacy Programme Project

The Candidacy Programme aims to support employed and unemployed graduates to obtain a relevant government certificate of competence. Once they obtain the certificate of competence, HDSAs are available for senior roles within the sector. This intervention links with the priorities of supporting transformation in the sector, as well as developing the sustainability of the sector and improving health and safety standards employed at mines.

The project was set to achieve the support of **100** candidates to obtain their Government Certificate of Competency and other certificates of competency. Only **55** candidates were supported during the year.

The MQA has completed support of **101 candidates**.



### 3.7. Learning Programmes – Operational Projects

The Learning Programmes Operations Unit is responsible for the administration of the following seven projects whose achievements are highlighted below:

The achievement against set targets for the 2017-2018 financial year is depicted in the table below:

| No | Project Name   | Target | Achievement  |
|----|--|--------|--------------|
| 1  | <b>AET: Employed and Unemployed Learners (entered)</b>   | 4 700  | <b>4 702</b> |
|    | <b>AET: Employed and Unemployed Learners (completed)</b> | 2 500  | <b>2 507</b> |
| 2  | <b>Artisan Programme (entered)</b>                       | 1 500  | <b>1 535</b> |
|    | <b>Artisan Programme (completed)</b>                     | 1 800  | <b>1 478</b> |
| 3  | <b>Artisan Aides (completed)</b>                         | 400    | <b>406</b>   |
| 4  | <b>FLC (completed)</b>                                   | 280    | <b>318</b>   |
| 5  | <b>Non-Artisans Employed (entered)</b>                   | 1 500  | <b>1 513</b> |
|    | <b>Non-Artisans Unemployed (entered)</b>                 | 2 400  | <b>2 280</b> |
|    | <b>Non-Artisans Employed (completed)</b>                 | 500    | <b>1 404</b> |
|    | <b>Non-Artisans Unemployed (completed)</b>               | 800    | <b>899</b>   |
| 6  | <b>Non-Artisan RPL supported</b>                         | 200    | <b>201</b>   |
| 7  | <b>OHS Rep Development (completed)</b>                   | 6 200  | <b>6 239</b> |

Table 3.7.

The average performance of the unit is 91%, up from a 43% attainment in the 2016-2017 financial year.

This marked improvement is attributable to:

1. **Better data management and reporting:** In the prior year, the MQA struggled to obtain training data. This has seen a marked improvement in the year under review.
2. **More realistic target setting:** During the year under review, the MQA made improvements with target setting by examining trends over the last three years.
3. **Early implementation of projects:** A call for participation of the sector during the fourth quarter was made. This enabled companies to respond early and when they faced unforeseen challenges the MQA had sufficient time to rectify the situation.

Challenges that were encountered in the implementation of the projects included:

1. Returns of allocations by numerous mining companies cited the following reasons for not being able to take up learners:
  - a. Organisational restructuring.
  - b. Unforeseen circumstances.
  - c. Recruitment challenges.

This situation was overcome by the reallocation of discretionary grants to other companies who were able to take up learners in the financial year.

In comparison with the 2016-2017 financial year, there was a marked improvement in the attainment of targets as set in the MQA Annual Performance Plan. This confirms that employers in the sector participated well in the various projects. Employers have also contributed largely to the call from the MQA to open up workplaces for learning opportunities for the youth in the country.



### 3.8. Quality Assurance (QA)

The MQA has a legal mandate to ensure quality learning and education delivery within the mining and minerals sector aligned in terms of the National Qualifications Framework Act (2008), including signed Quality Council for Trades and Occupations (QCTO) delegated functions as follows:

- 3.8.1. Review and develop learning programmes for registration of occupational qualifications and provide support through learning materials development as a Development Quality Partner (DQP) body.
- 3.8.2. Ensure development for assessment toolbanks and assessment centres criteria for designated occupational qualifications in terms of the national standard as an Assessment Quality Partner (AQP) body.
- 3.8.3. Ensure quality learning delivery through the accreditation or programme approvals of training providers, workplace approval including registration of assessors and moderators as a Quality Assurance Partner (QAP) body.
- 3.8.4. Provide support and guidance for emerging providers in particular HDSAs within the mining and minerals sector to acquire accreditation.
- 3.8.5. Ensure adherence to the National Learners' Records Database (NLRD) including certification of learners, and accredit training providers in terms of the national standard specifications.

#### Development Quality Partner (DQP) Functions

The MQA has delegations through a service level agreement with the QCTO as a Qualifications Development

Partner (QDP). This includes reviewing or developing learning programmes for registration on Occupational Qualifications Sub-Framework (OQSF) for occupational qualifications. Furthermore the MQA provides support through learning materials development and qualifications development in accordance with national standards.

This process is performed in collaboration with all relevant stakeholders.

During the period under review, substantive progress was made despite some challenges that were experienced within mining businesses due to the downturn that affected qualifications development. The following achievement can be reported during 2017-2018:

- ✓ 88 learning programmes were reviewed and were developed resulting in:
  - 11 occupational and part qualifications.
  - 71 learnerships.
  - 06 skills programmes or part qualifications.
- ✓ In addition, there are new additional skills programmes that have been developed such as the emergency care-based (first aid) skills programme which are unit standard based as per the Mine Health and Safety Act (Act 29 of 1996) specifications.
- ✓ 354 of learning materials in various learning programmes were requested by both primary and secondary training providers.

#### Assessment Quality Partner Functions

The MQA has been delegated and signed a service level agreement as an Assessment Quality Partner (AQP) with the Quality Council for Trades and Occupations (QCTO). This partnership is for specified occupational qualifications registered on the NQF that ensures the development of assessment toolbanks and assessment centres criteria for designated occupational qualifications in terms of the national standard.



During the period under review, there were **34 occupational qualifications** approved for the MQA as an AQP. A total of **13 assessment tool banks** have been concluded, whilst **two** are in progress.

## Quality Assurance (QA) Functions

The MQA ensures quality learning delivery through the accreditation or programme approvals of training providers, workplace approvals including registration of assessors and moderators as a Quality Assurance Partner (QAP) body.

In order for this function to be conducted, collaboration with all stakeholders through an appointed and delegated audit team, including subject matter experts that perform functions as QA Sub-Committees endorsed by a standing QA Committee established in terms of reference ratified by the MQA Board.

## Quality Assurance activities conducted during 2017–2018:

### a) Accreditation and programme approval audits including workplace approvals

- ✓ During this period under review, there were a total of **199** accredited training providers with at least **165** training providers that recorded learners. The other **34** training providers did not capture the accreditations of any learners, as per their granted scope and **6** training providers accreditation lapsed due to the business downturn in the mining sector.
- ✓ Further, the MQA conducted monitoring, compliance, workplace and accreditation audits of **123** training providers; at least **53** of the training providers were approved for full accreditation and were issued with accreditation certification and MQA flags as per the internal accreditation standard.

- ✓ There were at least **5** HDSA training providers that acquired accreditation through internal support and guidance including those that benefited from the discretionary grant.
- ✓ There are **28 trade** institutions within the mining sector linked to the trade test centres as approved through the standard of the National Artisan Moderation Body (NAMB).
- ✓ The MQA had **223** workplaces approved in terms of the current applicable standard in terms of the SETA's mandate.

### b) Assessor and Moderator Registration

- ✓ There were at least 610 applications received. These comprised 281 registrations that included **281** assessors and **131** moderators. A further **45** assessors were granted scope extension. Eighty eight (**88**) assessors moved from one provider to another on various MQA qualifications, skills programmes and unit standards. Assessor registrations were declined for **153** companies.

## Learner Completion and Certifications

There were **65** Historically Registered Qualifications (HRQs) with associated skills programmes for the mining and minerals sector. Only **45** qualifications were used by accredited training providers during the period under review.

## The primary deliverables include:

- Establishing and maintaining a database for the recording of learner achievements namely the National Learners' Records Database (NLRD).
- Certification of learners for skills programmes or qualifications achieved.
- Certification of accredited training providers.

## Learner achievement numbers:

| Types                                       | Achieved<br>(April 2017 to<br>March 2018) |
|---|---|
| Skills Programmes Statement of Attainments  | 24 069                                    |
| OHS Representative Statement of Attainments | 6 492                                     |
| The MQA Level 1 Qualification               | 149                                       |
| Non-Artisan Learnership Qualifications      | 3 544                                     |
| *Artisan Qualifications Completions         | 1 731                                     |
| *Trades Qualifications Certificates Issued  | 1 424                                     |

**Table 3.8. Learner achievement numbers**

**NB:** \*Artisan trades certificates are issued by the QCTO through the National Artisan Moderation Body (NAMB), while the MQA continues with trade test allocations for only 12 trades and the associated administration.

- During the financial year under review, there were **34 264** certificates issued including Statements of Attainment for skills programmes with the exclusion of requested re-issues.
- ✓ **7 250** learner certificates were also verified.
- ✓ Requests for **3 682** re-issues of learner certificates were processed.
- ✓ **54** provider accreditation certificates were issued.

## Upload for National Learners' Records Database

- The QA Unit ensures adherence and maintenance of the NLRD, including uploading of learner achievements in terms of the SAQA standard. During the period under review, the MQA achieved GREEN status in both league tables.

## Support National Initiatives for Standardised Learning

- The DHET/SETAs and business associations from private sector on priority trades progressively introduced the Centre of Specialisation (CoS) Programme aimed at producing a skilled and capable workforce to support inclusive economic growth focusing on specific priority national trades.
- The MQA allocated commitments for the requested trades towards employers within the sector.
- Two TVET colleges were identified and approved for millwright trade training with a further five TVET colleges for three different trades (electrical, boilermaker and diesel mechanic) as part of the CoS Programme.
- ✓ A collaborated national roadshow on the implementation process of the envisaged Centre of Specialisation in TVET colleges, with the support of employers from all sectors of the economy, was conducted.

## Observations regarding sectoral status:

- The economic meltdown, particularly in the mining and minerals sector has indeed had a negative impact on training providers as it threatened their core business, namely training and development.
- There is a continuous challenge with the accreditation of training providers from historically disadvantaged communities for the benefit of the mining and minerals sector.

## Section 4: Stakeholder Relations



### 4.1. Stakeholder Relations

The MQA recognises that developing and nurturing positive relationships with all stakeholders is the cornerstone of its mandate. To this effect, the MQA regional offices which are all based at public TVET colleges in six provinces were established in 2013 at the directive of the DHET to consult and support, *inter alia*, the TVET colleges among other key stakeholders. The MQA is therefore committed to mutually beneficial relationships with stakeholders that work towards health, safety and skills development in the mining and minerals sector.

#### Mine Community Projects

As part of the mobilisation activities by the regional offices, a number of proposals to train mine communities, unemployed youth, retrenched miners, women in mining and people with disabilities were received and screened by these offices. Consulting with the mine communities enables the organisation to fulfil its transformational mandate through skills development, improve its strategy going forward, as well as to anticipate and manage any skills gap issues that lead to unemployment in these communities.

The training interventions which were approved are recorded in the table below and on next page:

| No. | Project               | Beneficiaries | Field of training/ Support granted   | Province   |
|-----|-----------------------|---------------|--|------------|
| 1.  | State Diamond Trader  | 9             | Entrepreneur Development Programme   | Gauteng    |
| 2.  | Taletso TVET College  | 40            | Furniture Making Training Programme  | North West |
| 3.  | Vuselela TVET College | 100           | Plumbing, Electrical, Carpentry, Bricklaying and Plastering  | North West |
| 4.  | DMR                   | 3000          | Funding for Imbizo for Ex-mine-workers (assist all ex-mineworkers with the processing of claims and identifying social services) | Nationally |

| No. | Project                             | Beneficiaries | Field of training/ Support granted                                     | Province               |
|-----|-------------------------------------|---------------|--|------------------------|
| 5.  | Chamber of Mines                    | 4             | Internship programme   | Gauteng                |
| 6.  | State Diamond Trader                | 20            | Jewellery/Goldsmith and Watchmaker                                     | Gauteng                |
| 7.  | Wesizwe                             | 210           | Bricklaying, Welding, Painting, Plumbing, Tiling                       | North West             |
| 8.  | West Coast TVET College             | 250           | N1 and N2 bursary support including text books                         | Western Cape           |
| 9.  | Royal Bafokeng                      | 300           | Electrical, Assistant Welder, Bricklaying, Plumbing, Carpentry, Tiling | North West             |
| 10. | Goldfields                          | 500           | Agriculture, Artisan aids, Operator, Health & Safety                   | Free State             |
| 11. | Akapo Jewellers                     | 7             | Coaching and Mentoring III Tari students                               | Gauteng                |
| 12. | Pneuma Jewellers                    | 5             | Coaching and Mentoring III Tari students                               | Gauteng                |
| 13. | Skyler T                            | 5             | Coaching and Mentoring III Tari students                               | Gauteng                |
| 14. | Top Watch                           | 1             | Coaching and Mentoring III Tari students                               | Western Cape           |
| 15. | Virginia Jewellery School           | 1             | Coaching and Mentoring III Tari students                               | Free State             |
| 16. | SPI Orbit College                   | 1             | Coaching and Mentoring III Tari students                               | North West             |
| 17. | King Sabata Dalindyebo              | 2400          | Maths support programme for TVET beneficiaries                         | Eastern Cape           |
| 18. | Shutter and Shooter                 | 587           | Maths and Science  | NW, MP, WC, FS, EC, GP |
| 19. | History makers                      | 613           | Maths and Science  | LP, NC, KZN            |
| 20. | Mangosuthu University of Technology | 76            | Bursaries  | KZN                    |
| 21. | Rhodes University                   | 2             | Bursaries  | Western Cape           |
| 22. | University of Cape Town             | 7             | Bursaries  | Western Cape           |
| 23. | University of Pretoria              | 25            | Bursaries  | Gauteng                |

**Table 4.1. Regional training interventions**



## 4.2. International Literacy Day (ILD)

The MQA, in partnership with the National Union of Mineworkers (NUM), hosted the International Literacy Day (ILD) event on 12 September 2017 at the Petra Diamond Finsch Mine in the Northern Cape through the co-ordination of the Northern Cape regional office with support and sponsorship from various mines in the province.

The event is aimed at highlighting the progress and achievements of Adult Education and Training (AET) and to encourage new entrants into AET. Attendance of this year's event exceeded the targetted number of stakeholders attending. A total of 1 050 stakeholders attended resulting in a very successful event.



**Delegates at the event**

The Northern Cape province was privileged to host such a prestigious event that attracted sponsorship from Idwala Holdings, Kumba Kolomela Mine, Assmang Khumani Mine, PPC Mine and Petra Diamond Finsch Mine.

## 4.3. TVET College Support

The NSDS III makes specific reference to the need for SETAs to form partnerships with TVET colleges, and supports colleges to be training providers of choice. The DHET is in the process of creating an enabling mechanism for such partnerships to operate, and skills levy funds will be earmarked to ensure that this happens. However, the skills development sub-system must be able to rely on the ability of the college sub-system to deliver both in terms of quality and quantity.

Part of the responsibility of SETAs is that they achieve goals 4.2 and 4.3 of the NSDS III, as previously outlined in this report.

This calls for a coordinated approach to ensure that SETAs establish a platform for partnerships in order to:

- Identify relevant programmes and establish the necessary partnerships with all stakeholders (namely SETAs, TVET executives, employers, provincial governments and communities) to offer career guidance, vocational courses and bursaries for TVET learners.

**Facilitate collaboration and processes to enable the following:**

- Co-operation between colleges and the industry.
- Support for the development of assessors and moderators.
- Support learners by hosting career guidance exhibitions for scarce and critical skills required by each sector.
- Support learners by providing bursary opportunities for identified programmes.



- Establish a workplace for the provincial SETA collaboration to function from, i.e. co-ordinate activities and disseminate information regarding initiatives and projects in the province.
- Develop lecturer capacity (linking to a skills programme/qualification) to deliver programmes necessary for the economy of the various provinces.
- Establish strategic partnerships for delivery inclusive of local government and the business sector.
- Develop articulated professional qualification pathways between TVET colleges and universities in the provinces.
- Ensure existing facilities and infrastructure are well-utilised, and that they are of a standard that ensures that projects are implemented effectively.
- Include rural communities in planning and delivery.
- Conduct monitoring and evaluation activities to determine the impact of projects and the collaboration agreement within the provinces.
- Accelerate the accreditation/programme approval of the TVET colleges to be the preferred sites for skills development in provinces.
- Implement programmes to strengthen the college management and administration.

The MQA's regional offices were tasked with the responsibility of developing a report detailing the gaps that had been identified within the TVET colleges in all the MQA's regions.

As a result of the report, these offices have proposed a needs-based approach, informed by needs analysis studies they will conduct with each TVET college the MQA

will partner with. Furthermore, the Regional Managers approached the employers in their regions to establish partnerships with the TVET colleges, in areas that require on-the-job, work or practical experience.

To this end, the strategy that was followed was based on the following skills development interventions, which are also enshrined in the NSDS III, depending on the needs of the TVET college engaged:

- Bursaries;
- Governance workshops for council members;
- Mathematics and Science tutors;
- NCV placement;
- Assessor and moderator training;
- Lecturer placement and replacement;
- Adoption of Strategic Infrastructure Plans projects below a certain threshold (less than R50,000.00);
- Assistance with accreditation and programme approval of TVET colleges;
- TVET college open day funding;
- Workshops for RPL facilitators.

#### **4.4. Inter-SETA Forums and Provincial Skills Development Forums (PSDF)**

The MQA's Mpumalanga regional office is the lead SETA in Mpumalanga and therefore is responsible for convening the Inter-SETA Forum meetings in the province. The Inter-SETA Forum is both the Technical Working Group and the





Task Team Group of the Mpumalanga Human Resource Development (HRD) Council. The MQA regional office collates quarterly reports from all participant SETAs for submission to the Premier's Office through the HRD Council. Other MQA regional offices also participate in Inter-SETA forums in their own provinces, representing the discourse of the mining and minerals sector.

Regional offices participate in Provincial Skills Development Forums (PSDFs) in their respective provinces, including those without presence of regional offices. Membership of the PSDFs comprise organised business, labour, social partners, government departments, SETAs, private training providers, institutions of higher learning, TVET colleges and municipalities.

Each province establishes a PSDF which is governed by a legal framework and seeks to achieve the following goals in the province:

- Skills development;
- Job creation;
- Poverty alleviation;
- Reducing societal inequalities;
- Addressing service delivery challenges.

#### **Legal Framework:**

PSDFs are guided by the following legal frameworks:

- The provincial HRD Strategy;
- The provincial Economic Growth Development Plan;
- The NSDSIII;
- The National Growth Path (NGP);
- The National Human Resource Development Strategy (NHRDS).

## **4.5. Other Projects**

### **4.5.1 Contingent Liabilities**

As part of the turnaround strategy which the MQA had embarked upon, the regional offices were tasked with clearing contingent liabilities in their respective provinces. The total value of these contingent liabilities was in excess of **R 20 million**, which the regional offices worked hard to clear by the end of March 2018.

### **4.5.2 Stakeholder Engagement Sessions**

Below is a summary of the stakeholder engagement sessions held in the provinces during the period under review through the efforts of the regional offices:

- The annual Stakeholder Engagement Forum meetings were held in all provinces between **February and March 2018**.
- The WSP-ATR workshops which target all companies' SDFs and are aimed at imparting the latest information on the submission of WSPs-ATRs were held between **January and February 2018**.
- The Regional Sector Skills Plan (RSSP) focus groups were held the between **August 2017 and February 2018** in various provinces with identified stakeholders such as the DMR, the national department of Cooperative Governance and Traditional Affairs (COGTA), Premiers' Offices, Department of Economic Development, TVET colleges, employer training experts and many other important stakeholders.



- SDC Capacity Building Workshops were carried out with stakeholders in all provinces. The SDC Capacity Building Workshops are attended by SDFs (primary and secondary), HRD staff and representatives from organised labour and non-organised labour, as well as by senior management. During this reporting period, a total of **71 SDC workshops** were conducted in the regions, exceeding the target that was set for the year. This excludes the **40 SDC workshops** that were conducted in Gauteng.
- Through the work of the regional offices, SDC workshops with the regional NUM leaders were arranged and conducted in all provinces between February and March 2018.
- The Mpumalanga regional office participated in the planning and hosting of the DMR's Ex-Miners' Imbizo where over 2 000 ex-miners attended. The MQA sponsored the event which was held on **21 April 2017**. The regional office also supported the provincial Women in Mining event through a sponsorship during Womens' Month on **3 August 2017**.

#### 4.5.3 Bursary Allocations and Outcomes

A total of 1 328 new bursary applications were screened and processed by the regional offices for the 2018 academic year. Over 1 000 bursaries were approved across six provinces.

