

TURNING THE TIDE TOWARDS SUPERIOR SKILLS IN MINING

ANNUAL REPORT 2016-2017



Digging with Skills and Knowledge



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



MINING QUALIFICATIONS AUTHORITY

MINING QUALIFICATIONS AUTHORITY (MQA) ANNUAL REPORT 2016–2017

HONOURABLE MINISTERS

IT IS A PLEASURE TO PRESENT THE ANNUAL REPORT

OF THE MINING QUALIFICATIONS AUTHORITY

FOR THE FINANCIAL YEAR 1 APRIL 2016 TO 31 MARCH 2017



MR MOSEBENZI ZWANE

Minister of Mineral Resources



**DR BONGINKOSI "BLADE"
NZIMANDE**

Minister of Higher Education and Training



MR MTHOKOZISI ZONDI

Acting MQA Chairperson

Digging with Skills and Knowledge



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



MINING QUALIFICATIONS AUTHORITY

VISION

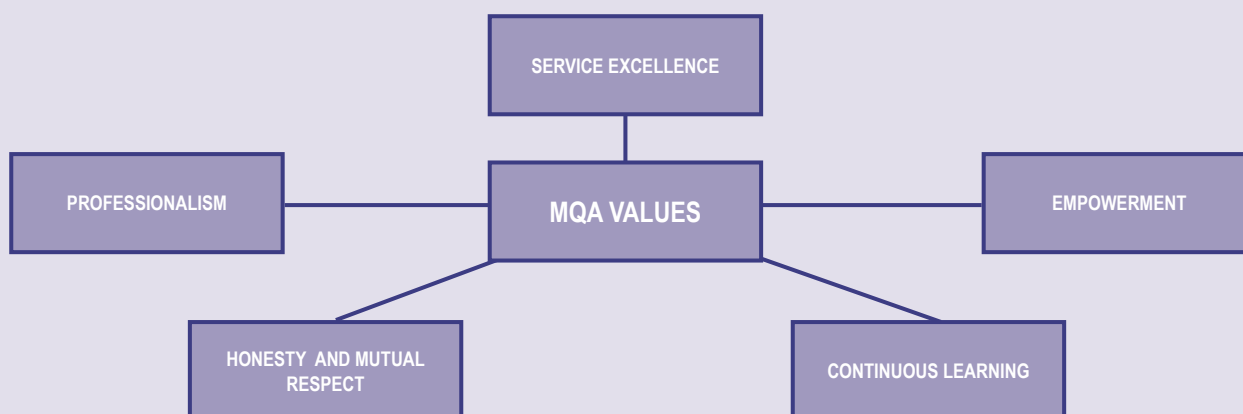
A competent health and safety-oriented mining and minerals workforce.

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 directed learning programmes for the unemployed.
5. Support mine community training initiatives to access economic opportunities.

LEGISLATIVE AND OTHER MANDATES

The Mining Qualifications Authority (MQA) is a SETA of the Department of Higher Education and Training (DHET), mandated to develop the mining and minerals sector. There are various pieces of key legislation that govern the operations of the MQA. These are listed in the diagram below:

DEPARTMENT OF MINERAL RESOURCES (DMR)	DEPARTMENT OF HIGHER EDUCATION AND TRAINING (DHET)	DEPARTMENT OF FINANCE (DOF)
<ul style="list-style-type: none">• Mine Health and Safety Act (MHSA) of 1996• Minerals and Petroleum Resources Development Act (MPRDA) of 2002	<ul style="list-style-type: none">• Skills Development Act, 97 of 1998• South African Qualifications Authority Act (SAQA), 58 of 1995• Higher Education Act of 1997• National Financial Aid Scheme Act of 1999• Adult Education and Training Colleges Act of 2006• Further Education and Training Colleges Act of 2006• National Qualifications Framework Act of 2008	<ul style="list-style-type: none">• Skills Development Levies Act 9 of 1999• Tax Act, Section 12H Learnership Allowances• Public Finance Management Act (PFMA) of 1999
RELEVANT REGULATIONS	RELEVANT REGULATIONS	RELEVANT REGULATIONS

In addition to the legislation listed above, national policy documents guide the development of skills in the sector; namely the National Development Plan 2030, National Skills Development Strategy III, the New Growth Path–National Skills Accord, Mining and Minerals Sector Skills Plan (SSP), King III Report on Corporate Governance, Protocol on Corporate Governance in the Public Sector (2002), the Companies Act (2008) and all the MQA policies and procedures.