The table below provides an overview of application trends:

| Drop-off Point<br>(Hand-Delivered/ By Mail) | Total        | Percentage  |
|---|--------------|-------------|
| Head Office                                 | 1 582        | 41.0%       |
| MQA Regional Offices                        | 1 328        | 34.5%       |
| Institution                                 | 944          | 24.5%       |
| <b>Total</b>                                | <b>3 854</b> | <b>100%</b> |

Table 4.2.

#### 4.5.4 Career Exhibitions

The regional offices participated in career exhibitions in their respective provinces targeting high school learners and teachers. Valuable career related information about the mining and minerals sector was imparted to the learners.

#### 4.5.5 Query Management

Below is a summary of recorded queries in regional offices, as well as the 2017-2018 WSP- ATR queries from stakeholders in various regions:

| Stakeholder                          | Type of Engagements   | MQA Interventions                           |
|--------------------------------------|---|---|
| <b>TVET college and HET students</b> | <ul style="list-style-type: none"> <li>• Bursary enquiries</li> <li>• Placement enquiries</li> <li>• Employment opportunities</li> </ul>  | Provide information and resolve queries     |
| <b>Employers/ companies</b>          | <ul style="list-style-type: none"> <li>• WSP-ATR queries</li> <li>• Inter-SETA transfers</li> <li>• SDC workshops</li> <li>• Discretionary grant projects and payments</li> <li>• Mandatory grant payments</li> <li>• SDF assessor/moderator registrations</li> </ul> | Provide information and host workshops      |
| <b>Training providers</b>            | <ul style="list-style-type: none"> <li>• Accreditation and training opportunities</li> </ul>  | Provide information                         |
| <b>Organised labour</b>              | <ul style="list-style-type: none"> <li>• WSP-ATR queries</li> <li>• Discretionary grant projects</li> </ul>   | Information and updates                     |
| <b>Government departments</b>        | <ul style="list-style-type: none"> <li>• Discretionary grant projects and payments</li> </ul>   | Provide information and promote engagements |

Table 4.3.

### 5. Corporate Services

The Corporate Services Department plays a key role in supporting the functions of the MQA for optimal performance. These include support services such as human resources, legal, governance, facilities and office management, customer service, communication, as well as corporate governance through providing support to the governing structures of the organisation. Corporate Services provides support to the MQA Board, management, employees and stakeholders in their interactions with the MQA and ensures engagement with stakeholders for the MQA to execute its legislative mandate.

The support functions within Corporate Services include:

#### 5.1. Human Resources

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

Below is a list of deliverables for the financial year 2017-2018:

**Table 5.1. HR Planned Objectives**

| DELIVERABLES | MQA Performance Optimisation   |
|--------------|--|
| PLANNED      | Organisational efficiency project  |
| STATUS       | <p>An organisational efficiency project was initiated to solicit performance hindrances and resource utilisations with a view to optimise performance both at head office and regional level.</p> <p>An independent service provider was appointed to conduct this analysis making use of information from the previous five year's performance cycles.</p> <p>Phase I was finalised and continued to phase II. This resulted in proceeding to 2018-2019 focusing on the structure and value chain of the MQA.</p> |

| DELIVERABLES | Human Resource Policies and Procedures   |
|--------------|--|
| PLANNED      | Policy amendment and alignment to legislation  |
| STATUS       | A total of 7 policies were reviewed and approved. These include the Travel and Subsistence Policy; Succession and Promotion Policy; Performance Management Policy; Overtime Policy; Code of Conduct Policy; Leave Policy; and the Internship Policy. |
| DELIVERABLES | Staff Recruitment  |
| PLANNED      | Implementation of the Recruitment Plan   |
| STATUS       | A total of 21 positions were vacant during the period and 20 were filled representing 95%. New positions have been approved up until 2018. Eight intern positions were filled during the year.   |



|                     |  |
|---------------------|--|
| <b>DELIVERABLES</b> | <b>Training and Development</b>  |
| <b>PLANNED</b>      | Implementation of the Training Plan  |
| <b>STATUS</b>       | <p>Staff development is critical to ensure continuous learning and development of employees.</p> <p>The prioritised training included, project management, principles of learning and development, SharePoint user training, Association of Certified Fraud Examiners, professional communication and office management, compliance management and governance, OHS, research, CaseWare, Open Group Architect Framework (GAF), internal auditing, shop steward training, employment equity and records management.</p> <p>A total of R 503 454.76 was spent on courses linked to the turnaround strategy and an additional R167 420.15 was spent towards study loans for employees.</p> <p>On-the-job training was prioritised to address departmental gaps identified through audit reports hence the reduced amount spent towards training in the 2017-2018 financial year.</p> |
| <b>STATUS</b>       | <b>Change Management Workshops</b>   |
| <b>DELIVERABLES</b> | Procurement and implementation   |
| <b>PLANNED</b>      | <p>In order to improve communication and to address staff concerns, engagement sessions were held with senior and middle managers. The MQA's overall performance and interventions were discussed to improve performance.</p> <p>Engagement sessions were also held with all staff to discuss critical policy related issues to ensure uniform understanding.</p>  |

|                     |  |
|---------------------|--|
| <b>PLANNED</b>      | <p>The MQA signed a recognition agreement with National Health, Education and Allied Workers Union(NEHAWU). This platform enhanced communication between management and staff.</p> <p>Lastly, change management was linked with the organisational efficiency project which will further focus on job matching, skills analysis and staff motivation to create a united and strong leadership team within the MQA.</p>   |
| <b>STATUS</b>       | <b>Employee Wellbeing</b>  |
| <b>DELIVERABLES</b> | Procurement and implementation   |
| <b>PLANNED</b>      | <p>In order to ensure staff wellbeing and provide the necessary support, the MQA sourced a comprehensive Employee Wellness Programme that provides the necessary guidance and assists employees to manage the challenges they are faced with both in their personal and work life.</p> <p>The new service provider, called ICAS, was sourced at the end of the financial year following the lapsing of the contract with Kaelo, the former service provider, in December 2017.</p> |

### 5.1.1. Personnel Cost by Salary Band (includes temporary staff)

| Level                  | Personnel Expenditure<br>(R'000) | % of Personnel Exp. to<br>Total Personnel Cost<br>(R'000) | No. of Employees | Average Personnel<br>Cost per Employee<br>(R'000) |
|------------------------|----------------------------------|---|------------------|---|
| Top Management         | 9 353 781.27                     | 12.66%  | 5                | 1 870 756.25                                      |
| Senior Management      | 24 182 491.00                    | 32.72%  | 21               | 1 151 547.19                                      |
| Professional Qualified | 19 636 442.64                    | 26.57%  | 32               | 613 638.83  |
| Skilled                | 19 653 491.20                    | 26.59%  | 75               | 262 046.54  |
| Semi-skilled           | 697 725.87                       | 0.94%   | 2                | 348 862.93  |
| Unskilled              | 381 916.59                       | 0.52%   | 2                | 190 958.29  |
| <b>TOTAL</b>           | <b>73 905 848.57</b>             | <b>100%</b>   | <b>137</b>       | <b>539,458.75</b>                                 |

### 5.1.2. Performance Rewards

| Programme/Activity/<br>Objective | Performance Rewards | Personnel Expenditure<br>(R'000) | % of Performance Rewards<br>to Total Personnel Cost<br>(R'000) |
|----------------------------------|---------------------|----------------------------------|--|
| Top Management                   | 3                   | 0                                | 0.00%  |
| Senior Management                | 18                  | 2 270 045.69                     | 18.37%   |
| Professional Qualified           | 23                  | 2 230 297.90                     | 23.47%   |
| Skilled                          | 50                  | 2 064 399.77                     | 51.02%   |
| Semi-skilled                     | 2                   | 89 175.17                        | 2.04%  |
| Unskilled                        | 2                   | 72 379.55                        | 2.04%  |
| <b>TOTAL</b>                     | <b>98</b>           | <b>6 726 298.10</b>              | <b>96.94%</b>  |

### 5.1.3. Training Costs

| Programme/Activity/<br>Objective | Personnel<br>Expenditure<br>(R'000) | Training<br>Expenditure<br>(R'000) | Training<br>Expenditure as a<br>% of Personnel<br>Cost | No. of Employees<br>Trained | Average Training<br>Cost per<br>Employee |
|----------------------------------|-------------------------------------|------------------------------------|--|-----------------------------|--|
| Training and Development         | 73,905,848.57                       | 503,454.76                         | 0.68%  | 56                          | 8,990.26                                 |
| Study Loans                      | 73,905,848.57                       | 167,743.55                         | 0.23%  | 12                          | 13,978.63                                |
| <b>TOTAL</b>                     | <b>147,811,697.14</b>               | <b>671,198.31</b>                  | <b>0.91%</b>   | <b>68</b>                   | <b>22,968.89</b>                         |



#### 5.1.4. Employment and vacancies

| Programme/<br>Activity/Objective | No. of Employees | Approved Posts | No. of Employees | Vacancies | % of Vacancies |
|----------------------------------|------------------|----------------|------------------|-----------|----------------|
| Top Management                   | 3                | 6              | 3                | 3         | 50%            |
| Senior Management                | 17               | 19             | 17               | 2         | 10.53%         |
| Professional Qualified           | 29               | 32             | 29               | 3         | 9.38%          |
| Skilled                          | 67               | 69             | 67               | 2         | 2.9%           |
| Semi-skilled                     | 2                | 2              | 2                | 0         | 0%             |
| Unskilled                        | 2                | 3              | 2                | 1         | 33.33%         |
| <b>TOTAL</b>                     | <b>120</b>       | <b>131</b>     | <b>120</b>       | <b>11</b> | <b>8.40%</b>   |

#### 5.1.5. Employment changes

| Salary Band            | Employment at<br>beginning of period | Appointments | Terminations | Employment at end of<br>the period |
|------------------------|--------------------------------------|--------------|--------------|------------------------------------|
| Top Management         | 4                                    | 1            | 2            | 3                                  |
| Senior Management      | 17                                   | 3            | 3            | 17                                 |
| Professional Qualified | 29                                   | 3            | 3            | 29                                 |
| Skilled                | 56                                   | 13           | 2            | 67                                 |
| Semi-skilled           | 2                                    | 0            | 0            | 2                                  |
| Unskilled              | 2                                    | 0            | 0            | 2                                  |
| <b>Total</b>           | <b>110</b>                           | <b>20</b>    | <b>10</b>    | <b>120</b>                         |

#### 5.1.6. Reasons for Staff Leaving

| Reason             | Number    | % of Total No. of Staff Leaving |
|--------------------|-----------|---------------------------------|
| Death              | 1         | 10%                             |
| Resignation        | 8         | 80%                             |
| Dismissal          | 1         | 10%                             |
| Retirement         | 0         | 0.00%                           |
| Ill health         | 0         | 0.00%                           |
| Expiry of contract | 0         | 0.00%                           |
| Other              | 0         | 0.00%                           |
| <b>Total</b>       | <b>10</b> | <b>100%</b>                     |

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

| Nature of disciplinary Action | Number |
|-------------------------------|--------|
| Verbal Warning                | 0      |
| Written Warning               | 0      |
| Final Written warning         | 0      |
| Dismissal                     | 1      |



### 5.1.8. Equity Target and Employment Equity Status

| Levels                 | MALE      |           |          |          |          |          |          |          |
|------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|
|                        | African   |           | Coloured |          | Indian   |          | White    |          |
|                        | Current   | Target    | Current  | Target   | Current  | Target   | Current  | Target   |
| Top Management         | 3         | 4         | 0        | 0        | 0        | 0        | 0        | 0        |
| Senior Management      | 10        | 10        | 0        | 0        | 0        | 0        | 0        | 0        |
| Professional Qualified | 8         | 10        | 1        | 1        | 1        | 1        | 0        | 0        |
| Skilled                | 21        | 26        | 2        | 2        | 2        | 2        | 0        | 0        |
| Semi-skilled           | 2         | 2         | 0        | 0        | 0        | 0        | 0        | 0        |
| Unskilled              | 0         | 1         | 0        | 0        | 0        | 0        | 0        | 0        |
| <b>TOTAL</b>           | <b>44</b> | <b>53</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>0</b> | <b>0</b> |

| Levels                 | FEMALE    |           |          |          |          |          |          |          |
|------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|
|                        | AFRICAN   |           | COLOURED |          | INDIAN   |          | WHITE    |          |
|                        | Current   | Target    | Current  | Target   | Current  | Target   | Current  | Target   |
| Top Management         | 0         | 2         | 0        | 0        | 0        | 0        | 0        | 0        |
| Senior Management      | 4         | 5         | 2        | 2        | 1        | 1        | 0        | 1        |
| Professional qualified | 16        | 16        | 0        | 0        | 1        | 1        | 2        | 2        |
| Skilled                | 41        | 41        | 1        | 1        | 0        | 0        | 0        | 0        |
| Semi-skilled           | 0         | 0         | 0        | 0        | 0        | 0        | 0        | 0        |
| Unskilled              | 2         | 5         | 0        | 0        | 0        | 0        | 0        | 0        |
| <b>TOTAL</b>           | <b>63</b> | <b>69</b> | <b>3</b> | <b>3</b> | <b>2</b> | <b>2</b> | <b>2</b> | <b>3</b> |

| Levels                 | Disabled Staff |          |          |          |
|------------------------|----------------|----------|----------|----------|
|                        | Male           |          | Female   |          |
|                        | Current        | Target   | Current  | Target   |
| Top Management         | 0              | 0        | 0        | 0        |
| Senior Management      | 0              | 0        | 0        | 0        |
| Professional Qualified | 1              | 1        | 0        | 0        |
| Skilled                | 0              | 1        | 1        | 2        |
| Semi-skilled           | 0              | 1        | 0        | 1        |
| Unskilled              | 0              | 0        | 0        | 0        |
| <b>TOTAL</b>           | <b>1</b>       | <b>3</b> | <b>1</b> | <b>3</b> |



## 5.2. Legal and Governance

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

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

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

On a quarterly basis, the Unit produces the Contingent Liabilities Report which is tabled at the Audit and Risk Committee.

### 5.2.1. Contract Management

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


As part of contract management, the Unit reviewed all the templates of agreements that the MQA has in place. The Unit has engaged in a process of reviewing its whole agreement management system in line with best public entity practice. It distributes a report to all units on their agreements in order to track the progress and contract cycle of these. The Unit engages each of the MQA units on a monthly basis on their agreements.

The number of agreements of each unit and values thereof are represented in the table below:

| UNIT                               | NUMBER     | VALUE                 |
|------------------------------------|------------|-----------------------|
| Skills Development and Research    | 7          | 36 089 104.88         |
| Learning Programmes: Strategic     | 11         | 16 664 514.00         |
| Quality Assurance                  | 13         | 105 036.50            |
| Stakeholder Relations              | 45         | 228 996 914.00        |
| IT Unit                            | 14         | 6 023 725.60          |
| Strategic Planning                 | 3          | 1 824 339.87          |
| Finance and SCM                    | 1          | 2 157 734.00          |
| Monitoring and Evaluation          | 3          | 34 200.00             |
| Corporate Services                 | 2          | 430 350.00            |
| Legal Unit                         | 9          | 2 978 942.97          |
| Office Management                  | 6          | 8 344 285.86          |
| Customer Service and Communication | 7          | 106 307.21            |
| Human Resources                    | 4          | 1 151 663.78          |
| <b>TOTAL</b>                       | <b>125</b> | <b>304 907 118,70</b> |

**Table 5.2. Agreements per unit**





The unit drafts Memorandum of Understanding (MoUs) on behalf of the MQA. These MoUs are generally agreements which do not entail financial obligations for the MQA and the party to the agreement, and are sometimes used as the first step in signing an agreement. The use of MoUs is useful for forming and formalising relationships with stakeholders.

### **5.2.2. Legal Services**

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

The Unit also provides, together with its appointed panel of attorneys, litigation support to the MQA. In the year under review various court cases, arbitration matters and internal disciplinary proceedings were undertaken.

### **5.2.3. Personnel Development and Management**

The unit has two personnel currently, which are the Legal and Governance Manager and the Legal and Governance intern. The Unit is committed to ensuring that its personnel are up to date with the most relevant laws through rigorous and continuous professional development using research and development.

## **5.3. Customer Service and Communication**

The Customer Service and Communication Unit is a strategic role whose mandate is derived from the MQAs Strategic Plan and the five-year Board approved Communication Strategy. The activities of the unit are guided by the annual operational plan and budget. The Communication Strategy and the annual Operational Plan are aligned to the MQA's vision, mission, values, strategic objectives and legislative mandate in terms of the activities implemented. The five-year Communication Strategy is the blue-print for a planned and structured customer service and communication approach.

The Unit continues to uphold good governance practises. It ensures that the reputation of the MQA is managed and that the MQA brand is positioned effectively in the minds of its stakeholders. It also seeks to ensure informed stakeholders, effective, accurate and reliable communication messages are disseminated between the organisation and its stakeholders.

The Unit continued to develop and implement a range of marketing and communication interventions with the aim of safeguarding the MQA brand and reputation. These interventions entail the circulation of organisation specific strategic messages to identified key target audiences. The feedback received from the stakeholders contributed in bridging the communication gap between the organisation and its stakeholders, improved performance and service delivery.



### 5.3.1. Promotion of the MQA

In support of the overall MQA core operations activities, the Customer Service and Communication Unit used various channels and tools intended to disseminate strategic MQA information to its stakeholders. Three social media platforms were introduced to increase the existing communication platforms that include print, electronic and face-to-face platforms. These social media platforms are Facebook, Twitter and Instagram. Print media included the company brochures, a range of targeted communiqués, the quarterly stakeholder newsletter, annual report, a career brochure and a range of promotional material, including banners. This was further supported by newspaper and magazine articles and advertisements published in the media. Electronic media included company and career guidance DVDs, the website and electronic communication such as the intranet and email.

A number of face-to-face stakeholder events were hosted throughout the financial year. These included the stakeholder engagement forums, information sessions, exhibitions, career guidance events, conferences and workshops. The 2016-2017 Annual Report was compiled timeously in compliance with the Auditor-General requirements and was tabled by the ACEO at the Annual Consultative Conference held on 3 November 2017 at the Parktonian Hotel in Johannesburg. The annual report was later tabled in Parliament by the Minister of Higher Education and Training.

The demand for the MQA career brochure and DVD increased as a result of the accelerated distribution of the material at various career expos around the country. The MQA mining and minerals career guidance booklet and DVD, continues to be valuable material used by high

school learners across the country. The booklet provides information on various career options available in the sector and encourages learners to pursue mining and technical careers. A number of planned and unplanned career guidance events were held throughout the year. These encourage high school learners and, those unemployed to pursue mining related careers.

### 5.3.2. Media and Advertising

As part of promoting the MQA, learner successes were published in a number of articles. Discretionary grant advertisements were also placed in various national newspapers and the Government Gazette to encourage employers to train learners on various available learning programmes. The newspapers and magazines where the MQA promoted its services as well as advert placements included, among others, the *Sunday Times*; *The Star Workplace*; *Polokwane Observer*; *Daily Dispatch*; *Witbank News*, *Dumelang News*; *Kathu Gazette*; *Platinum Weekly Post Matric*; *Millennium Media*; *Picasso Headlines*; *Careers Unlimited for Learners*; *CSI Sowetan Supplement*; *SA Mining*; *SA Jewellery News*. These publications assist the MQA to enhance its communication efforts. The Customer Service and Communication Unit continued, during the year under review, with its key aim of keeping the MQA stakeholders, including the public at large informed about pertinent skills development interventions in the sector.

### 5.3.3. Career Guidance

The Customer Service and Communication Unit provided a total of 13 894 high school learners with mining and minerals career guidance related information.

A total of 67 career guidance events from a target of 60 were achieved in partnership with regional offices.



Learners attending a career guidance event

### 5.3.4. Corporate Events

#### Annual Consultative Conference

The 2017 Annual Consultative Conference (ACC) was hosted at the Parktonian Hotel in Braamfontein on 3 November 2017. The ACC is hosted annually in accordance with the annual planning cycle of the MQA. Stakeholders from the mining and minerals sector attended the event. The Deputy Minister of the DMR, Mr Godfrey Oliphant, delivered the key note address. The theme for the event was ***“Turning the tide towards superior skills in mining.”***

#### My World

As per the Customer Service and Communication Operational Plan, the Unit hosted a successful *My World* event on 30 November 2017. The aim of the event was to create a platform for staff members to engage and share information about the functions and roles of the different units within the organisation.

A quiz format was used for the 2017 event, providing an exciting platform for staff members to learn about the various business units roles and responsibilities. Participation by the executive managers increased the credibility of the event and this contributed to the overall success of the event.