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SECTION 1

GENERAL INFORMATION





MR MTHOKOZISI ZONDI
ACTING CHAIRPERSON

1.1. STRATEGIC OVERVIEW BY THE ACTING CHAIRPERSON

I am honoured, on behalf of the Governing Board of the MQA, to present the 1 April 2016 to 31 March 2017 Annual Report to the Honourable Minister of Higher Education and Training, Dr Blade Nzimande, the Honourable Minister of Mineral Resources, Mr Mosebenzi Zwane, our various industry stakeholders, labour organisations and employees in the mining and minerals sector.

The Mining Qualifications Authority (MQA) received an unqualified audit opinion from the Auditor-General (AG) for the 2016-2017 financial year. This was attributed to the commitment and effort ensured by the organisation and its staff to implement a turnaround strategy in order to address some of the challenges that were encountered, and to ensure the avoidance of internal organisation control deficiencies. I thank the MQA staff members upfront for remedying their approach to ensure the organisation achieves an unqualified audit report.

Concentrating on good corporate governance principles and in the pursuit of sound financial management practices, the Audit and Risk Committee of the MQA kept a closer look at identified risks and ensured that there were no deficiencies in internal controls during the period under review. The MQA's risk strategy and its fraud prevention campaign, including the MQA toll-free hotline where the public and stakeholders can report fraudulent activities in absolute confidentiality, is commendable.

The members of the Board carried themselves in a professional manner in their focus of addressing the national and strategic issues. I would also like to commend the Board members for their unwavering support provided in my capacity as Acting Chairperson of the Board, holding the fort for Mr David Msiza whilst he served the Department of Mineral Resources (DMR) as Acting Director-General.

I am also happy to announce that a more focused strategy to address the thorny commitment challenges at the MQA was adopted by appointing an accounting firm to clean up the system. The timeous disbursement of discretionary funds and the management of the bursary programme remained a concern for the MQA Board. These are some areas where a more robust and consistent approach will be ensured.

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

The various learning programmes implemented by the MQA are aligned to the MQA strategic objectives, as identified in consultation with the MQA Board in order to address the scarce skills identified by the sector as per the MQA sector skills plan (SSP).

The Board held its strategic planning sessions on 29 August and 12 September 2016. The focus was to prioritise good corporate governance practices and strategically position the MQA currently and beyond 2020, pending the announcement of the Sector Education and Training Authority (SETA) landscape. The strategic objectives were refocused to ensure alignment with its legislative mandate. The strategic objectives were amended from six to five, namely:

- Efficient, effective and transparent corporate governance system with the legal framework

The MQA continues to endorse the priorities outlined in the Mining Charter

- Decision-making through research
- Transformation of the sector through skills development
- Core skills development programmes aligned with sector qualifications
- Enhance economic empowerment of communities

This was to ensure increased prioritisation in areas needing more attention.

The Board is satisfied that the amended objectives will address the objectives of the broad-based socio-economic empowerment charter (Mining Charter), the Mineral and Petroleum Resources Development Act of 2002 and the Mine Health and Safety Act of 1996.

HIGHLIGHTS

During the year under review, the DHET extended the functions of the National Skills Development Strategy (NSDS) 111 that was extended to 31 March 2018 and later to 31 March 2020.

A number of mining companies and private training institutions linked to the MQA, participated in the 2017 National Skills Conference Awards hosted by the National Skills Authority (NSA). The mining sector was well represented and was recognised at the event. I would like to thank all the companies that participated in these awards and congratulate the winners. These included Anglo American, Sibanye Gold, Richards Bay Minerals, Kumba Iron Ore and Colliery Training College. This demonstrates commitment and collective effort in propelling skills development training, and the MQA is proud of this partnership.