#### Mining Indaba

The MQA was one of the DMR’s State-Owned Entities (SOEs) that participated at the annual Investing in Africa Mining Indaba. This is one of the world’s prominent mining investment conferences that is hosted annually where mining stakeholders from around the world gather to discuss the development of mining in Africa. The conference took place from 5 to 9 February 2018 at the Cape Town International Convention Centre. The MQA used this prestigious platform to promote skills development in the mining sector.

Investors and mining experts from all around the world meet with the aim of discussing or gaining possible mining investment opportunities that will contribute to the country’s economy. One of the key themes that were discussed at this year’s Mining Indaba was *“the renewed optimism in South Africa’s mining sector.”*

#### Stakeholder Engagement Forums

The 2018 Stakeholder Engagement Forums were hosted in four regions during February and March 2018. Due to budgetary constraints, three planned events were subsequently cancelled. The purpose of the forums were to inform and engage with stakeholders in the sector on key issues, including amongst others:



- Discretionary projects and grant allocation opportunities in 2018.
- Artisan development opportunities for employed and unemployed learners.
- Mandatory and Discretionary grant regulation updates.
- The MQA Funding Policy for the 2018 - 2019 financial year.
- WSP- ATR submission dates, processes and changes for 2018.
- SETA life extension.
- New SETA landscape.
- Mining Charter Updates

The Stakeholder Engagement Forums were held as follows:

| Date             | Town      | Province   | Venue                   |
|------------------|-----------|------------|-------------------------|
| 28 February 2018 | Witbank   | Mpumalanga | Protea Hotel            |
| 6 March 2018     | Brits     | North West | The Venue Country Hotel |
| 15 March 2018    | Polokwane | Limpopo    | Protea Hotel Landmark   |
| 9 March 2018     | Welkom    | Free State | Welkom Inn              |

**Table 5.3. Stakeholder Engagement Forums**

### 5.3.5. Corporate Identity

The Unit procured a range of branded materials in order to promote the MQA at various events around the country. All promotional items and printed material produced are designed in alignment with the specification of the MQA's corporate identity manual. Compliance with MQA's corporate identity is constantly monitored within all

operational units and corporate identity templates are used to ensure consistency. The branding at all MQA offices is continuously enhanced in an effort to promote the MQA brand and to show increased provincial presence.

### 5.3.6. Website

The MQA website remains one of the key channels through which the organisation disseminates information to its stakeholders as it is viewed as a reliable source of information. It captures current, reliable and accurate organisational information that can be accessed and used by all its stakeholders. Management information systems such as the MAQ-I-Share system and the WSP-ATR system are housed on the website. These systems are used by our stakeholders to register and administer various projects and learning programmes.

### 5.3.7. Social Media

The MQA's Social Media Policy was approved in February 2017 for implementation. Following the approval of the policy, the Customer Service and Communication Unit undertook the procurement process to appoint a service provider to assist in implementing the MQA's Social Media Strategy. The service provider was ultimately appointed in October 2017 and is managing the three MQA social media platforms namely Facebook, Twitter and Instagram. By the end of the 2017-2018 financial year the platforms had achieved the following number of followers:

- Facebook – 285.
- Twitter – 112.
- Instagram – 57.

### 5.3.8. Recording on Customer Relationship Management (CRM) System

The Customer Relationship Management (CRM) system administers the recording of stakeholder queries. The system evaluates and monitors the precision of engagements between the various units and stakeholders. The monthly generated reports highlight the resolved cases and those that are pending. Every stakeholder complaint received is assigned a case number to enable the stakeholder to follow-up using the number if the query is not resolved timeously.

The total number of e-mail cases uploaded and resolved in 2017-2018 was **4 061**.

#### 5.3.8.1. Queries recorded per Unit

##### Quality Assurance

- Re-printing of certificates.
- Verification of trade certificates.
- Moderator and assessor registration forms requests.
- List of skills programmes and unit standards available.
- Stakeholders requesting learning materials.
- Statements of results requests.
- Guidelines on accreditation.

##### Skills Development and Research

- Inter-SETA transfers enquiries.
- Confirmation of WSP-ATR status.
- WSP-ATR workshop enquiries.

##### Learning Programmes - Strategic

- Application forms and information on internships.
- Outstanding fees that have not been paid.

- Accommodation issues.
- Applications for work experience.

##### Learning Programmes - Operations

- Grant application forms.
- Guidelines on how to upload learner agreements.
- Allocations of grants.
- Terminations and extensions of agreements.
- Remittance of grant payments.

##### Bursary administration

- Bursary application forms.

##### MQA Regional Offices

- Re-printing of certificates and verification of trade certificates.
- Moderator and assessor registration forms.
- WSP-ATR workshop enquiries.
- Requests for statements of results.

#### 5.3.8.2. Total Number of Walk-ins

The total number of recorded walk-ins during 2017-2018 reached a total of **9 224** with the highest recording at head office which reached a total of **6 994** walk-ins.



MQA Reception at Head Office



## 5.4. Facilities and Office Management

The Facilities and Office Management's role is the coordination of the physical workplace within the MQA, ensuring that the work space and utilities function well for staff to be able to execute their roles in a safe and hygienic environment. This is achieved through proactive strategic initiatives which include but are not limited to the following:

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

The Facilities and Office Management Unit's activities in the financial year include:

### 5.4.1. Office Renovation Projects

The renovation projects in Eastern Cape, Limpopo and Head Office were successfully completed in the year under review. The office renovation programme was intended to enable the achievement of organisation-wide strategies (i.e. particularly, with specific reference to the Stakeholder Relations Unit's mandate outlined in subsection 4.1 of this document) as well as to address the user specific requirements. Below is a breakdown of key aspects related to the projects.

| Key Activities  | Target | Actual Achievements | Variance | Reasons for variance |
|---|--------|---------------------|----------|----------------------|
| Implement Capital projects to ensure conducive space in regions and Head Office | 3      | 3                   | 0        | Target achieved      |

### 5.4.2. Preventative Maintenance Plan

The Facilities & Office Management Unit embraces the reliability centred maintenance concept. The concept centres on proactive maintenance initiatives in order to preserve and significantly prolong the life of capital assets. As a result, the unit continues to implement a structured preventative maintenance programme on various building components and also endeavours to ultimately curb the current reactive maintenance costs. In the 2017-2018 financial year, maintenance on the following key capital assets was executed:

| Key activities  | Maintenance Frequency | Achieved | Variance | Reasons for variance |
|---|-----------------------|----------|----------|----------------------|
| Implement planned maintenance on the Uninterrupted Power Supply (UPS)                             | 1 per annum           | 1        | 0        | Target Achieved      |
| Implement planned maintenance on the Heating Ventilation and Air Conditioning (HVAC) installation | 1 per annum           | 1        | 0        | Target achieved      |
| Implement planned maintenance on the Standby Generator  | 1 per annum           | 1        | 0        | Target achieved      |



### 5.4.3. Health, Safety and Environmental Issues

The MQA is subject to the provisions of the Occupational Health and Safety Act No. 85 of 1993 (the Act), which requires employers to provide and maintain, as far as is reasonably practicable, a workplace that is safe and without risk to the health of its employees, stakeholders and suppliers. In contribution towards programme 1 performance indicator 1.2 – “the organisation wide compliance report”, specific strategic and tactical activities were facilitated by the Facilities and Office management to ensure general compliance to the OHSA and incorporated standards. Among others, the following activities were undertaken:

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

Further to the above table, the management and implementation of the OHSA within the MQA is based on the equal split of responsibilities between the employer and the employees. A clear distinction between the responsibilities and accountability prevails as a culture of the organisation. While the latter remains with the CEO, every effort is made to ensure that employees are able to undertake their responsibilities in respect of the Act. Such effort includes the appointment of Health and Safety representatives, fire fighters, first aiders and a fully functional health and safety committees.

### 5.4.4. Continuous service improvement

The unit delivers most of its services through outsourcing. As a result, the unit's performance is significantly affected by the ability of the respective service providers to deliver what is required on time and at the right cost. In order to overcome this limitation, the unit has embarked on internal partnerships with the Legal Service and Supply Chain Management units. The intension being to ensure that Service Level Agreements in the unit adequately outline service requirements and the performance measurement criteria while supply chain management is encouraged to source in competent service providers to provide quality services without necessarily compromising the socio economic objectives such as BBBEE. Specific performance and improvement activities in respect of cleaning, hygiene, document management, travel management and courier services are ensured. Proactive and routine inspections also take place, supported by regular service review meetings with suppliers as well as contract review meetings with internal legal services.



## Section 6: Risk, Monitoring and Evaluation



### 6. RISK, MONITORING AND EVALUATION

Strategy in any organisation is inextricably intertwined into its monitoring and evaluation function. In order to determine the impact of the MQA's return on investment of the mining and mineral sector training programmes against the number of people trained, the MQA Board established the Monitoring and Evaluation (M&E) Unit. The Unit currently has seven permanent staff members. Monitoring and Evaluation is an integral part of the MQA's value chain and its contribution towards, organisational strategy, planning, monitoring, impact assessment and evaluation, and risk management amongst others, enables the organisation to track the impact on skills development in the sector.

#### 6.1. Monitored Projects

Monitoring is an on-going process that focuses on the assessment of projects, programmes and those day-to-day activities and deliverables required for achievement and performance. It is for this reason that the Unit conducted **328** learner verifications to ascertain whether learners are eligible for grants and are receiving training as per training plans, MoAs and SLAs signed with the MQA. Against the annual target of 80%, Monitoring and Evaluation monitored **100%** of the monitorable projects as all the programmes were monitored during the financial year.

The table below depicts the number of learners verified against monitored programmes:

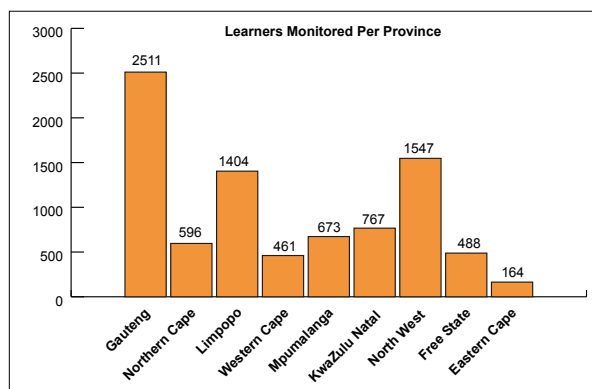
| Monitored Programme  | Number of Learners | Percentage of Monitored Programmes |
|--|--------------------|------------------------------------|
| Artisans   | 2 069              | 24%                                |
| Candidacy  | 80                 | 1%                                 |
| Coaches  | 10                 | 0%                                 |
| Internships  | 475                | 6%                                 |
| Lecturer Support   | 16                 | 0%                                 |
| Management Development Programmes                                | 70                 | 1%                                 |
| Mathematics and Physical Science                                 | 1 185              | 14%                                |
| Mine Community (Artisans: 937 and Short Skills Programmes: 1422) | 2 359              | 27%                                |
| NCV  | 235                | 3%                                 |
| Non-artisan  | 1 276              | 15%                                |
| Non-artisan: Jewellery   | 639                | 7%                                 |
| Work Experience  | 197                | 2%                                 |
| <b>Total</b>   | <b>8 611</b>       | <b>100%</b>                        |

**Table 6.1. Number of learners verified against monitored programmes**



## 6.2. Number of Learners Verified per Province

The spread with regard to the **8 611** verified learners per province was as follows:



**Table 6.2: Number of Learners Verified per Province**

During the year, the Monitoring and Evaluation Policy was reviewed with the view to ensuring that:

- Learner verifications are conducted making use of the risk-based approach.
- Other management compensating controls for tranches such as completion are considered.
- Desktop verifications are formalised.
- Monitoring and Evaluation utilises the limited financial resources more efficiently.
- The MQA's service delivery is improved due to timely grant disbursement.

## 6.3. Audit Tracking

During the financial year under review, the external audit tracking registers for both the 2016-2017 Audit Report as well as the 2017-2018 interim Audit Report were developed and monitored. Management was assisted in developing action plans that do not only consider external auditors' recommendations but, most importantly, address root causes so as to prevent recurrence. The status of the implementation of action plans as per the agreed upon deadlines was updated and a determination made whether the overall status was not implemented, in progress or completed. The overall responsibility for the implementation of action plans was placed on the Executive Management. The status on the tracking registers was presented to Management, Fraud and Risk Committee, Audit and Risk Committee, and the Board.

## 6.4. Performance Management

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

## 6.5. Combined Assurance Strategy

In order to ensure that risk exposure is appropriately mitigated, a combined assurance strategy was fully implemented to ensure proper allocation of responsibility and accountability for the risks to the Executive Management, external auditors, internal auditors, or a combination of these. The Strategic and Operational Risk Registers were updated based on the work of the above-



mentioned assurance providers. Due to the nature of risk management, the Executive Management is ultimately responsible for all risks within the MQA, hence they assume overall responsibility and accountability for all strategic risks.

## 6.6. Risk Management

The MQA Board has approved the Risk Management Policy and Strategy. As part of policy implementation, the Strategic and Operational Risk Registers were compiled subsequent to the Risk Assessment Workshops and same were approved by the Board during the 2017-2018 financial year. Risk assessment exercises are conducted once a year and the registers are updated regularly with the review of the residual impact and likelihood as and when the implementation of the action plans necessitates such. Emerging risks are considered when registers are updated. Risk registers are presented to the Fraud and Risk Committee, Audit and Risk Committee and Board on a quarterly basis.

During the year under review, one strategic risk - threats to the existing MQA revenue-materialised and it necessitated an upward revision which resulted in this becoming the highest risk. This was due to the unfortunate consequence of National Treasury's disapproval of deficit budgeting, which resulted in the MQA having to revise both the budget as well as the Annual Performance Plan targets, downwards.

## 6.7. Fraud Prevention Activities

The MQA has adopted a zero-tolerance level towards any form of fraudulent activities. To this extent, a fraud hotline is operational and reports were provided by the external service provider on a monthly basis. The reports were presented to the Fraud and Risk Committee, Audit and Risk Committee and Board on a quarterly basis. The MQA has also implemented a Fraud Prevention Policy as a mitigating control that is monitored and reported to governance structures.

## 6.8. Policies and Frameworks

The following approved policies and strategies are being implemented:

- Monitoring and Evaluation Policy Framework.
- Risk Management Policy and Strategy.
- Fraud Prevention Policy.
- Compliance Policy.
- Combined Assurance Policy and Strategy.



**Auditing plays a crucial role**

## Section 7: Report of the Audit and Risk Committee

### REPORT OF THE AUDIT AND RISK COMMITTEE

We present our report for the financial year ended 31 March 2018.

#### Audit and Risk Committee Responsibility

The Audit and Risk Committee (ARC) reports that it has complied with its responsibilities arising from Section 77 (1) (a) (ii) of the Public Finance Management Act (PFMA) and National Treasury Regulations 3.1. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee (ARC) Charter in accordance with the requirements of

Section 77 of the Public Finance Management Act, No. 1 of 1999 (PFMA) and Treasury Regulations 27.1.7 and 27.1.10 (b) and (c); has regulated its affairs in compliance with this Charter and has discharged its responsibilities as contained therein.

#### Membership and attendance

The ARC terms of reference prescribe that it is constituted by three independent members as well as two members from each stakeholder, namely the State, organised labour and organised employers. The member constituency for the financial year ending 31 March 2018 was as per the table below:

| MEMBER        | CONSTITUENCY                      | MEETINGS ATTENDED |             |              |              |                 |                  |               | FEES RECEIVED |
|---------------|-----------------------------------|-------------------|-------------|--------------|--------------|-----------------|------------------|---------------|---------------|
|               |                                   | 26 April 2017     | 19 May 2017 | 29 June 2017 | 26 July 2017 | 05 October 2017 | 13 February 2018 | 20 March 2018 |               |
| Dr. L. Konar* | Independent                       | ✓                 | ✓           | ✓            | ✗            | ✓               | ✓                | ✓             | R65 096.00    |
| G. Taylor     | Independent                       | ✓                 | ✓           | ✓            | ✓            | ✗               | ✓                | ✓             | R60 202.00    |
| X. Khumalo**  | Independent                       | ✓                 | ✗           | ✗            | ✓            | ✓               | ✓                | ✓             | R67 708.00    |
| J. Hugo       | Organised labour                  | ✗                 | ✓           | ✗            | ✗            | ✗               | ✓                | ✓             | -             |
| A. Jatham     | Organised labour                  | ✗                 | ✗           | ✓            | ✓            | ✓               | ✗                | ✗             | -             |
| A. Teteme     | Organised labour                  | ✓                 | ✗           | ✗            | ✗            | ✗               | ✗                | ✓             | R13 556.00    |
| S. Mokgothu   | Organised labour                  | ✗                 | ✓           | ✗            | ✗            | ✓               | ✗                | ✗             | -             |
| J. Masha      | Organised labour                  | ✗                 | ✗           | ✗            | ✗            | ✗               | ✓                | ✓             | -             |
| M. Ally***    | MQA Board representative          | ✓                 | ✗           | ✗            | ✗            | ✓               | ✓                | ✓             | R39 888.00    |
| J. Broderick  | Organised employers               | ✓                 | ✓           | ✓            | ✓            | ✓               | ✗                | ✓             | -             |
| I. Singo      | State representative              | ✗                 | ✗           | ✗            | ✓            | ✓               | ✗                | ✓             | -             |
| M Mphuthi     | Alternate to State Representative | ✓                 | ✓           | ✗            | ✗            | ✗               | ✓                | ✗             |               |

\* Chairperson \*\* Also attended Fraud and Risk Management Committee meetings. \*\*\* Also a MQA Board representative



## **The Effectiveness of Internal Control**

The Mining Qualifications Authority (MQA) has a system of internal control in an attempt to provide cost-effective assurance that the MQA's goals will be economically, effectively and efficiently achieved. In line with the PFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the King Report on Corporate Governance, Internal Audit is required to provide the Audit and Risk Committee and Management with quarterly internal audit reports in terms of its approved annual and three-year rolling Internal Audit Plan.

From our review of the various reports presented by the outsourced Internal Audit function, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General South Africa (AGSA), it was noted that there were no material internal control inadequacies and deficiencies in the system of internal control for the period under review.

### **Internal Audit**

In line with the PFMA and the King Report on Corporate Governance requirements, Internal Audit attempts to provide the Audit and Risk Committee as well as the MQA Management with reasonable assurance that the internal controls are adequate and effective.

This is achieved by a risk-based internal audit plan with Internal Audit assessing the adequacy of controls mitigating the risks and the Audit and Risk Committee monitoring implementation of corrective actions. The Audit and Risk Committee reviewed the internal audit quarterly reports to ensure that internal audit activities were conducted in terms of the approved annual plan.

The committee was satisfied with the completion of the annual internal audit plan by Internal Auditors. From our review of the report of the Internal Auditors, we note that:

- The internal controls are partially adequate and certain significant improvements are required; and
- The Internal Auditors are operating objectively and independently, as well as effectively.

Corrective actions have been agreed by management and are being monitored by the Audit and Risk Committee.

### **Quality of Management Reports**

During the period under review, quarterly management reports were presented to the Audit and Risk Committee at its meetings. The Audit and Risk Committee noted the content and quality of quarterly management and quarterly performance reports issued during the year under review in terms of the PFMA and National Treasury Regulations.

### **Risk Management**

The MQA established a process for the management and monitoring of risk management. The MQA has implemented the use of an independently managed fraud hotline. However, the end-to-end risk management process requires improvement. The Audit and Risk Committee has reviewed the strategic risk register and is satisfied therewith. The Audit and Risk Committee is provided with the quarterly progress reports from the Risk Management Committee.

Management has provided the Audit and Risk Committee with assurance on the effectiveness of the risk management system and the Committee notes that the risk assessment process is in place.



### **Alleged Fraud**

A forensic investigation into the allocation of discretionary grants to a training provider in contravention of the MQA policies and procedures grants was concluded and the MQA Board embarked on a process to implement recommendations thereof. The implementation of the recommendations had not been concluded at year-end.

### **Predetermined Objectives**

We have reviewed and discussed with the AGSA the audited annual performance information included in the annual report.

### **External Audit**

We have, on a quarterly basis, reviewed the MQA's implementation plan for audit issues raised in the prior year. The Audit and Risk Committee has met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings raised by the AGSA will continue to be monitored by the Audit and Risk Committee on a quarterly basis.

The Committee noted the unqualified opinion issued by the AGSA and agreed therewith. In the opinion of the ARC, the internal controls of the MQA are considered satisfactory to:

- Meet the business objectives of the MQA;
- Ensure the MQA's assets are safeguarded; and
- Ensure that transactions undertaken are recorded in the MQA's accounting records.

Where weaknesses in specific controls have been identified, management has undertaken to implement the appropriate corrective action to mitigate the identified weaknesses.

Internal audit has given reasonable assurance of the effectiveness of the internal control environment.

The ARC notes that management has taken steps to remedy the capacity constraints identified by the Committee within the finance function of the MQA in the previous year.

The internal and external auditor had unlimited access to the Chairperson of the ARC, and they regularly held separate meetings with the members of the ARC, with the exclusion of management.

### **Evaluation of Annual Financial Statements**

We have fulfilled our mandate with regards to the Annual Financial Statements as mentioned below:

The Audit and Risk Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the AGSA and the Accounting Authority;
- Reviewed the AGSA's Management Report and management's response thereto;
- Reviewed changes to accounting policies and practices as reported in the audited Annual Financial Statements;
- Reviewed the MQA's processes for compliance with legal and regulatory provisions;



- Reviewed the information on predetermined objectives included in the Annual Report;
- Reviewed the quarterly and timelines of financial information availed to the Audit and Risk Committee for oversight purposes; and
- Reviewed material adjustments resulting from prior period errors in the previously published Annual Financial Statements of the MQA.

The Audit and Risk Committee concurs and accepts the AGSA's opinion regarding the Annual Financial Statements and proposes that the audited Annual Financial Statements be accepted and read together with the report of the AGSA.

### **Appreciation**

The Audit and Risk Committee wishes to express its appreciation to the AGSA for the detailed report issued on the internal control environment.

**Dr L Konar**

Chairperson

### Report of the Auditor-General to Parliament on the Mining Qualification Authority(MQA)

#### Report on the audit of the financial statements

##### Opinion

1. I have audited the financial statements of the Mining Qualification Authority set out on pages 74 to 151 of this 2017-2018 Annual Report, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mining Qualification Authority as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (SDA).

##### Basis for opinion

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

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Emphasis of matter

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

##### Restatement of corresponding figures

7. As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2018.

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

8. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and the SDA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the Mining Qualifications Authority's ability to continue as a going concern, disclosing, as applicable, matters relating



to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

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

### **Introduction and scope**


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

13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators / measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the public entity for the year ended 31 March 2018:

| <b>Programmes</b>  | <b>Pages in the annual performance report</b> |
|--|---|
| <b>Programme 2:</b> Sector Skills Planning research          | 25 – 26                                       |
| <b>Programme 3:</b> Learning programmes/ skills development  | 27 – 32                                       |
| <b>Programme 4:</b> Education and training quality assurance | 33  |

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





16. I did not identify any material findings on the usefulness and reliability of the reported performance information for all the selected programmes:

- Programme 2 - Sector skills planning research
- Programme 3 - Learning programmes/skills development
- Programme 4 - Education and training quality assurance

#### **Other matters**

17. I draw attention to the matters below.

#### **Achievement of planned targets**

18. Refer to the annual performance report on pages 19 to 33 for information on the achievement of planned targets for the year and explanations provided for the under or over achievement of a number of targets.

#### **Report on the audit of compliance with legislation**

##### **Introduction and scope**

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

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

##### **Annual financial statements**

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA. Material misstatements of provisions, disclosure notes for prior period error and commitments and the statement of comparison of

budget and actual amounts identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### **Expenditure Management**

22. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R17 686 511,66 as disclosed in note 26 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by award to supplier who did not meet functionality.

#### **Other information**

23. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the report of the audit and risk committee, corporate governance, stakeholder relations, corporate services and monitoring, evaluation and risk units. The other information does not include the financial statements, the auditor's report thereon and the selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

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

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



to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

26. The other information I obtained prior to the date of this auditor's report is the report on the corporate governance, stakeholder relations, corporate services and monitoring, evaluation and risk. The report of the audit and risk committee is expected to be made available to me after 31 July 2018.
27. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
28. After I receive and read the report of the audit and risk committee, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### Internal control deficiencies

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

### Leadership

30. Leadership did not exercise adequate oversight responsibility regarding financial, compliance and related internal controls. Material misstatement were identified on the submitted financial statements and material non-compliance were identified on supply chain management.

### Financial and performance management

31. Management did not have adequate review controls in place to ensure that the annual financial statements are free from material misstatements were identified on submitted financial statements.
32. Management did not have adequate reviews and monitoring controls to ensure compliance with supply chain management regulations as a result irregular expenditure was incurred.

*Auditor-General*

Pretoria

31 July 2018



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## Annexure – Auditor-general's responsibility for the audit

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

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
  - conclude on the appropriateness of the accounting authority's use of the going concern basis of

accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the MQA's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease continuing as a going concern.

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

### Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

# Section 9: Annual Financial Statements for the year ended 31 March 2018



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## Accounting Authority's Responsibilities and Approval

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

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

The annual financial statements set out on pages 75 to 152, which have been prepared on the going concern basis, were approved by the accounting authority on 30 July 2018 and were signed on its behalf by:



**Mthokozisi Zondi**

Acting Chairperson of the MQA Board



**Tebogo Mmotla**

Acting Chairperson of the MQA Board

## Accounting Authority's Report

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

Further responsibilities of the Accounting Authority include:

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

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

Total revenue for the year including donor income, amounted to R 1 118 871 479 (2017:R 1 089 431 755). The administration levy income received was R 138 917 628 (2017:R 133 198 309) and the administrative expenditure thereon amounted to R 138 076 520 (2017:R 132 640 717). The MQA recorded a deficit of R 217 694 345 (2017: R 120 280 297 deficit).

Total reserves at year-end amounted to R 78 595 162 (2017:R 291 364 569). Future commitments in respect of discretionary funds amounted to R 758 097 518 (2017:R 878 570 000) and thus exceed reserves by R 679 502 356 (2017:R 587 205 431). We are confident that this shortfall will be covered by our projected future levy income of approximately R1 billion per year for the duration of the MQA licence period (as a SETA) that ends on 31 March 2020.

During the year R 1 198 456 991 (2017:R 1 076 870 501) was spent on mandatory and discretionary grants and special projects, including donor funding expenditure of R 14 774 993 (2017:R 42 099 257). The following are some of the major allocations in respect of discretionary grants and projects during the year:

## Accounting Authority's Report

### 2. General review of the state of affairs (continued)

|  | 2018<br>R '000   | 2017<br>R '000 |
|--|------------------|----------------|
|  | <b>1 000 344</b> | <b>825 573</b> |
| Basic Education and Training learner support with Maths & Science                    | 6 256            | 7 022          |
| Higher Education Institutions (HEIs) and TVET Bursaries                              | 175 942          | 105 012        |
| Higher Education in-service Training support (Work Experience)                       | 49 326           | 77 904         |
| Graduate Development Programme (GDP) - Internships                                   | 112 250          | 125 426        |
| TVET College Support programmes  | 44 562           | 13 057         |
| Historically Disadvantaged Individuals (HDSA) lecturer development at HEIs           | 10 365           | 11 373         |
| Skills Development facilitator support, unit standard setting and learning materials | 1 050            | 5 899          |
| Adult Education and Training (AET) and Foundational Learning Competence (FLC)        | 24 773           | 26 960         |
| Occupational Health and Safety (OHS) training  | 16 118           | 15 258         |
| Support of learners with Coaches in Workplaces                                       | 11 235           | 5 985          |
| Non-Artisan Learnerships   | 172 477          | 112 772        |
| Recognition of prior learning (RPL) - Artisan Aides up skilling to artisan           | 5 215            | 3 020          |
| Artisan Development  | 257 958          | 266 205        |
| Unemployed Youth and Mine Community Development programmes                           | 78 965           | 45 392         |
| HDSA Management and Accredited Training Provider development                         | 33 852           | 4 288          |

### 3. Utilisation of donor funds

The Unemployment Insurance Fund (UIF) transferred R215 000 (2017:R42 000 000) and the National Skills Fund (NSF) transferred no funds (2017:5 400 00) to the MQA during the period under review. These funds were mainly used for the training of artisans and jewellery design students in terms of service level agreements entered into with the entities.

### 4. Discontinued projects

There were no discontinued projects for the period under review.

### 5. New / proposed projects

During the period under review, there were no new projects or services introduced.

# Mining Qualifications Authority

Annual Financial Statements for the year ended 31 March 2018

## Accounting Authority's Report

### 6. Executive manager's emoluments

|                            | Basic salaries | Performance Bonuses | Leave paid out | Non-Pensionable allowances | Acting Allowances | Pension contributions | Total 2018    | Total 2017   |
|----------------------------|----------------|---------------------|----------------|----------------------------|-------------------|-----------------------|---------------|--------------|
|                            | R '000         | R '000              | R '000         | R '000                     | R '000            | R '000                | R '000        | R '000       |
| <b>Executive managers</b>  | <b>4 898</b>   | <b>529</b>          | <b>443</b>     | <b>5 025</b>               | <b>1 201</b>      | <b>807</b>            | <b>12 903</b> | <b>8 114</b> |
| T G Mmotla (COO_ACEO)      | 497            | -                   | -              | 1 017                      | 504               | 73                    | 2 091         | 1 770        |
| M Palale (SPM_ACOO)        | 516            | 69                  | -              | 530                        | 353               | 76                    | 1 544         | 197          |
| M Mdingi (CFO)             | 852            | -                   | -              | 597                        | -                 | 126                   | 1 575         | 1 599        |
| N B Nemagovhani (CRMEO)    | 505            | -                   | -              | 389                        | -                 | 77                    | 971           | -            |
| Z T Boikhutso (RMNW_AEMCS) | 528            | 165                 | -              | 624                        | 188               | 78                    | 1 583         | -            |
| B Mathebula (RMFS_AEMSR)   | 502            | 165                 | -              | 667                        | 56                | 74                    | 1 464         | -            |
| P J Moasa (ACRMEO_MEM)     | 66             | 130                 | -              | 414                        | 100               | 90                    | 800           | 300          |
| C Maila (EMSR)*            | 771            | -                   | 185            | 331                        | -                 | 112                   | 1 399         | 1 330        |
| I G Mkhize (EMCS)**        | 661            | -                   | 258            | 456                        | -                 | 101                   | 1 476         | 1 348        |
| Y Omar                     | -              | -                   | -              | -                          | -                 | -                     | -             | 206          |
| S Seepei (CEO)             | -              | -                   | -              | -                          | -                 | -                     | -             | 1 364        |

#### Notes and legend for 2018

T G Mmotla, the Chief Operations Officer (COO) was appointed as Acting Chief Executive Officer (ACEO) from 12 September 2016.

M Palale, the Strategic Planning Manager (SPM) was appointed as Acting Chief Operations Officer (ACOO) from 12 September 2016.

M Mdingi, the Chief Financial Officer (CFO) from 01 December 2016.

N B Nemagovhani, the Chief Risk Monitoring and Evaluation Officer (CRMEO) from 01 August 2017.

Z T Boikhutso, the Regional Manager:North West office (RMNW) was appointed as Acting Executive Manager : Corporate Services (AEMCS) from 11 September 2017

B Mathebula, the Regional Manager : Free State office (RMFS) was appointed as Acting Executive Manager : Stakeholder Relations (AEMSR) from 01 February 2018.

P J Moasa, acted as CRMEO until 31 July 2017 and resumed duties as Monitoring and Evaluation Manager (MEM).

\* Resigned as Executive Manager:Stakeholder Relations (EMSR) effective 31 January 2018.

\*\* Resigned as Executive Manager:Corporate Services (EMCS) effective 01 February 2018.



## Accounting Authority's Report

### 7. Board member attendance and remuneration

| Non-Executive Members | Organisation              | Constituency | Attendance | Total Fees |
|-----------------------|---------------------------|--------------|------------|------------|
|                       |                           |              |            | R '000     |
|                       |                           |              |            | 1 375      |
| M. Zondi *            | DMR                       | State        | 7          | -          |
| P. Gamede             | DMR                       | State        | 5          | -          |
| H. Mbiko              | DMR                       | State        | 3          | -          |
| M. Kobe               | DMR                       | State        | 4          | -          |
| A. Tshangase          | NUM                       | Labour       | 9          | 78         |
| F. Van Straten        | UASA                      | Labour       | 7          | 70         |
| A. Teteme**           | NUM                       | Labour       | 78         | 575        |
| D. Shikati            | NUM                       | Labour       | 23         | 174        |
| O.Nkagisang           | South 32                  | Employers    | 3          | -          |
| E.Howes               | Implats                   | Employers    | 11         | -          |
| L. Mogaki             | Anglo Platinum            | Employers    | 2          | -          |
| M. Ally***            | Chamber of Mines          | Employers    | 22         | 219        |
| J. Venter             | Colliery Training College | Employers    | 5          | -          |
| G. Brink              | Anglo American            | Employers    | 1          | -          |
| S. Rogers             | Petra Diamonds            | Employers    | 8          | -          |
| D. Julian***          | Chamber of Mines          | Employers    | 26         | 259        |

#### Notes and legend

Board members are entitled to receive meeting attendance fees and reimbursement for travel expenses except for employees of the state. The total fees disclosed above relate to fees claimed for attendance of Board meetings as well as Board Committee meetings. The Board Committees include, EXCO, Audit and Risk (ARC), Finance (FINCom), Education Training and Quality Assurance (ETQACom), Learning Programmes (LPCom), Skills Research and Planning (SRPCom) as well as task teams formed by the Board from time to time.

\* Chairman

\*\* Fees are in respect of attendance of Board and all its committees.

\*\*\* Fees are paid directly to the Board member's employer, the Chamber of Mines.

## Accounting Authority's Report

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### 8. Going concern

The MQA derives its revenue from skills development levies receivable from the Mining and Minerals Sector. The Board are of the opinion that the MQA will be a going concern in the foreseeable future as outlined in paragraph 2 of this report. Moreover, the MQA is also established in terms of Mine Health and Safety Act, hence the MQA continues to adopt a going concern basis in preparing the annual financial statements.

### 9. SETA re-establishment

SETAs are established for a five-year period through the provisions of the Skills Development Act. The MQA has been given a renewal certificate for its establishment as a SETA until 31 March 2020.

### 10. Responsibility for annual financial statements

The Board is responsible for the Annual Financial Statements.

## Statement of Financial Performance

|  | Note(s) | 2018<br>R '000     | 2017<br>R '000<br>Restated |
|--|---------|--------------------|----------------------------|
| <b>Revenue</b>                                 |         | <b>1 118 871</b>   | <b>1 089 432</b>           |
| <b>Revenue from non-exchange transactions</b>  |         | <b>1 064 428</b>   | <b>1 031 713</b>           |
| Skills development levy income                 | 3       | 1 011 332          | 956 618                    |
| Skills development levy interest and penalties | 3       | 33 270             | 27 595                     |
| NSF artisan project administration income      | 20.1    | 2 844              | 5 401                      |
| Discretionary grants recoveries                | 6       | 2 207              | -                          |
| Government grants and donor funding income     | 20      | 14 775             | 42 099                     |
| <b>Revenue from exchange transactions</b>      |         | <b>54 443</b>      | <b>57 718</b>              |
| Investment income                              | 4       | 52 488             | 56 889                     |
| Other income                                   | 5       | 1 955              | 830                        |
| <b>Expenditure</b>                             |         | <b>(1 336 534)</b> | <b>(1 209 511)</b>         |
| Administration expenditure                     | 8       | (131 805)          | (125 578)                  |
| Employer grants and projects expenditure       | 7       | (1 183 682)        | (1 034 771)                |
| Finance costs                                  | 10      | -                  | (7)                        |
| Government grants and donor funding            | 21      | (14 775)           | (42 099)                   |
| NSF artisan project administration costs       | 20.1    | ( 284)             | (1 790)                    |
| Transfers to other public entities (QCTO)      | 9       | (5 988)            | (5 265)                    |
| Loss on disposal of assets and liabilities     |         | (32)               | (201)                      |
| <b>Deficit</b>                                 |         | <b>(217 694)</b>   | <b>(120 280)</b>           |

# Mining Qualifications Authority

Annual Financial Statements for the year ended 31 March 2018

## Statement of Financial Position

|  | Note(s) | 2018<br>R '000 | 2017<br>R '000<br>Restated |
|--|---------|----------------|----------------------------|
| <b>Assets</b>  |         | <b>855 585</b> | <b>847 704</b>             |
| <b>Current assets</b>                                  |         | <b>787 670</b> | <b>782 798</b>             |
| Receivables from non-exchange transactions             | 15      | 69 707         | 27 682                     |
| Trade and other receivables from exchange transactions | 13      | 2 281          | 2 070                      |
| Inventories  | 14      | 353            | 361                        |
| Cash and cash equivalents                              | 16      | 715 329        | 752 685                    |
| <b>Non-current assets</b>                              |         | <b>67 915</b>  | <b>64 906</b>              |
| Property, plant and equipment                          | 11      | 66 323         | 63 595                     |
| Intangible assets                                      | 12      | 1 592          | 1 310                      |
| <b>Liabilities</b>                                     |         | <b>776 990</b> | <b>556 339</b>             |
| <b>Current liabilities</b>                             |         | <b>776 990</b> | <b>556 339</b>             |
| Grants and transfers payable                           | 18      | 755 471        | 530 748                    |
| Trade and other payables from exchange transactions    | 19      | 12 133         | 15 155                     |
| Provisions   | 21      | 9 386          | 10 437                     |
| <b>Net Assets</b>                                      |         | <b>78 595</b>  | <b>291 365</b>             |
| <b>Reserves</b>  |         | <b>78 595</b>  | <b>291 365</b>             |
| Revaluation reserves                                   |         | 4 925          | -                          |
| Administration reserves                                |         | 62 990         | 64 906                     |
| Mandatory grant reserves                               |         | 308            | 301                        |
| Discretionary reserves                                 |         | 10 372         | 226 158                    |

## Statement of Changes in Net Assets

|   | Revaluation<br>reserves | Administration<br>reserves | Mandatory<br>grant<br>reserves | Discretionary<br>reserves | Total<br>reserves | Accumulated<br>surplus | Total net<br>assets |
|---|-------------------------|----------------------------|--------------------------------|---------------------------|-------------------|------------------------|---------------------|
|   | R '000                  | R '000                     | R '000                         | R '000                    | R '000            | R '000                 | R '000              |
| <b>Balance at 01 April 2016 - as previously stated</b>              | -                       | 65 928                     | 376                            | 350 080                   | 416 384           | -                      | 416 384             |
| Prior period errors - discretionary grants expenditure              | -                       | -                          | -                              | (4 705)                   | (4 705)           | -                      | (4 705)             |
| <b>Balance at 01 April 2016 - Restated</b>                          | -                       | 65 928                     | 376                            | 345 375                   | 411 679           | -                      | 411 679             |
| Deficit for 2017 as previously stated                               | -                       | -                          | -                              | -                         | -                 | (114 555)              | (114 555)           |
| Allocation of un-appropriated deficit for 2017 as previously stated | -                       | 358                        | 33 744                         | (148 657)                 | (114 555)         | 114 555                | -                   |
| Prior period errors - discretionary grants expenditure              | -                       | -                          | -                              | (5 726)                   | (5 726)           | -                      | (5 726)             |
| Transfer to discretionary reserves                                  | -                       | (1 380)                    | (33 819)                       | 35 166                    | (33)              | -                      | (33)                |
| <b>Restated* Balance at 01 April 2017</b>                           | -                       | 64 906                     | 301                            | 226 158                   | 291 365           | -                      | 291 365             |
| Deficit for the year  | -                       | -                          | -                              | -                         | -                 | (217 694)              | (217 694)           |
| Allocation of un-appropriated deficit                               | -                       | 809                        | 76 350                         | (294 853)                 | (217 694)         | 217 694                | -                   |
| Revaluation surplus realised  | 4 925                   | -                          | -                              | -                         | 4 925             | -                      | 4 925               |
| Transfer to discretionary reserves                                  | -                       | (2 725)                    | (76 343)                       | 79 068                    | -                 | -                      | -                   |
| <b>Balance at 31 March 2018</b>                                     | <b>4 925</b>            | <b>62 990</b>              | <b>308</b>                     | <b>10 372</b>             | <b>78 595</b>     | <b>-</b>               | <b>78 595</b>       |

# Mining Qualifications Authority

Annual Financial Statements for the year ended 31 March 2018

## Cash Flow Statement

|   | Note(s) | 2018<br>R '000     | 2017<br>R '000     |
|---|---------|--------------------|--------------------|
| <b>Receipts</b>   |         | <b>1 100 724</b>   | <b>1 085 107</b>   |
| Levies, interest and penalties                              |         | 1 044 697          | 982 760            |
| Government grants and donor funding                         |         | 215                | 44 595             |
| Interest income   |         | 53 407             | 56 922             |
| Other cash receipts from stakeholders                       |         | 2 404              | 830                |
| <b>Payments</b>   |         | <b>(1 134 011)</b> | <b>(1 103 240)</b> |
| Grant and projects  |         | (974 190)          | (941 225)          |
| Special projects  |         | (16 053)           | (44 159)           |
| Finance costs   |         | -                  | (7)                |
| Compensation of employees                                   |         | (85 649)           | (75 330)           |
| Payments to suppliers and others                            |         | (58 118)           | (42 519)           |
| <b>Net cash flows from operating activities</b>             | 22      | <b>(33 287)</b>    | <b>(18 133)</b>    |
| <b>Cash flows from investing activities</b>                 |         | <b>(4 069)</b>     | <b>(4 892)</b>     |
| Purchase of property, plant and equipment                   | 11      | (3 014)            | (4 029)            |
| Purchase of other intangible assets                         | 12      | (1 055)            | (863)              |
| <b>Net cash flows from investing activities</b>             |         | <b>(4 069)</b>     | <b>(4 892)</b>     |
| <b>Cash flows from financing activities</b>                 |         |                    |                    |
| Finance lease payments                                      |         | -                  | (166)              |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>(37 357)</b>    | <b>(23 191)</b>    |
| Cash and cash equivalents at the beginning of the year      |         | 752 685            | 775 876            |
| <b>Cash and cash equivalents at the end of the year</b>     | 16      | <b>715 328</b>     | <b>752 685</b>     |

## Statement of Comparison of Budget and Actual Amounts

Budget and actual amounts on accrual and comparative basis

|   | Approved budget  | Adjustments     | Final Budget     | Actual           | Variance         |
|---|------------------|-----------------|------------------|------------------|------------------|
|   | R '000           | R '000          | R '000           | R '000           | R '000           |
| <b>Statement of Financial Performance</b>     |                  |                 |                  |                  |                  |
| <b>Revenue from exchange transactions</b>     | <b>38 865</b>    | <b>14 476</b>   | <b>53 341</b>    | <b>54 443</b>    | <b>1 102</b>     |
| Other income                                  | -                | -               | -                | 1 955            | 1 955            |
| Interest received - investment                | 38 865           | 14 476          | 53 341           | 52 488           | ( 853)           |
| <b>Revenue from non-exchange transactions</b> | <b>1 129 252</b> | <b>(84 473)</b> | <b>1 044 779</b> | <b>1 064 428</b> | <b>19 649</b>    |
| Government grants & subsidies                 | -                | -               | -                | 14 775           | 14 775           |
| NSF Artisan Project Admin: Income             | -                | -               | -                | 2 844            | 2 844            |
| Discretionary grants recoveries               | -                | -               | -                | 2 207            | 2 207            |
| Skills Development Levy: Income               | 1 129 252        | (84 473)        | 1 044 779        | 1 011 332        | (33 447)         |
| Levy: Interest and penalties                  | -                | -               | -                | 33 270           | 33 270           |
| <b>Total revenue</b>                          | <b>1 168 117</b> | <b>(69 997)</b> | <b>1 098 120</b> | <b>1 118 871</b> | <b>20 751</b>    |
| <b>Total expenditure</b>                      | <b>1 552 096</b> | <b>(22 260)</b> | <b>1 529 836</b> | <b>1 336 534</b> | <b>(193 302)</b> |
| Personnel costs                               | 83 529           | (7 843)         | 75 686           | 78 049           | 2 363            |
| Transfer to QCTO                              | 5 646            | 342             | 5 988            | 5 988            | -                |
| Depreciation and amortisation                 | 5 690            | -               | 5 690            | 5 953            | 263              |
| Repairs and maintenance                       | 1 429            | -               | 1 429            | 1 543            | 114              |
| Employer grant and project expenditure        | 1 410 596        | (19 006)        | 1 391 590        | 1 183 682        | (207 908)        |
| Government grants and donor funds             | -                | -               | -                | 15 059           | 15 059           |
| General Expenses                              | 45 206           | 4 247           | 49 453           | 46 259           | (3 194)          |
| <b>Operating surplus / (deficit)</b>          | <b>(383 979)</b> | <b>(47 737)</b> | <b>(431 716)</b> | <b>(217 662)</b> | <b>213 961</b>   |
| Loss on disposal of assets and liabilities    | -                | -               | -                | 32               | 32               |
| <b>Surplus / (Deficit) for the year</b>       | <b>(383 979)</b> | <b>(47 737)</b> | <b>(431 716)</b> | <b>(217 694)</b> | <b>213 929</b>   |
| <b>Statement of Financial Position</b>        |                  |                 |                  |                  |                  |
| Capital Expenditure                           | 16 377           | 367             | 16 744           | 4 071            | (12 673)         |

## Statement of Comparison of Budget and Actual Amounts

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The budget for income, current and capital expenditure is prepared on the accrual basis of accounting. The budget is based on anticipated operational activities, tangible and intangible assets required to achieve targets set out in the Annual Performance Plan (APP) as well as estimated costs to carry out such activities or acquire the required assets.

The approved budget includes only the activities of the MQA and is for the period 1 April 2017 to 31 March 2018. The budget was approved in February 2017 and revised in October 2017 to adjust for revenue trends observed during the first nine (9) months of the financial year. The revision broadly resulted in a reduced final budget for skills development revenue and expenditure.

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

#### Revenue

The 2% variance between the actual total revenue and the budget thereof is not considered material.

#### Expenditure

Actual expenditure was below the revised budget by 13%, mainly as a result of employer grant and project expenditure not incurred in respect of planned targets that were not achieved as well as mandatory grants that were not claimed by some employers as prescribed in the Skills Development Act and its regulations.

#### Capital expenditure

Actual expenditure was below the budget mainly because the planned enhancement to the computer software was delayed and later a decision was made to develop a new Enterprise Resource Planning (ERP) system instead of enhancing the current system.



## Accounting policies

### 1. Basis of preparation

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

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

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

#### 1.1 Currency

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

#### 1.2 Revenue from non-exchange transactions

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

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

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

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

Administration cost (including 0.5% transfer to QCTO)  
Mandatory grants  
Discretionary grants and projects

| 2018          |
|---------------|
| 10.50%        |
| 20.00%        |
| 49.50%        |
| <b>80.00%</b> |

## Accounting policies

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

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

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

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

#### Inter-SETA transfers

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

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

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

#### Recognition of revenue from non-exchange transactions

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

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

## **Accounting policies**

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

Previously, this provision was accumulated indefinitely, but with effect from the 25 August 2013, the DHET advised SETAs that this provision may be utilised for discretionary grants purposes after the expiry of 5 years in terms of section 109(4) of the Tax Administration Act, as the employers may not claim the monies back after 5 years.

#### **Measurement of revenue from non-exchange transactions**

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

#### **Government grants and donor funding income**

Conditional government grants and other conditional donor 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 agreements with the donors.

### **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.

## Accounting policies

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### 1.3 Revenue from exchange transactions

#### Other income

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

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

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

### 1.4 Grants and project expenditure

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

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

#### Mandatory grants

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

The grant is equivalent to 20% (2016: 20%) of the total levies paid by the employer during the corresponding financial period for the skills planning and annual training report grants.

## **Accounting policies**

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

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

#### **Retrospective amendments by SARS**

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

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

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

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

#### **Discretionary grants and project expenditure**

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

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

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.

## Accounting policies

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### 1.4 Grants and project expenditure (continued)

#### Project expenditure comprises:

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

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

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

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

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

### 1.5 Prepayments

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

## Accounting policies

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### 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.

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

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

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

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

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

## Accounting policies

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### 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. Where an asset is acquired at no cost, for a nominal cost, or it is measured at a value representing its fair value as at the date of acquisition.

#### Subsequent measurement

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

#### Depreciation

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

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

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

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



## Accounting policies

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

#### Impairment

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

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

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

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

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

#### Cost basis

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

| Item                  | Average useful life |
|-----------------------|---------------------|
| Office furniture      | 10 - 15 Years       |
| Motor vehicles        | 4 - 5 Years         |
| Office equipment      | 3 - 10 Years        |
| Computer equipment    | 2 - 5 Years         |
| Fixtures and Fittings | 10 - 15 Years       |
| Office Building       | 30 - 50 Years       |
| Cell phones           | 2 - 3 Years         |

## Accounting policies

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

#### Revaluation basis

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

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

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

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

#### De-recognition

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

#### Key accounting judgements

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

## **Accounting policies**

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

Actual results may differ from estimates.

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

#### **Key sources of estimation uncertainty**

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

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

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

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

## Accounting policies

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### 1.8 Intangible assets

#### Recognition

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

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

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

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

#### Initial measurement

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

#### Amortisation

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

## Accounting policies

### 1.8 Intangible assets (continued)

#### 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 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 the surplus or deficit, unless the asset is carried at a re-valued amount and an impairment loss of a re-valued asset is treated as a revaluation decrease. An impairment loss recognised in prior periods is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

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

#### Cost basis

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

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

## Accounting policies

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### 1.8 Intangible assets (continued)

#### Revaluation basis

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

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

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

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

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

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

#### De-recognition

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

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

## **Accounting policies**

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### **1.9 Inventories**

#### **Recognition**

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

#### **Initial measurement**

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

#### **Subsequent measurement**

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

#### **Recognition as an expense**

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

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### 1.10 Leases

#### Finance leases

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

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

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

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

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

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

#### Finance leases - lessee

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



## **Accounting policies**

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### **1.10 Leases (continued)**

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

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

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

#### **Operating leases**

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

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

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

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

### **1.11 Borrowing and borrowing costs**

#### **Borrowings**

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

## Accounting policies

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### 1.11 Borrowing and borrowing costs (continued)

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

#### Borrowing costs

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

#### Recognition

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

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

#### Measurement

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

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

## **Accounting policies**

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

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

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

#### **Other borrowing costs**

##### **Recognition**

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

##### **Measurement**

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

### **1.12 Employee benefits**

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

## Accounting policies

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### 1.12 Employee benefits (continued)

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

If the amount already paid exceeds the undiscounted amount of the benefits, the MQA recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund and as an expense.

#### Termination benefits

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

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

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

### 1.13 Provisions

#### Recognition

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

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

## **Accounting policies**

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### **1.13 Provisions (continued)**

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

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

#### **Measurement**

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

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

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

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

#### **Future events and gains**

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

#### **Reimbursements**

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

## Accounting policies

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### 1.13 Provisions (continued)

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

#### Usage and review

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

### 1.14 Commitments

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

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

### 1.15 Contingent Liabilities

A contingent liability is:

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

## **Accounting policies**

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### **1.15 Contingent Liabilities (continued)**

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

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

### **1.16 Financial instruments**

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

#### **Financial Assets**

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

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

#### **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.

## Accounting policies

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### 1.16 Financial instruments (continued)

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

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

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

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

#### Loans and Receivables

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

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

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

#### Effective interest rate method

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

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



## **Accounting policies**

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### **1.16 Financial instruments (continued)**

#### **Impairment of financial assets**

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

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

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

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

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

Cash and cash equivalents are measured at fair value.

#### **Financial Liabilities**

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

#### **Gains and losses on subsequent measurement**

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

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

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

## Accounting policies

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### 1.16 Financial instruments (continued)

#### Other financial liabilities

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

### 1.17 Reserves

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

- Administration reserve
- Employer grant reserve
- Discretionary reserve

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

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

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

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

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

## **Accounting policies**

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### **1.18 Related parties**

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

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

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

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

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

### **1.19 Comparatives**

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

## Notes to the Annual Financial Statements

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

| ALLOCATION - 2018                            |   |                         |                          |                               |                           |
|--|---|-------------------------|--------------------------|-------------------------------|---------------------------|
|  | Total per<br>Statement<br>of financial<br>performance | Administration<br>funds | Mandatory grant<br>funds | Discretionary<br>grants funds | Special projects<br>funds |
|  | R000  | R000                    | R000                     | R000                          | R000                      |
| <b>Total revenue</b>                         | <b>1 118 871</b>                                      | <b>138 918</b>          | <b>259 688</b>           | <b>705 491</b>                | <b>14 775</b>             |
| <b>Skills development levy: income</b>       | <b>1 044 602</b>                                      | <b>134 119</b>          | <b>259 688</b>           | <b>650 795</b>                | <b>-</b>                  |
| Admin levy income (10.5%)                    | 132 401   | 132 401                 | -                        | -                             | -                         |
| Public sector levies                         | 1 718   | 1 718                   | -                        | -                             | -                         |
| Grant levy income (20%)                      | 259 688   | -                       | 259 688                  | -                             | -                         |
| Grant levy income (69.5%)                    | 617 525   | -                       | -                        | 617 525                       | -                         |
| Levy: penalties and interest                 | 33 270  | -                       | -                        | 33 270                        | -                         |
| <b>Donor, interest and other income</b>      | <b>74 270</b>   | <b>4 799</b>            | <b>-</b>                 | <b>54 696</b>                 | <b>14 775</b>             |
| Donor project administration income          | 2 844   | 2 844                   | -                        | -                             | -                         |
| Discretionary grants recoveries              | 2 207   | -                       | -                        | 2 207                         | -                         |
| Donations for special projects               | 14 775  | -                       | -                        | -                             | 14 775                    |
| Investment income                            | 52 488  | -                       | -                        | 52 488                        | -                         |
| Other income                                 | 1 955   | 1 955                   | -                        | -                             | -                         |
| <b>Total expenditure</b>                     | <b>1 336 534</b>                                      | <b>138 077</b>          | <b>183 338</b>           | <b>1 000 344</b>              | <b>14 775</b>             |
| Administration expenditure                   | 131 805   | 131 805                 | -                        | -                             | -                         |
| Transfers to other public entities (QCTO)    | 5 988   | 5 988                   | -                        | -                             | -                         |
| Mandatory grants expenditure                 | 183 338   | -                       | 183 338                  | -                             | -                         |
| Discretionary grants and project expenditure | 1 000 344   | -                       | -                        | 1 000 344                     | -                         |
| Donor funds project expenditure              | 14 775  | -                       | -                        | -                             | 14 775                    |
| Donor funding project administration costs   | 284   | 284                     | -                        | -                             | -                         |
| Loss on disposal of assets and liabilities   | 32  | 32                      | -                        | -                             | -                         |
| <b>Surplus / (deficit) allocated</b>         | <b>(217 694)</b>                                      | <b>809</b>              | <b>76 350</b>            | <b>(294 853)</b>              | <b>-</b>                  |

## Notes to the Annual Financial Statements

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

| ALLOCATION - 2017                            |                      |                       |                            |                        |               |
|--|----------------------|-----------------------|----------------------------|------------------------|---------------|
| Total per Statement of financial performance | Administration funds | Mandatory grant funds | Discretionary grants funds | Special projects funds |               |
| R000   | R000                 | R000                  | R000                       | R000                   | R000          |
| <b>Total revenue</b>                         | <b>1 089 432</b>     | <b>133 198</b>        | <b>243 419</b>             | <b>670 715</b>         | <b>42 099</b> |
| <b>Skills development levy: income</b>       | <b>984 213</b>       | <b>126 968</b>        | <b>243 419</b>             | <b>613 826</b>         | <b>-</b>      |
| Admin levy income (10.5%)                    | 125 251              | 125 251               | -                          | -                      | -             |
| Grant levy income (20%)                      | 243 419              | -                     | 243 419                    | -                      | -             |
| Grant levy income (69.5%)                    | 586 231              | -                     | -                          | 586 231                | -             |
| Levy: penalties and interest                 | 27 595               | -                     | -                          | 27 595                 | -             |
| Public sector levies                         | 1 716                | 1 716                 | -                          | -                      | -             |
| <b>Donor, interest and other income</b>      | <b>105 219</b>       | <b>6 231</b>          | <b>-</b>                   | <b>56 889</b>          | <b>42 099</b> |
| Donor project administration income          | 5 401                | 5 401                 | -                          | -                      | -             |
| Donations for special projects               | 42 099               | -                     | -                          | -                      | 42 099        |
| Investment income                            | 56 889               | -                     | -                          | 56 889                 | -             |
| Other income                                 | 830                  | 830                   | -                          | -                      | -             |
| <b>Total expenditure</b>                     | <b>1 209 511</b>     | <b>132 641</b>        | <b>209 199</b>             | <b>825 573</b>         | <b>42 099</b> |
| Administration expenditure                   | 125 578              | 125 578               | -                          | -                      | -             |
| Transfers to other public entities (QCTO)    | 5 265                | 5 265                 | -                          | -                      | -             |
| Finance costs                                | 7                    | 7                     | -                          | -                      | -             |
| Mandatory grants expenditure                 | 209 199              | -                     | 209 199                    | -                      | -             |
| Discretionary grants and project expenditure | 825 573              | -                     | -                          | 825 573                | -             |
| Donor funds project expenditure              | 42 099               | -                     | -                          | -                      | 42 099        |
| Donor funding project administration costs   | 1 790                | 1 790                 | -                          | -                      | -             |
| Loss on disposal of assets and liabilities   | 201                  | 201                   | -                          | -                      | -             |
| <b>Surplus / (deficit) allocated</b>         | <b>(120 280)</b>     | <b>357</b>            | <b>34 221</b>              | <b>(154 858)</b>       | <b>-</b>      |

# Mining Qualifications Authority

Annual Financial Statements for the year ended 31 March 2018

## Notes to the Annual Financial Statements

### 3. Revenue from non-exchange transactions

|   | 2018<br>R '000   | 2017<br>R '000<br>Restated |
|---|------------------|----------------------------|
| <b>Skills development levy income</b>                         | <b>1 011 332</b> | <b>956 619</b>             |
| <b>Levy income: Administration</b>                            | <b>134 119</b>   | <b>126 968</b>             |
| Levies received   | 134 123          | 126 945                    |
| Levies received from SARS                                     | 132 378          | 125 229                    |
| Public sector levies  | 1 718            | 1 716                      |
| Inter-SETA transfers in                                       | 32               | 29                         |
| Inter-SETA transfers out                                      | (4)              | -                          |
| Movement in levies accrued                                    | (4)              | (6)                        |
| <b>Levy income: Employer Grants</b>                           | <b>259 688</b>   | <b>243 420</b>             |
| Levies received   | 259 659          | 243 144                    |
| Levies received from SARS                                     | 259 631          | 243 089                    |
| Inter-SETA transfers in                                       | 37               | 55                         |
| Inter-SETA transfers out                                      | (8)              | -                          |
| Movement in levies accrued                                    | 28               | 276                        |
| <b>Levy income: Discretionary Grants</b>                      | <b>617 525</b>   | <b>586 231</b>             |
| Levies received   | 617 515          | 586 514                    |
| Levies received from SARS                                     | 617 444          | 586 377                    |
| Inter-SETA transfers in                                       | 91               | 139                        |
| Inter-SETA transfers out                                      | (20)             | (2)                        |
| Movement in levies accrued                                    | 10               | (283)                      |
| <b>Interest and penalties: skills development levy income</b> | <b>33 270</b>    | <b>27 595</b>              |
| Levy interest   | 12 136           | 6 729                      |
| Levy penalties  | 21 133           | 20 866                     |

## Notes to the Annual Financial Statements

|   | 2018<br>R '000 | 2017<br>R '000<br>Restated |
|---|----------------|----------------------------|
| <b>4. Investment Income</b>             |                |                            |
| Interest received                       | 52 488         | 56 889                     |
| <b>5. Other income</b>                  |                |                            |
|   | 1 955          | 830                        |
| Insurance recoveries                    | 52             | 124                        |
| SDL recoveries                          | 168            | 137                        |
| Learning materials and other recoveries | 268            | 544                        |
| Staff recoveries                        | 647            | 24                         |
| Receipts from other entities            | 819            | -                          |
| <b>6. Sundry recoveries</b>             |                |                            |
|   | 2 207          | -                          |
| Bursary recoveries                      | 196            | -                          |
| Projects recoveries                     | 2 011          | -                          |

# Mining Qualifications Authority

Annual Financial Statements for the year ended 31 March 2018

## Notes to the Annual Financial Statements

### 7. Employer grants and project expenditure

|   | 2018<br>R '000   | 2017<br>R '000<br>Restated |
|---|------------------|----------------------------|
| <b>Employer grants and projects expenditure</b> | <b>1 183 682</b> | <b>1 034 771</b>           |
| Mandatory grants expenditure                    | <b>183 338</b>   | <b>209 199</b>             |
| Disbursed                                       | 154 353          | 211 302                    |
| Movement in liabilities and accruals            | 28 985           | (2 104)                    |
| Discretionary grants expenditure                | <b>886 952</b>   | <b>754 901</b>             |
| Disbursed                                       | 656 981          | 663 372                    |
| Movement in liabilities and accruals            | 229 971          | 91 529                     |
| Project expenditure                             | <b>113 392</b>   | <b>70 671</b>              |
| Disbursed                                       | 110 945          | 71 892                     |
| Movement in provisions and accruals             | 2 447            | (1 220)                    |
| <b>7.1 Project expenditure consist of:</b>      | <b>113 392</b>   | <b>70 671</b>              |
| Direct project costs                            | 108 051          | 69 690                     |
| Administration costs                            | 5 341            | 982                        |
| The administration costs above include          |                  |                            |
| Temporary staff                                 | 1 403            | 981                        |



## Notes to the Annual Financial Statements

### 8. Administration expenditure

|  | 2018<br>R '000 | 2017<br>R '000<br>Restated |
|--|----------------|----------------------------|
| <b>Total Administration expenditure</b>              | <b>131 805</b> | <b>125 578</b>             |
| Depreciation, amortisation and impairments           | 5 953          | 5 648                      |
| Maintenance, repairs and running costs               | <b>1 543</b>   | <b>1 516</b>               |
| Property and buildings                               | 1 269          | 1 189                      |
| Machinery and equipment                              | 275            | 327                        |
| Advertising, marketing and promotions, communication | 5 405          | 5 881                      |
| Consulting and professional fees                     | 8 735          | 6 792                      |
| Legal fees   | 4 326          | 1 819                      |
| Cost of employment                                   | 78 049         | 75 253                     |
| Travel and accommodation                             | 8 688          | 8 797                      |
| Staff training and development                       | 503            | 1 675                      |
| Remuneration of Board and committee members          | 1 668          | 693                        |
| Internal audit fees                                  | 1 126          | 313                        |
| External audit fees                                  | 3 066          | 3 219                      |
| Printing and Stationery                              | 1 371          | 1 466                      |
| Conferences, meetings and seminars                   | 2 722          | 3 835                      |
| Insurance  | 543            | 1 048                      |
| Rates, taxes, water, electricity and security        | 3 363          | 3 124                      |
| Donations and sponsorships                           | 368            | 871                        |
| Rental - operating leases                            | 747            | 588                        |
| IT expenses  | 3 386          | 2 445                      |
| Subscription and membership fees                     | 66             | 197                        |
| Other expenses                                       | 176            | 399                        |

8.1

# Mining Qualifications Authority

Annual Financial Statements for the year ended 31 March 2018

## Notes to the Annual Financial Statements

|  | 2018<br>R '000 | 2017<br>R '000<br>Restated |
|--|----------------|----------------------------|
| <b>8. Administration expenditure (continued)</b> |                |                            |
| <b>8.1 Cost of employment</b>                    | <b>72 544</b>  | <b>70 090</b>              |
| Basic salaries                                   | 36 009         | 32 845                     |
| Performance awards                               | 5 433          | 5 668                      |
| Other non-pensionable allowance                  | 27 224         | 26 738                     |
| Temporary staff                                  | 1 403          | 2 007                      |
| Leave payments                                   | 1 773          | 2 147                      |
| Skills Development Levies (SDL)                  | 702            | 685                        |
| <b>Social contributions</b>                      | <b>5 505</b>   | <b>5 163</b>               |
| Pension contributions                            | 4 817          | 4 267                      |
| UIF  | 219            | 230                        |
| Other salary related costs                       | 469            | 666                        |
|  | <b>78 049</b>  | <b>75 253</b>              |
| Average number of employees                      | 136            | 141                        |
| <b>9. Transfers to other government entities</b> |                |                            |
| Transfer to QCTO                                 | 5 988          | 5 265                      |
| <b>10. Finance costs</b>                         |                |                            |
| Obligations under finance leases                 | -              | 7                          |

## Notes to the Annual Financial Statements

### 11. Property, plant and equipment

| 2018             |                                      |                | 2017             |                                      |                |
|------------------|--------------------------------------|----------------|------------------|--------------------------------------|----------------|
| Cost / Valuation | Accumulated depreciation/ impairment | Carrying value | Cost / Valuation | Accumulated depreciation/ impairment | Carrying value |
| R'000            | R'000                                | R'000          | R'000            | R'000                                | R'000          |

|                       | 79 762 | (13 438) | 66 323 | 80 025 | (16 429) | 63 595 |
|-----------------------|--------|----------|--------|--------|----------|--------|
| Office furniture      | 4 828  | (2 197)  | 2 631  | 4 497  | (1 794)  | 2 703  |
| Motor vehicles        | 878    | (652)    | 226    | 878    | (575)    | 304    |
| Office equipment      | 6 056  | (3 003)  | 3 053  | 4 797  | (2 088)  | 2 709  |
| Computer equipment    | 4 930  | (3 034)  | 1 897  | 3 967  | (2 681)  | 1 287  |
| Fixtures and Fittings | 12 481 | (4 215)  | 8 266  | 12 449 | (2 969)  | 9 480  |
| Office Building       | 50 000 | -        | 50 000 | 52 851 | (6 014)  | 46 837 |
| Cell phones           | 588    | (337)    | 250    | 585    | (309)    | 276    |

| RECONCILIATION - 2018   |           |           |              |                     |                         |
|-------------------------|-----------|-----------|--------------|---------------------|-------------------------|
| Opening carrying amount | Additions | Disposals | Depreciation | Revaluation surplus | Closing carrying amount |
| R'000                   | R'000     | R'000     | R'000        | R'000               | R'000                   |

|                       | 63 593 | 3 017 | (32)  | (5 180) | 4 925 | 66 323 |
|-----------------------|--------|-------|-------|---------|-------|--------|
| Office furniture      | 2 703  | 332   | -     | ( 403)  | -     | 2 632  |
| Motor vehicles        | 304    | -     | -     | ( 77)   | -     | 226    |
| Office equipment      | 2 709  | 1 259 | -     | ( 915)  | -     | 3 052  |
| Computer equipment    | 1 286  | 1 177 | ( 32) | ( 535)  | -     | 1 896  |
| Fixtures and Fittings | 9 480  | 32    | -     | (1 246) | -     | 8 266  |
| Office Building       | 46 837 | -     | -     | (1 762) | 4 925 | 50 000 |
| Cell phones           | 275    | 216   | -     | ( 241)  | -     | 250    |

#### Reconciliation of disposals

| Cost  | Accumulated depreciation | Disposals |
|-------|--------------------------|-----------|
| R'000 | R'000                    | R'000     |

Computer equipment  
Cell phone disposals

| ( 427) | 395 | ( 32) |
|--------|-----|-------|
| ( 215) | 182 | ( 32) |
| ( 213) | 213 | -     |

## Notes to the Annual Financial Statements

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

| RECONCILIATION - 2017   |           |           |              |                     |                         |        |
|-------------------------|-----------|-----------|--------------|---------------------|-------------------------|--------|
| Opening carrying amount | Additions | Disposals | Depreciation | Revaluation surplus | Closing carrying amount |        |
| R'000                   | R'000     | R'000     | R'000        | R'000               | R'000                   |        |
| 64 815                  | 4 029     | (249)     | (5 002)      | -                   | 63 593                  |        |
| Office furniture        | 1 785     | 1 254     | ( 68)        | ( 268)              | -                       | 2 703  |
| Motor vehicles          | 385       | -         | -            | ( 81)               | -                       | 304    |
| Office equipment        | 2 111     | 1 368     | ( 50)        | ( 720)              | -                       | 2 709  |
| Computer equipment      | 1 756     | 409       | ( 109)       | ( 770)              | -                       | 1 286  |
| Fixtures and Fittings   | 9 936     | 629       | -            | (1 085)             | -                       | 9 480  |
| Office Building         | 48 598    | -         | -            | (1 762)             | -                       | 46 837 |
| Cell phones             | 243       | 369       | ( 22)        | ( 315)              | -                       | 275    |

#### Further details on the office building

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

The office building was re-valued by Leriche van der Berg, an independent valuer who holds a qualification in property valuations and is a member of South African Council for Property Valuers' Profession. The valuation was based on the Income Capitalisation Method as well as the Comparable Sales Method.

The first method was carried out with reference to the open market rentals, market escalations and market related costs while the latter was carried out with reference to comparable market related sales and both methods were used to determine the market related valuation. Further details on the building are as follows:

## Notes to the Annual Financial Statements

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

|                                   | 2018<br>R '000 | 2017<br>R '000 |
|-----------------------------------|----------------|----------------|
| Purchase price on 02 October 2012 | 51 794         | 51 794         |
| Additions since purchase          | 1 057          | 1 057          |
| Total cost                        | <b>52 851</b>  | <b>52 851</b>  |
| Accumulated depreciation          | (7 776)        | (6 014)        |
| Revaluation adjustments           | 4 925          | -              |
|                                   | <b>50 000</b>  | <b>46 837</b>  |

### 12. Intangible assets

|                            | 2018                             |  |                         | 2017                              |  |                                  |
|----------------------------|----------------------------------|--|-------------------------|-----------------------------------|--|----------------------------------|
|                            | Cost / Valuation<br>R'000        | Accumulated depreciation/<br>impairment<br>R'000 | Carrying value<br>R'000 | Cost / Valuation<br>R'000         | Accumulated depreciation/<br>impairment<br>R'000 | Carrying value<br>R'000          |
|                            | <b>3 735</b>                     | <b>(2 144)</b>                                   | <b>1 592</b>            | <b>2 681</b>                      | <b>(1 370)</b>                                   | <b>1 310</b>                     |
| Computer software          | 3 735                            | (2 144)  | 1 592                   | 2 681                             | (1 370)  | 1 310                            |
| <b>RECONCILIATION 2018</b> |                                  |  |                         |                                   |  |                                  |
|                            | Opening carrying amount<br>R'000 | Additions<br>R'000                               | Disposals<br>R'000      | Other changes, movements<br>R'000 | Depreciation<br>R'000                            | Closing carrying amount<br>R'000 |
|                            | <b>1 310</b>                     | <b>1 055</b>                                     | <b>-</b>                | <b>-</b>                          | <b>( 773)</b>                                    | <b>1 591</b>                     |
| Computer software          | 1 310                            | 1 055  | -                       | -                                 | ( 773)   | 1 591                            |
| <b>RECONCILIATION 2017</b> |                                  |  |                         |                                   |  |                                  |
|                            | Opening carrying amount<br>R'000 | Additions<br>R'000                               | Disposals<br>R'000      | Other changes, movements<br>R'000 | Depreciation<br>R'000                            | Closing carrying amount<br>R'000 |
|                            | <b>1 114</b>                     | <b>863</b>                                       | <b>( 21)</b>            | <b>( 4)</b>                       | <b>( 642)</b>                                    | <b>1 310</b>                     |
| Computer software          | 1 114                            | 863  | ( 21)                   | ( 4)                              | ( 642)   | 1 310                            |

# Mining Qualifications Authority

Annual Financial Statements for the year ended 31 March 2018

## Notes to the Annual Financial Statements

### 13. Receivables from exchange transactions

|                     | 2018<br>R '000 | 2017<br>R '000<br>Restated |
|---------------------|----------------|----------------------------|
|                     | <b>2 281</b>   | <b>2 070</b>               |
| Staff Advances      | 288            | 323                        |
| Prepayments         | 483            | 352                        |
| Deposits            | 1              | 1                          |
| Other receivables   | 600            | 19                         |
| Interest receivable | 910            | 1 375                      |

### 14. Inventories

|  |      |     |
|--|------|-----|
| Consumable stores                        | 353  | 361 |
| Recognised as an expense during the year | 1476 | 875 |

### 15. Receivables from non-exchange transactions

|  |               |               |
|--|---------------|---------------|
|  | <b>69 707</b> | <b>27 682</b> |
| Donor funding receivable                           | 35 258        | 17 038        |
| Administration and public sector levies receivable | 1 617         | 1 586         |
| Inter-SETA - Administration                        | 29            | 29            |
| Inter-SETA - Employer grants                       | 92            | 55            |
| Inter-SETA - Discretionary                         | 169           | 139           |
| Mandatory grants receivables                       | 32 542        | 8 836         |
| <b>Mandatory grants receivables</b>                | <b>32 542</b> | <b>8 836</b>  |
| Overpayments to employers                          | 33 148        | 9 996         |
| Provision for doubtful debts                       | (822)         | (1 303)       |
| Net effect of SARS retrospective adjustments       | 32 326        | 8 694         |
| Mandatory grants receivable from other SETAs       | 216           | 142           |

## Notes to the Annual Financial Statements

### 15. Receivables from non-exchange transactions (continued)

R 33 147 925 (2017:R 9 996 031) 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 of the same levy number and/or linked levy number of the same company in line with the finance policies of the MQA.

A provision for bad debts of R 821 845 (2017:R 1 302 519) has been raised.

### 16. Cash and cash equivalents

|                                    | 2018<br>R '000 | 2017<br>R '000<br>Restated |
|------------------------------------|----------------|----------------------------|
|                                    | 715 329        | 752 685                    |
| Cash at bank                       | 44 311         | 742 348                    |
| Cash on hand                       | 15             | 8                          |
| Cash and hand and bank             | 44 327         | 742 355                    |
| Short-term investments/instruments | 671 003        | 10 330                     |

Included in cash at bank is a current account with a balance of R 1 582 214 (2017:R 19 652 112) and previously disclosed as R10 million) in respect of the National Skills Fund (NSF) and Unemployment Insurance Funds (UIF) projects.

The funds were received from the Unemployment Insurance Fund for the purposes of artisan 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.

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

## Notes to the Annual Financial Statements

### 16. Cash and cash equivalents (continued)

#### Borrowings/Loans

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

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

No such borrowings were entered into during the year.

### 17. Employee benefit obligations

#### Defined contribution plan

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

### 18. Grants and transfers payable

|   | 2018<br>R '000 | 2017<br>R '000 |
|---|----------------|----------------|
|   | 755 471        | 530 747        |
| Skills development grants payable - mandatory     | 23 896         | 29 175         |
| Skills development grants payable - discretionary | 731 232        | 501 261        |
| Inter-SETA payables - Administration              | 4              | -              |
| Inter-SETA payables - Employer grants             | 8              | -              |
| Inter-SETA payables - Discretionary               | 21             | 1              |
| Donor payables                                    | 310            | 310            |



## Notes to the Annual Financial Statements

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

|                                  | 2018<br>R '000 | 2017<br>R '000 |
|----------------------------------|----------------|----------------|
|                                  | <b>12 133</b>  | <b>15 155</b>  |
| Trade payables                   | 3 023          | 8 804          |
| Project creditors                | 2 492          | 45             |
| Trade creditors accruals         | 1 014          | 1 530          |
| Cell phone contracts obligations | 230            | 267            |
| Payroll creditors and accruals   | 5 374          | 4 510          |

### 20. Government grants and donor funding

|  | <b>35 258</b> | <b>17 034</b> |
|--|---------------|---------------|
| Balance at the beginning of the year       | 17 034        | 14 133        |
| Donor funds received and interest received | 3 449         | (39 198)      |
| Donor funds received                       | 3 895         | (38 255)      |
| Interest received                          | (446)         | (943)         |
| Utilised                                   | 14 775        | 42 099        |

#### 20.1 Donor funds administration surplus

|  | <b>2 603</b> | <b>3 611</b> |
|--|--------------|--------------|
| NSF artisan project administration income      | 2 844        | 5 401        |
| NSF artisan project administration expenditure | (241)        | (1 790)      |

## Notes to the Annual Financial Statements

### 21. Provisions

#### Reconciliation of provisions

| 2018            |                 |                     |          |       |
|-----------------|-----------------|---------------------|----------|-------|
| Opening Balance | Utilised during | Change in estimates | Addition | Total |
| R'000           | R'000           | R'000               | R'000    | R'000 |

|                                 |        |         |   |       |       |
|---------------------------------|--------|---------|---|-------|-------|
|                                 | 10 436 | (6 707) | - | 5 657 | 9 386 |
| SARS Creditors - Administration | 294    | -       | - | 30    | 324   |
| SARS Creditors - Mandatory      | 561    | -       | - | 56    | 617   |
| SARS Creditors - Discretionary  | 1 388  | -       | - | 138   | 1 526 |
| Administration provisions       | 8 193  | (6 707) | - | 5 433 | 6 919 |

#### Reconciliation of provisions

| 2017            |                 |                     |          |       |
|-----------------|-----------------|---------------------|----------|-------|
| Opening Balance | Utilised during | Change in estimates | Addition | Total |
| R'000           | R'000           | R'000               | R'000    | R'000 |

|                                 |        |         |        |       |        |
|---------------------------------|--------|---------|--------|-------|--------|
|                                 | 11 006 | (6 250) | 12     | 5 668 | 10 436 |
| SARS Creditors - Administration | 288    | -       | 6      | -     | 294    |
| SARS Creditors - Mandatory      | 837    | -       | ( 276) | -     | 561    |
| SARS Creditors - Discretionary  | 1 106  | -       | 282    | -     | 1 388  |
| Administration provisions       | 8 775  | (6 250) | -      | 5 668 | 8 193  |

## Notes to the Annual Financial Statements

### 22. Cash generated from operations

|  | 2018<br>R '000  | 2017<br>R '000  |
|--|-----------------|-----------------|
| Deficit  | (217 694)       | (120 280)       |
| <b>Adjustments for:</b>                          |                 |                 |
| Depreciation and amortisation                    | 5 953           | 5 648           |
| Loss/ (Gain) on sale of assets and liabilities   | 32              | 201             |
| Movements in provisions                          | (1 050)         | ( 570)          |
| Other non-cash items                             |                 | 32              |
| <b>Changes in working capital</b>                |                 | -               |
| Inventories                                      | 8               | ( 59)           |
| Receivables from exchange transactions           | ( 211)          | ( 320)          |
| Other receivables from non-exchange transactions | (42 025)        | (1 483)         |
| Payables from exchange transactions              | (3 022)         | 6 464           |
| Transfers payable (non-exchange)                 | 224 722         | 92 233          |
|  | <b>(33 287)</b> | <b>(18 133)</b> |

### 23. Contingent Liabilities

#### 23.1 Mandatory grant reserve

A balance of R308 000 (2017: R301 000) has been set aside in terms of the accounting policy. The amount of the outflow depends on the new employers' awareness about the provisions of the grants regulations that entitle them to claim the grants within six months of their first registration as employers for the purposes of the Skills Development Levies Act.

The employers have until 30 September 2018 to claim the mandatory grants after which they expire and will be credited to the discretionary funds in terms of the grants regulations.

## Notes to the Annual Financial Statements

### 23. Contingent Liabilities (continued)

#### 23.2 Discretionary Grants

Between 2012 and 2015, the MQA entered into discretionary grants contracts for different programmes with the employers and created obligations under such contracts. The grants payable under such contracts were not disbursed because the service and/or training by the employers could not be confirmed. In 2016-2017, monies due under such contracts were disclosed as contingent liabilities and subsequent investigations conducted revealed the following prior period errors adjustments.

| 2018                           |                                |                          |                          |                |          |
|--------------------------------|--------------------------------|--------------------------|--------------------------|----------------|----------|
| Opening Balance                | Prior period error adjustments | Restated opening balance | Utilised during the year | Total          |          |
| R'000                          | R'000                          | R'000                    | R'000                    | R'000          |          |
| <b>Discretionary grants</b>    | <b>139 702</b>                 | <b>(136 140)</b>         | <b>3 562</b>             | <b>(3 562)</b> | <b>-</b> |
| Artisans                       | 41 245                         | (39 893)                 | 1 352                    | (1 352)        | -        |
| Non-Artisans                   | 49 889                         | (47 679)                 | 2 210                    | (2 210)        | -        |
| Workplace Training             | 14 677                         | (14 677)                 | -                        | -              | -        |
| Graduate Development Programme | 33 891                         | (33 891)                 | -                        | -              | -        |

| 2017                           |                                |                          |           |                |                |
|--------------------------------|--------------------------------|--------------------------|-----------|----------------|----------------|
| Opening Balance                | Prior period error adjustments | Utilised during the year | Additions | Total          |                |
| R'000                          | R'000                          | R'000                    | R'000     | R'000          |                |
| <b>Discretionary grants</b>    | <b>-</b>                       | <b>-</b>                 | <b>-</b>  | <b>139 702</b> | <b>139 702</b> |
| Artisans                       | -                              | -                        | -         | 41 245         | 41 245         |
| Non-Artisans                   | -                              | -                        | -         | 49 889         | 49 889         |
| Workplace Training             | -                              | -                        | -         | 14 677         | 14 677         |
| Graduate Development Programme | -                              | -                        | -         | 33 891         | 33 891         |

#### 23.3 Litigations

Contractual disputes with training providers resulted in claims lodged with the courts against the MQA for an amount of R627 500.

### 24. Contingent assets

The MQA has instituted legal claims against third parties and based on the legal opinion, there is a probability of inflow of R 2 357 261.26 that may arise out of the legal claims.

## Notes to the Annual Financial Statements

### 25. Commitments

| PROGRAMMES                                | 2016/17              |                         |                  |                      |                    | 2017/18                       |                         |                    |                               |
|---|----------------------|-------------------------|------------------|----------------------|--------------------|-------------------------------|-------------------------|--------------------|-------------------------------|
|   | Opening Balance 2016 | Re-Allocations Approved | Utilised         | 2017 Closing balance | Prior Period error | Restated Closing Balance 2017 | Re-Allocations Approved | Utilised           | Closing Balance 31 March 2018 |
|   | R'000                | R'000                   | R'000            | R'000                | R'000              | R'000                         | R'000                   | R'000              | R'000                         |
|   | <b>1 214 749</b>     | <b>967 679</b>          | <b>(857 526)</b> | <b>1 324 902</b>     | <b>(446 332)</b>   | <b>878 570</b>                | <b>883 456</b>          | <b>(1 003 928)</b> | <b>758 098</b>                |
| HEI Lecturer Support                      | -                    | 11 373                  | (11 373)         | -                    | -                  | -                             | 15 332                  | (10 365)           | 4 967                         |
| Bursaries                                 | 129 851              | 145 154                 | (100 947)        | 174 058              | (114 151)          | 59 907                        | 157 175                 | (172 456)          | 44 626                        |
| Work Experience                           | 48 516               | 71 148                  | (77 904)         | 41 760               | (15 300)           | 26 460                        | 54 132                  | (49 056)           | 31 536                        |
| Standard Setting Grant (TRGs)             | -                    | 839                     | (839)            | -                    | -                  | -                             | 325                     | (325)              | -                             |
| Learning Materials Development            | -                    | 3 992                   | (3 992)          | -                    | -                  | -                             | -                       | -                  | -                             |
| Internships (GDP)                         | 245 236              | 107 440                 | (125 426)        | 227 250              | (89 843)           | 137 407                       | 144 464                 | (111 983)          | 169 888                       |
| Non Artisan Learnerships                  | 126 806              | 146 189                 | (111 286)        | 161 709              | (50 426)           | 111 284                       | 169 814                 | (168 950)          | 112 148                       |
| Skills Development Facilitator Support    | -                    | 1 028                   | (1 028)          | -                    | -                  | -                             | 585                     | (585)              | -                             |
| Adult Education and Training              | -                    | 24 008                  | (24 008)         | -                    | -                  | -                             | 22 905                  | (22 905)           | -                             |
| OHS Representative Development            | -                    | 15 258                  | (15 258)         | -                    | -                  | -                             | 15 795                  | (15 795)           | -                             |
| UIF 1 Learnerships Artisan 50% (MQA)      | 4 206                | (3 991)                 | (215)            | -                    | -                  | -                             | -                       | -                  | -                             |
| RPL / Artisan Aides - Employed            | -                    | 3 020                   | (3 020)          | -                    | -                  | -                             | 5 215                   | (5 215)            | -                             |
| MQA Artisan Development                   | 489 665              | 233 532                 | (263 411)        | 459 786              | (140 892)          | 318 894                       | 213 504                 | (256 234)          | 276 164                       |
| TVET College Support                      | 52 614               | 27 645                  | (12 456)         | 67 803               | 2 337              | 70 139                        | 32 569                  | (44 125)           | 58 582                        |
| Maths & Science                           | 4 937                | 8 342                   | (7 022)          | 6 256                | -                  | 6 256                         | 8 011                   | (6 256)            | 8 011                         |
| Mpumalanga TVET Artisan                   | 2 844                | (1 897)                 | (946)            | -                    | -                  | -                             | -                       | -                  | -                             |
| Mine Community Development                | 36 326               | 117 388                 | (45 392)         | 108 322              | (39 058)           | 69 264                        | 25 195                  | (78 148)           | 16 311                        |
| Workplace Coach Development               | 3 425                | 10 500                  | (5 985)          | 7 940                | -                  | 7 940                         | 7 938                   | (11 235)           | 4 643                         |
| Management Development                    | 2 428                | 8 040                   | (3 888)          | 6 580                | -                  | 6 580                         | 8 476                   | (11 740)           | 3 316                         |
| NSF 2 - Artisan Development               | 67 756               | 16 720                  | (39 737)         | 44 739               | -                  | 44 739                        | (7 735)                 | (14 727)           | 22 276                        |
| Foundational Learning Competency (FLC)    | -                    | 2 953                   | (2 953)          | -                    | -                  | -                             | 1 838                   | (1 838)            | -                             |
| Standard Setting HET                      | 140                  | -                       | (40)             | 99                   | -                  | 99                            | 71                      | (141)              | 29                            |
| HDSA Accredited Training Provider support | -                    | 400                     | (400)            | -                    | -                  | -                             | 250                     | (250)              | -                             |
| HDSA Management Development and Candidacy | -                    | 18 600                  | -                | 18 600               | 1 000              | 19 600                        | 7 600                   | (21 600)           | 5 600                         |

## Notes to the Annual Financial Statements

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

| 2018            |           |          |         |
|-----------------|-----------|----------|---------|
| Opening Balance | Additions | Condoned | Balance |
| R'000           | R'000     | R'000    | R'000   |

#### Irregular expenditure

Administration expenditure

2016-2017 Administration irregular expenditure identified in the current year

Artisan programme

|        |        |          |   |
|--------|--------|----------|---|
| 23 977 | 17 686 | (41 663) | - |
| 4 000  | 7 530  | (11 530) | - |
| -      | 2 921  | (2 921)  | - |
| 19 977 | 7 236  | (27 212) | - |

| 2017            |           |          |                                      |                                |                          |
|-----------------|-----------|----------|--------------------------------------|--------------------------------|--------------------------|
| Opening Balance | Additions | Condoned | Closing Balance as previously stated | Prior period error adjustments | Restated Closing Balance |
| R'000           | R'000     | R'000    | R'000                                | R'000                          | R'000                    |

#### Irregular expenditure

Administration expenditure

Internship programme

Artisan programme

Youth development programme

|        |        |          |       |        |        |
|--------|--------|----------|-------|--------|--------|
| 38 561 | 15 569 | (50 130) | 4 000 | 19 977 | 23 977 |
| 4 539  | 5 266  | (5 805)  | 4 000 | -      | 4 000  |
| 12 881 | -      | (12 881) | -     | -      | -      |
| 12 550 | 10 303 | (22 853) | -     | 19 977 | 19 977 |
| 8 591  | -      | (8 591)  | -     | -      | -      |

## **Notes to the Annual Financial Statements**

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### **26. Material losses through criminal conduct, irregular, fruitless and wasteful expenditure (continued)**

#### **26.1 Irregular expenditure**

During the financial year under review, irregular expenditure has been incurred as a result of non-compliance PPPFA and National Treasury regulations.

#### **26.2 Material Losses through fraud**

There was no material losses due to fraud in the period under review.

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

There was no fruitless and wasteful expenditure during the year under review.

#### **26.4 Material Losses through criminal conduct**

To the best of our knowledge, no material losses through criminal conduct, or fruitless and wasteful expenditure were incurred during the year ended 31 March 2018.

### **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 risk, interest rate risk and the effective interest rates on the financial instruments at reporting date are as follows:

## Notes to the Annual Financial Statements

### 27. Financial instruments (continued)

| 2018                        |                         |                      |  |                 |
|-----------------------------|-------------------------|----------------------|--|-----------------|
| Floating rate               |                         | Non-interest bearing |  | Total           |
| Amount                      | Effective interest rate | Amount               | Weighted average period until maturity |                 |
| R '000                      | %                       | R '000               | Years                                  | R '000          |
| <b>Assets</b>               |                         |                      |  |                 |
| Cash                        | 715 329                 | 5%                   | -                                      | 715 329         |
| Accounts receivable         | -                       |                      | 2 281                                  | 0,5 years 2 281 |
| Total financial assets      | 715 329                 |                      | 2 281                                  | 717 610         |
| <b>Liabilities</b>          |                         |                      |  |                 |
| Accounts payable            | -                       | (12 133)             | 0,5 years                              | (12 133)        |
| Total financial liabilities | -                       | (12 133)             |  | (12 133)        |
|                             | 715 329                 | (9 852)              |  | 705 477         |
|                             |                         |                      |  |                 |
| 2017                        |                         |                      |  |                 |
| Floating rate               |                         | Non-interest bearing |  | Total           |
| Amount                      | Effective interest rate | Amount               | Weighted average period until maturity |                 |
| R '000                      | %                       | R '000               | Years                                  | R '000          |
| <b>Assets</b>               |                         |                      |  |                 |
| Cash                        | 752 685                 | 5%                   | 8.00                                   | 752 693         |
| Accounts receivable         | -                       |                      | 2 070                                  | 0,5 years 2 070 |
| Total financial assets      | 752 685                 |                      | 2 078                                  | 754 763         |
| <b>Liabilities</b>          |                         |                      |  |                 |
| Accounts payable            | -                       | (15 155)             | 0,5 years                              | (15 155)        |
| Total financial liabilities | -                       | (15 155)             |  | (15 155)        |
|                             | 752 685                 | (13 077)             |  | 739 608         |



## Notes to the Annual Financial Statements

### 27. Financial instruments (continued)

#### Credit risk

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

The MQA limits its counter-party exposure by only dealing with well-established financial institutions approved by the National Treasury. The 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

|                      | 2018   |            | 2017   |            |
|----------------------|--------|------------|--------|------------|
|                      | Gross  | Impairment | Gross  | Impairment |
|                      | R '000 | R '000     | R '000 | R '000     |
| Past due 31-120 days | 69 707 | -          | 27 683 | -          |

#### Cash and cash equivalents

|              | 2018    |            | 2017    |            |
|--------------|---------|------------|---------|------------|
|              | Gross   | Impairment | Gross   | Impairment |
|              | R '000  | R '000     | R '000  | R '000     |
| Not past due | 715 329 | -          | 715 329 | -          |

#### 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 cash flows and its cash management policy.

## Notes to the Annual Financial Statements

### 27. Financial instruments (continued)

|                          | 2018             |                       |                       |              |
|--------------------------|------------------|-----------------------|-----------------------|--------------|
|                          | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|                          | R '000           | R '000                | R '000                | R '000       |
| Trade and other payables | 12 133           | -                     | -                     | -            |

|                          | 2017             |                       |                       |              |
|--------------------------|------------------|-----------------------|-----------------------|--------------|
|                          | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|                          | R '000           | R '000                | R '000                | R '000       |
| Trade and other payables | 15 155           | -                     | -                     | -            |

#### Market risk

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

#### Fair values

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

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

#### Cash and cash equivalents

Cash and cash equivalents comprise cash held by the MQA and short-term bank deposits with an original maturity of less than 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 debts, approximates fair value due to the relatively short-term maturity of these financial assets.

## **Notes to the Annual Financial Statements**

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### **27. Financial instruments (continued)**

#### **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.

### **28. Related party transactions**

#### **28.1 Inter-SETA transactions**

Inter-SETA transactions and balances arise due to the movement of employers from one SETA to another and levies due from the SETA to which the employers erroneously contributed its levies and or submitted its WSP/ATR. No other transactions occurred during the year with other SETAs.

## Notes to the Annual Financial Statements

### 29. Related party transactions

#### 29.1 Sector Education and Training Authorities

|               | 2018                           |                      | 2017                           |                      |
|---------------|--------------------------------|----------------------|--------------------------------|----------------------|
|               | Amount receivable<br>(payable) | Transfers in / (out) | Amount receivable<br>(payable) | Transfers in / (out) |
|               | R '000                         | R '000               | R '000                         | R '000               |
|               | 151                            | -                    | 221                            | -                    |
| MERSETA       | (26)                           | -                    | 61                             | -                    |
| SERVICES SETA | 6                              | -                    | 6                              | -                    |
| AGRISSETA     | (2)                            | -                    | -                              | -                    |
| W&R SETA      | (20)                           | -                    | -                              | -                    |
| TETA          | (2)                            | -                    | 1                              | -                    |
| CHIETA        | 148                            | -                    | 146                            | -                    |
| SETA99        | 47                             | -                    | 9                              | -                    |
| CETA          | -                              | -                    | (2)                            | -                    |

#### 29.2 Other public entities

|                                | 2018     |          |        |         |
|--------------------------------|----------|----------|--------|---------|
|                                | Receipts | Payments | Debtor | Payable |
|                                | R '000   | R '000   | R '000 | R '000  |
|                                | 697      | 0        | 35 474 | -       |
| Unemployment Insurance Fund    | 215      | -        | 310    | -       |
| National Skills Fund           | -        | -        | 34 948 | -       |
| Mine Health and Safety Council | 418      | -        | -      | -       |
| ETDP SETA                      | 64       | -        | 216    | -       |

|                                | 2017     |          |        |         |
|--------------------------------|----------|----------|--------|---------|
|                                | Receipts | Payments | Debtor | Payable |
|                                | R '000   | R '000   | R '000 | R '000  |
| Other public entities          | 43 762   | 0        | 14 804 | -       |
| Unemployment Insurance Fund    | 1 210    | -        | 815    | -       |
| National Skills Fund           | 42 445   | -        | 13 847 | -       |
| Mine Health and Safety Council | -        | -        | -      | -       |
| ETDP SETA                      | 107      | -        | 142    | -       |
|                                | 43 762   | 0        | 14 804 | -       |

## Notes to the Annual Financial Statements

### 29. Related party transactions (continued)

#### 29.3 Transactions with Board members and entities where they are /employed or hold directorships

| 2018         |                           |                              |               |              |               |              |               |
|--------------|---------------------------|------------------------------|---------------|--------------|---------------|--------------|---------------|
| Constituency | Related party             | Related party representative | Received      | Fees paid    | Grants paid   | Debtors      | Payable       |
|              |                           |                              | <b>68 195</b> | <b>1 375</b> | <b>60 596</b> | <b>1 700</b> | <b>25 587</b> |
| Employers    | Harmony Gold Mine         | M Mashego                    | 51 864        | -            | 30 883        | -            | 5 468         |
| Employers    | Colliery Training College | J Venter                     | 515           | -            | 10 091        | -            | 255           |
| Employers    | Chamber of Mines          | M Ally & D Julyan            | 669           | 478          | 550           | -            | 510           |
| Employers    | Anglo Platinum            | L Mogaki                     | 11 856        | -            | 18 353        | -            | 19 043        |
| Labour       | UASA*                     | F Van Straten                | -             | 70           | -             | -            | -             |
| Employers    | Petra Diamonds            | S Rogers                     | 1 592         | -            | -             | -            | 311           |
| Labour       | NUM**                     | A Teteme                     | -             | 575          | -             | -            | -             |
| Labour       | NUM                       | D Shikati                    | -             | 174          | -             | -            | -             |
| Labour       | NUM                       | A Tshangase                  | -             | 78           | -             | -            | -             |
| State        | DMR***                    | M Zondi                      | 1 700         | -            | 719           | 1 700        | -             |

| 2017         |                           |                              |               |            |               |          |               |
|--------------|---------------------------|------------------------------|---------------|------------|---------------|----------|---------------|
| Constituency | Related party             | Related party representative | Received      | Fees paid  | Grants paid   | Debtors  | Payable       |
|              |                           |                              | <b>96 579</b> | <b>412</b> | <b>86 016</b> | <b>-</b> | <b>39 532</b> |
| Employers    | Harmony Gold Mine         | M Mashego                    | 40 946        | -          | 25 125        | -        | 12 362        |
| Employers    | Colliery Training College | J Venter                     | 435           | -          | 8 900         | -        | 1 745         |
| Employers    | Chamber of Mines          | M Ally & D Julyan            | 404           | -          | 7 996         | -        | 11            |
| Employers    | Anglo Platinum            | L Mogaki                     | 52 084        | -          | 43 496        | -        | 25 103        |
| Labour       | UASA                      | F Van Straten                | -             | 30         | -             | -        | -             |
| Employers    | Petra Diamonds            | S Rogers                     | 2 710         | -          | 70            | -        | 311           |
| Labour       | NUM                       | A Teteme                     | -             | 263        | 429           | -        | -             |
| Labour       | NUM                       | D Shikati                    | -             | 57         | -             | -        | -             |
| Labour       | NUM                       | A Tshangase                  | -             | 44         | -             | -        | -             |
| State        | DMR                       | M Zondi                      | -             | -          | -             | -        | -             |
| State        | Ministerial appointee     | N C Kubheka                  | -             | 18         | -             | -        | -             |

UASA\* - United Association of South Africa

NUM\*\* - National Union of Mineworkers

DMR\*\*\* - Department of Mineral resources

## Notes to the Annual Financial Statements

### 29. Related party transactions (continued)

#### 29.3 Transactions with Board members and entities where they are /employed or hold directorships (continued)

| Staff or Board member | Entity | 2018            |              |                   |                |
|-----------------------|--------|-----------------|--------------|-------------------|----------------|
|                       |        | Amount received | Amounts paid | Amount receivable | Amount payable |
|                       |        | R '000          | R '000       | R '000            | R '000         |

|             |                           |   |     |   |   |
|-------------|---------------------------|---|-----|---|---|
|             |                           | 3 | 446 | - | - |
| A Tshangase | Tshepo Recruitment Mining | 3 | 434 | - | - |
| T Thangke   | Thato ya Kgosi            | - | 12  | - | - |

| Staff or Board member | Entity | 2017            |              |                   |                |
|-----------------------|--------|-----------------|--------------|-------------------|----------------|
|                       |        | Amount received | Amounts paid | Amount receivable | Amount payable |
|                       |        | R '000          | R '000       | R '000            | R '000         |

|             |                           |   |        |   |   |
|-------------|---------------------------|---|--------|---|---|
|             |                           | - | 31 930 | - | - |
| A Tshangase | Tshepo Recruitment Mining |   | 31 930 | - | - |

## Notes to the Annual Financial Statements

### 29. Related party transactions (continued)

#### 29.4 Key management personnel

| Basic salaries | Performance Bonuses | Leave paid out | Non-Pensionable allowances | Acting Allowances | Pension contributions | Total 2018 | Total 2017 |
|----------------|---------------------|----------------|----------------------------|-------------------|-----------------------|------------|------------|
| R '000         | R '000              | R '000         | R '000                     | R '000            | R '000                | R '000     | R '000     |

#### Executive managers

|                            | 4 898 | 529 | 443 | 5 025 | 1 201 | 807 | 12 903 | 8 114 |
|----------------------------|-------|-----|-----|-------|-------|-----|--------|-------|
| T G Mmotla (COO_ACEO)      | 497   | -   | -   | 1 017 | 504   | 73  | 2 091  | 1 770 |
| M Palale (SPM_ACOO)        | 516   | 69  | -   | 530   | 353   | 76  | 1 544  | 197   |
| M Mdingi (CFO)             | 852   | -   | -   | 597   | -     | 126 | 1 575  | 1 599 |
| N B Nemagovhani (CRMEO)    | 505   | -   | -   | 389   | -     | 77  | 971    | -     |
| Z T Boikhutso (RMNW_AEMCS) | 528   | 165 | -   | 624   | 188   | 78  | 1 583  | -     |
| B Mathebula (RMFS_AEMSR)   | 502   | 165 | -   | 667   | 56    | 74  | 1 464  | -     |
| P J Moasa (ACRMEO_MEM)     | 66    | 130 | -   | 414   | 100   | 90  | 800    | 300   |
| C Maila (EMSR)*            | 771   | -   | 185 | 331   | -     | 112 | 1 399  | 1 330 |
| I G Mkhize (EMCS)**        | 661   | -   | 258 | 456   | -     | 101 | 1 476  | 1 348 |
| Y Omar                     | -     | -   | -   | -     | -     | -   | -      | 206   |
| S Seepi (CEO)              | -     | -   | -   | -     | -     | -   | -      | 1 364 |

#### Notes and legend for 2018

T G Mmotla, the Chief Operations Officer (COO) was appointed as Acting Chief Executive Officer (ACEO) from 12 September 2016.

M Palale, the Strategic Planning Manager (SPM) was appointed as Acting Chief Operations Officer (ACOO) from 12 September 2016.

M Mdingi, the Chief Financial Officer (CFO) from 01 December 2016.

N B Nemagovhani, the Chief Risk Monitoring and Evaluation Officer (CRMEO) from 01 August 2017.

Z T Boikhutso, the Regional Manager:North West office (RMNW) was appointed as Acting Executive Manager : Corporate Services (AEMCS) from 11 September 2017.

B Mathebula, the Regional Manager : Free State office (RMFS) was appointed as Acting Executive Manager : Stakeholder Relations (AEMSR) from 01 February 2018.

P J Moasa, acted as CRMEO until 31 July 2017 and resumed duties as Monitoring and Evaluation Manager (MEM).

\* Resigned as Executive Manager:Stakeholder Relations (EMSR) effective 31 January 2018.

\*\* Resigned as Executive Manager:Corporate Services (EMCS) effective 01 February 2018.

## Notes to the Annual Financial Statements

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### 30. Events after the reporting date

The following non-adjusting events occurred between the reporting date and authorisation date:

- 30.1 A contract that was irregularly awarded in 2016 for R41 834 040, was set aside by a court of law in June 2018.
- 30.2 The term of the Board members came to an end on the 31 March 2018 and the Minister of Mineral Resources extended their term till the 31 August 2018.
- 30.3 Mr A Tshangase resigned as a board member during the month June 2018.

### 31. New standards and interpretations

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

#### GRAP 20: Related Party Disclosure

The standard was issued in June 2011 and its effective date has not yet been determined. The Standard prescribes that MQA's financial statements disclose transactions and outstanding balances with related parties to draw attention of the users the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties.

It is not expected that the Standard will significantly impact on future disclosures as the MQA has early adopted the disclosure requirements of the standard in note 29 of the annual financial statements.

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

The standard was issued in August 2013 and its effective date has not yet been determined. The Standard prescribes the requirements for recognition, measurement, presentation and disclosure of assets and liabilities that arise out of rights to use service concession assets to an operator to provide a mandated function.

It is not expected that the Standard will significantly impact on future accounting and disclosures as its recognition and measurement requirements do not significantly differ from the provisions of effective GRAP Standards on accounting for assets and liabilities.



## **Notes to the Annual Financial Statements**

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### **31. New standards and interpretations (continued)**

#### **GRAP 34: Separate Financial Statements**

The standard was issued in March 2017 and its effective date is not yet determined. The standard prescribes the accounting and disclosure requirements for investment in controlled entities, joint ventures and associates by the investor in its separate financial statements. The separate financial statements are those statements presented in addition to consolidated financial statements by the investor that has investments in controlled entities and or joint ventures and or associates.

It is not expected that the standard will impact future accounting and disclosures of the MQA since it is currently not an investor entity and there is no intention of becoming one in the future.

#### **GRAP 35: Consolidated Financial Statements**

The standard was issued in March 2017 and its effective date is not yet determined. The standard prescribes the principles for presentation and preparation of consolidated financial statements by an entity that controls one or more other entities. An entity controls another entity when the entity is exposed, or has rights, to variable benefits from involvement with the other entity and has the ability to affect the nature or amounts of those benefits through its power over the other entity.

It is not expected that the standard will affect future presentation of financial statements of the MQA since MQA is not a controlling entity and there are no intentions of becoming one in the future.

#### **GRAP 36: Investments in Associates**

The standard was issued in March 2017 and its effective date is not yet determined. The standard prescribes the accounting principle for investments in Associates and application of the equity method when accounting for such investments. An Associate is defined an entity over which the investor has significant influence. The significant influence is further defined as power to participate in the financial and operating policy decisions of another entity but not control or joint control of those policies.

It is not expected that the standard will affect future presentation of MQA's financial statements since MQA does not have any investment in Associates and there are no intentions for acquiring such investments.

## Notes to the Annual Financial Statements

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### 31. New standards and interpretations (continued)

#### **GRAP 37: Joint Arrangements**

The standard was issued in March 2017 and its effective date is not yet determined. The standard prescribes the accounting principle for financial reporting by entities that have interest in arrangements that are controlled jointly. Joint Arrangements are defined as arrangements of which two or more parties have joint control. The joint control is further defined as agreed sharing of control by a way of binding arrangement, which exist only when decision about relevant activities require unanimous consent of parties sharing control.

It is not expected that the standard will affect MQA future accounting and disclosures because it currently does not have any joint arrangements nor future intentions to enter into such arrangements.

#### **GRAP 38: Disclosure in Other Entities**

The standard was issued in March 2017 and its effective date is not yet determined. The standard requires entities to disclose information that enables users of its financial statements to evaluate the nature of, and risks associated with, its interest in controlling entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated and the effects of those interests on its financial position, financial performance and cash flows. MQA does not have any controlled entities, interest in associates, joint ventures and is not party to any joint arrangements.

It is not expected that the standard will affect future accounting and disclosures of the MQA.

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

The standard was issued in September 2013 and its effective date has not yet been determined. The Standard prescribes the requirements for the recognition, measurement, presentation and disclosure of statutory receivables. Statutory receivables are receivables that arise from legislation and supporting regulations and require settlement by another entity in cash or another financial asset.

It is not expected that the Standard will significantly impact on future accounting and disclosures as its recognition and measurement requirements do not significantly differ from the provisions of effective GRAP Standards on accounting for accounts receivable.

## **Notes to the Annual Financial Statements**

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### **31. New standards and interpretations (continued)**

#### **GRAP 109: Accounting by Principals and Agents**

The standard was issued in July 2015 and its effective date has not yet been determined. The Standard outlines principles to be used by the MQA to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements but provides guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal and prescribes what information should be disclosed when an entity is a principal or an agent.

The MQA may be an agent (as defined) of the Department of Higher Education and Training as well as the Department of Mineral Resources. Except for additional disclosures that will be required, it is not expected that the Standard will significantly impact on future recognition and measurement of transactions as its requirements do not significantly differ from the provisions of effective GRAP Standards on accounting for revenues, expenses, assets and liabilities.

#### **GRAP 110: Living and Non-Living Resources**

The standard was issued in March 2017 and its effective date is not yet determined. The standard prescribes the recognition, measurement, presentation and disclosure for living resources and disclosure requirements for non-living resources. Living resources are those resources that undergo biological transformation and non-living resources are resources, other than living resources that occur naturally and have been extracted. Non-living resources includes, water, minerals, oils, gas and other non-regenerative resources which have not been extracted. The principles in the standard do, however, not apply to land and extracted water, minerals, oils, and gas and other non-regenerative resources.

It is not in the MQA mandate to transform non-living resources into living resources and is thus not expected that the effective implementation of the standard will affect future accounting and disclosures of the MQA.

## Notes to the Annual Financial Statements

### 32. Prior period errors

Some of the previously line items in the elements of the Annual Financial Statements and notes thereto have been restated in respect of the following:

|   | 2018<br>R '000 | 2017<br>R '000   |
|---|----------------|------------------|
| <b>32.1 Employer grant and project expenditure<br/>(statement of financial performance)</b> |                |                  |
| As previously disclosed   | -              | 1 029 047        |
| Expenses erroneously omitted  | -              | 5 724            |
| Restated amount   | -              | <b>1 034 771</b> |
| <b>32.2 Administration expenditure<br/>(statement of financial performance)</b>             |                |                  |
| As previously stated  | -              | 130 843          |
| Transfer to QCTO now separately disclosed   | -              | (5 265)          |
| Restated amount   | -              | <b>125 578</b>   |
| <b>32.3 Transfer to QCTO<br/>(statement of financial performance)</b>                       |                |                  |
| As previously stated  | -              | -                |
| Transfer to QCTO previously disclosed under administrative expenditure                      | -              | 5 265            |
| Restated amount   | -              | <b>5 265</b>     |
| <b>32.4 Deficit for the year<br/>(statement of financial performance)</b>                   |                |                  |
| As previously disclosed   | -              | 114 555          |
| Employer grants and project expenditure adjustment above                                    | -              | 5 725            |
| Restated amount   | -              | <b>120 280</b>   |

## Notes to the Annual Financial Statements

### 32. Prior period errors (continued)

|   | 2018<br>R '000 | 2017<br>R '000 |
|---|----------------|----------------|
| <b>32.5 Receivable from non-exchange<br/>(statement of financial position)</b>              |                |                |
| As previously disclosed   | -              | 26 432         |
| Movement erroneously recognised in 2015/16 and before                                       | -              | 775            |
| Movement erroneously recognised in 2016/17  | -              | 476            |
| Restated amount   | -              | <b>27 683</b>  |
| <b>32.6 Grant and transfer payables<br/>(statement of financial position)</b>               |                |                |
| As previously disclosed   | -              | 519 065        |
| Prior year accruals omission 2015/16  | -              | 501            |
| Prior year accruals omission 2016/17  | -              | 11 182         |
| Restated amount   | -              | <b>530 748</b> |
| <b>32.7 Discretionary reserves<br/>(statement of financial position)</b>                    |                |                |
| As previously disclosed   | -              | 236 589        |
| Expenditure previously omitted 2015/16  | -              | (4 706)        |
| Expenditure previously omitted 2016/17  | -              | (5 725)        |
| Restated amount   | -              | <b>226 158</b> |
| <b>32.8 Employer grants and projects expenditure -<br/>Mandatory grant (note 2 &amp; 7)</b> |                |                |
| Mandatory grants expenditure as previously disclosed  | -              | 209 675        |
| Mandatory grants bad debt write off previously omitted                                      | -              | (476)          |
| Restated amount   | -              | <b>209 199</b> |

## Notes to the Annual Financial Statements

### 32. Prior period errors (continued)

|  | 2018<br>R '000 | 2017<br>R '000 |
|--|----------------|----------------|
| <b>32.9 Employer grants and projects expenditure-<br/>Discretionary grant (note 2 &amp; 7)</b> |                |                |
| Discretionary grants expenditure as previously disclosed                                       | -              | 819 371        |
| Discretionary grant expenditure previously omitted   |                | 6 202          |
| Restated amount  | -              | <b>825 573</b> |
| <b>32.10 Other Income (Note 5)</b>   |                |                |
| Learning materials and other recoveries as previously stated                                   | -              | 568            |
| Staff recoveries separately disclosed  | -              | (24)           |
| Restated amount  | -              | <b>544</b>     |
| <b>32.11 Other Income (Note 5)</b>   |                |                |
| Staff recoveries as previously stated  | -              | -              |
| Staff recoveries separately disclosed  | -              | 24             |
| Restated amount  | -              | <b>24</b>      |
| <b>32.12 Maintenance, repairs and running costs: Property and buildings (Note 8)</b>           |                |                |
| As previously disclosed  | -              | 1 090          |
| Correction of a machinery and equipment costs allocation (refer below)                         | -              | 99             |
| Restated amount  | -              | <b>1 189</b>   |
| <b>32.13 Maintenance, repairs and running costs : Machinery and equipment (note 8)</b>         |                |                |
| As previously disclosed  | -              | 426            |
| Correction of property and building costs allocation (refer above)                             | -              | (99)           |
| Restated amount  | -              | <b>327</b>     |

## Notes to the Annual Financial Statements

### 32. Prior period errors (continued)

|   | 2018<br>R '000 | 2017<br>R '000 |
|---|----------------|----------------|
| <b>32.14 Entertainment expenses (note 8)</b>                                |                |                |
| As previously disclosed   | -              | 61             |
| Refreshments reallocated to conferences, meetings and seminars              | -              | (61)           |
| Restated amount   | -              | -              |
| <b>32.15 Advertising, marketing and promotions, communication (note 8)</b>  |                |                |
| As previously disclosed   | -              | 3 698          |
| Annual reports and other publications previously in printing and stationery | -              | 2 182          |
| Restated amount   | -              | 5 880          |
| <b>32.16 Travel and accommodation (note 8)</b>                              |                |                |
| As previously disclosed   | -              | 9 556          |
| Costs reallocated to conferences, meetings and seminars                     | -              | (367)          |
| Stakeholder co-ordination events to conferences, meetings and seminars      | -              | (392)          |
| Restated amount   | -              | 8 797          |
| <b>32.17 Remuneration of Board and committee members (note 8)</b>           |                |                |
| As previously disclosed   | -              | 647            |
| Costs relocated to conferences and seminars                                 | -              | 46             |
| Restated amount   | -              | 693            |
| <b>32.18 Staff training and development (note 8)</b>                        |                |                |
| As previously disclosed   | -              | 1 770          |
| Costs relocated to conferences and seminars                                 | -              | (95)           |
| Restated amount   | -              | 1 675          |

# Mining Qualifications Authority

Annual Financial Statements for the year ended 31 March 2018

## Notes to the Annual Financial Statements

### 32. Prior period errors (continued)

#### 32.19 Printing and Stationery (note 8)

|  | 2018<br>R '000 | 2017<br>R '000 |
|--|----------------|----------------|
| As previously disclosed  | -              | 3 755          |
| Annual reports and other publications to marketing and publicity costs | -              | (2 182)        |
| Subscriptions to publications to subscription and membership fees      | -              | (107)          |
| Restated amount  | -              | <b>1 466</b>   |

#### 32.20 Conferences, meetings and seminars (note 8)

|  |   |              |
|--|---|--------------|
| As previously disclosed  | - | 2 966        |
| Refreshments relocated from entertainment expenses                     | - | 61           |
| Reallocation of remuneration of board and committee members            | - | (46)         |
| Costs previously allocated to travel and accommodation                 | - | 367          |
| Costs previously allocated to staff training and development           | - | 95           |
| Stakeholder co-ordination costs previously in travel and accommodation | - | 392          |
| Restated amount  | - | <b>3 835</b> |

#### 32.21 Subscription and membership fees (note 8)

|  |   |            |
|--|---|------------|
| As previously disclosed                        | - | 90         |
| Costs reallocated from printing and stationery | - | 107        |
| Restated amount                                | - | <b>197</b> |

#### 32.22 Irregular expenditure

|                           |   |               |
|---------------------------|---|---------------|
| As previously disclosed   | - | 4 000         |
| Correction of an omission | - | 19 977        |
| Restated amount           | - | <b>23 977</b> |



## Notes to the Annual Financial Statements

### 32. Prior period errors (continued)

|   | 2018<br>R '000 | 2017<br>R '000 |
|---|----------------|----------------|
| <b>32.23 Contingent liabilities</b>                                   |                |                |
| As previously disclosed   | -              | 139 702        |
| Contingent liabilities erroneously recognised                         | -              | (136 140)      |
| Restated amount   | -              | <b>3 562</b>   |
| <b>32.24 Receivables from non-exchange transactions</b>               |                |                |
| As previously disclosed   | -              | 1 615          |
| Inter-Seta - Administration separately disclosed                      | -              | (29)           |
| Restated amount   | -              | <b>1 586</b>   |
| <b>32.25 Board members indirect interest previously not disclosed</b> |                |                |
| A previously disclosed  | -              | -              |
| Corrections of omission   | -              | 31 930         |
| Restated  | -              | <b>31 930</b>  |
| <b>32.26 Commitments (Note 26)</b>                                    |                |                |
| A previously disclosed  | -              | 1 324 902      |
| Prior period adjustment for expired learner contracts                 | -              | (446 332)      |
| Restated amount   | -              | <b>878 570</b> |

# Mining Qualifications Authority

Annual Financial Statements for the year ended 31 March 2018

## ACRONYM LIST

|               |   |                |  |                   |  |
|---------------|---|----------------|--|-------------------|--|
| <b>ACC</b>    | Annual Consultative Conference                      | <b>HVAC</b>    | Heating Ventilation and Air Conditioning                             | <b>QAP</b>        | Quality Assurance Partner                                      |
| <b>AET</b>    | Adult Education and Training                        | <b>ISO</b>     | International Organisation for Standardisation                       | <b>QCTO</b>       | Quality Council for Trades and Occupations                     |
| <b>AEL</b>    | Adult Education and Learning                        | <b>MHSA</b>    | Mine Health and Safety Act   | <b>QALA</b>       | Quality Assurance of Learner Achievements                      |
| <b>AFS</b>    | Annual Financial Statements                         | <b>MIS</b>     | Management Information Systems                                       | <b>RPL</b>        | Recognition of Prior Learning                                  |
| <b>AGSA</b>   | Auditor General of South Africa                     | <b>MIDGETT</b> | Mining Industry Growth, Development and Employment Task Team         | <b>RSPP</b>       | Regional Sector Skills Plan                                    |
| <b>APP</b>    | Annual Performance Plan                             | <b>MMS</b>     | Mining and Minerals Sector   | <b>SA</b>         | South Africa   |
| <b>ATR</b>    | Annual Training Reports                             | <b>MoA</b>     | Memorandum of Agreement  | <b>SADPMR</b>     | South African Diamond and Precious Metals Regulator            |
| <b>AQP</b>    | Assessment Quality Partner                          | <b>MoU</b>     | Memorandum of Understanding  | <b>SAM&amp;MS</b> | South African Mining and Minerals Sector                       |
| <b>B-BBEE</b> | Broad-Based Black Economic Empowerment              | <b>MPRDA</b>   | Mineral and Petroleum Resources Development Act                      | <b>SANIRE</b>     | South African National Institute of Rock Engineering           |
| <b>BEE</b>    | Black Economic Empowerment                          | <b>MQA</b>     | Mining Qualifications Authority                                      | <b>SAQA</b>       | South African Qualifications Authority                         |
| <b>CBO</b>    | Community-Based Organisation                        | <b>MRAC</b>    | Mining Regulatory Advisory Committee                                 | <b>SDA</b>        | Skills Development Act 1998                                    |
| <b>CEO</b>    | Chief Executive Officer                             | <b>MTSF</b>    | Medium Term Strategic Framework                                      | <b>SDF</b>        | Skills Development Facilitator                                 |
| <b>CEP</b>    | Communities of Expert Practice                      | <b>NATED</b>   | National Technical Education   | <b>SDL</b>        | Skills Development Levy  |
| <b>CHE</b>    | Council for Higher Education                        | <b>NC</b>      | National Certificate   | <b>SDR</b>        | Skills Development and Research                                |
| <b>COGTA</b>  | Co-operative Governance and Traditional Affairs     | <b>NCV</b>     | National Certificate (Vocational)                                    | <b>SETA</b>       | Sector Education and Training Authority                        |
| <b>CRM</b>    | Customer Relationship Management                    | <b>NGO</b>     | Non-governmental Organisations                                       | <b>SIC</b>        | Standard Industrial Classification                             |
| <b>CRMEO</b>  | Chief Risk Monitoring and Evaluation Officer        | <b>NGP</b>     | National Growth Path   | <b>SLA</b>        | Service Level Agreement  |
| <b>CLAS</b>   | Cement, Lime, Aggregates and Sand                   | <b>NLRD</b>    | National Learner Records Database                                    | <b>SMME</b>       | Small, Micro, Medium Enterprises                               |
| <b>CoMTT</b>  | Classification of Mines Task Team                   | <b>NPO</b>     | Non-Profit Organisation  | <b>SSP</b>        | Sector Skills Plan   |
| <b>DEA</b>    | Department of Environmental Affairs                 | <b>NQF</b>     | National Qualifications Framework                                    | <b>ToR</b>        | Terms of Reference   |
| <b>DHET</b>   | Department of Higher Education and Training         | <b>NSA</b>     | National Skills Authority  | <b>TRG</b>        | Technical Reference Group                                      |
| <b>DMR</b>    | Department of Mineral Resources                     | <b>NSB</b>     | National Standards Body  | <b>TVET</b>       | Technical Vocational Education and Training                    |
| <b>DoF</b>    | Department of Finance                               | <b>NSDS</b>    | National Skills Development Strategy                                 | <b>UASA</b>       | United Association of South Africa                             |
| <b>DoL</b>    | Department of Labour                                | <b>NSF</b>     | National Skills Fund   | <b>Umalusi</b>    | Umalusi Council for General and Further Education and Training |
| <b>DMR</b>    | Department of Mineral Resources                     | <b>NUM</b>     | National Union of Mineworkers  | <b>UPS</b>        | Uninterrupted Power Supply                                     |
| <b>DQP</b>    | Development Quality Partner                         | <b>OFO</b>     | Organising Framework for Occupations                                 | <b>VAT</b>        | Value Added Tax  |
| <b>DVD</b>    | Digital Versatile Disk                              | <b>OHS</b>     | Occupational Health and Safety                                       | <b>WSP</b>        | Workplace Skills Plans   |
| <b>EMCS</b>   | Executive Manager Corporate Services                | <b>OQF</b>     | Occupational Qualification Framework                                 |                   |  |
| <b>EMSR</b>   | Executive Manager Stakeholder Relations             | <b>OQDF</b>    | Occupational Qualification Development Facilitator                   |                   |  |
| <b>ETD</b>    | Education, Training and Development (Practitioners) | <b>OQSF</b>    | Occupational Qualification Sub-framework                             |                   |  |
| <b>EXCO</b>   | Executive Committee                                 | <b>PAA</b>     | Public Audit Act   |                   |  |
| <b>FLC</b>    | Foundational Learning Competence                    | <b>PIVOTAL</b> | Professional, Vocational, Technical and Academic Learning Programmes |                   |  |
| <b>HEI</b>    | Higher Education and Training                       | <b>PSDF</b>    | Provincial Skills Development Forum                                  |                   |  |
| <b>HDI</b>    | Historically Disadvantaged Individuals              | <b>PSET</b>    | Post-school Education and Training                                   |                   |  |
| <b>HDSA</b>   | Historically Disadvantaged South Africans           | <b>QA</b>      | Quality Assurance  |                   |  |
| <b>HRD</b>    | Human Resources Development                         |                |  |                   |  |



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