At least 72%, namely 34 of the 47 targets set were achieved for the period under review. The MQA spent 71% of its planned budget which is commendable.

TRANSFORMATION

The mining sector is slowly responding positively to transformation and it remains the MQA's responsibility to demonstrate to the sector that transformation is not just a regulatory requirement, but a business imperative that the sector is expected to fulfil. The MQA continues to endorse the priorities outlined in the Mining Charter and, in the year under review, more and more testimonials were received from a number of qualified historically disadvantaged individuals who obtained success from the learning and training programmes facilitated by the MQA.

In trying to alleviate the challenges experienced in the sector, the MQA is placing an increased emphasis on portable skills training programmes which are aimed at assisting retrenched mining employees, and unemployed individuals in mining communities to gain employment. This is one means in the development of initiatives to assist in the reintegration of ex-miners into the workplace.

In the process of ensuring that targets across the skills development sector are met, the MQA has implemented a number of internal processes and cooperation agreements with a number of other role players. In the Board's view, this is paramount to the continued success of the MQA.

The MQA continues to plead with and encourage employers to open their workspaces for work experience opportunities for learners in the sector. The successful disbursement of the discretionary grants allocated for the various learning programmes is greatly entrenched in the positive response by employers to take up learners.

MANDATORY GRANTS (WSP-ATR, SSP)

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 an expected number of WSPs and ATRs were received 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.

The MQA received R243 million from the skills development levy income for the year under review. A total of R210 million was disbursed for mandatory grant payments, resulting in 86% of mandatory grants pay out.

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 151 million for discretionary projects. The total spend for discretionary grants was R819 million. These projects are established with a focus of addressing the skills gaps identified in the sector skills plan, and to fulfil the strategic goals of the MQA that are informed by the deliverables outlined in the National Development Skills Strategy 111. The projects include various artisan programmes (to support the increasing need for artisan trades) and non-artisan learning programmes, the occupational health and safety skills programme, mathematics and physical science extra-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

It is exciting to note that more learners are starting to get enlightened about pursuing artisan trades as their career option, following the “Decade of the Artisan” campaign founded and led by the Department of Higher Education and Training for the period 2014 to 2024. This ambitious programme aims to encourage individuals, and the youth in particular, to consider artisan trades as essential skills for gainful employment.

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 prides itself in forging partnerships with various stakeholders that share the identical goal of facilitating accelerated skills development training in the sector.

The important role of TVET colleges, in supporting the pursuit of improved artisan skills, is recognised by the MQA. Work exposure opportunities were offered to TVET college lecturers; and National Certificate Vocational (NCV) learners were placed with host employers to provide them with practical experience in order to advance their skills in their chosen artisan and non-artisan trades.

OCCUPATIONAL HEALTH AND SAFETY

Safety in the workplace, and among employees within the mining and minerals sector, is of paramount importance and the MQA remains committed to the “Zero Harm” policy, supported by various stakeholders in the sector. The number of reported mining related fatalities continues to decrease, as a total of 73 fatalities were reported in 2016 compared to 77 in 2015. The decrease in fatalities is encouraging; and the measures that are continually being taken regarding safety concerns demonstrate the MQA and the sector’s commitment to continued improvements in the safety standards within the mines. The employers in the mining and minerals sector responded positively to the call to train an increased number of representatives who were trained on, and completed the legislated occupational health and safety skills programme.

LITERACY SUPPORT FOR CONTINUOUS LEARNING

Literacy support forms a fundamental element of skills development training that ensures that there are continuous 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 adequate opportunities to improve their skills levels and their growth within the mining and minerals sector.

CAREER GUIDANCE AND SUPPORT FOR GRADUATES

The role of career guidance in shaping the vocational choices of our young maths and science learners can never be undervalued. This underpins the MQA's commitment towards supporting the mining and minerals sector's needs for transformation through skills development interventions that also target 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 artisan trades at Technical Vocational Education and Training (TVET) colleges.

The Sector Education and Training Authority (SETA) 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 of mining related careers amongst maths and science learners. Learners studying grade 10, 11 and 12 mathematics and physical science subjects were provided with extra-curricular lessons to improve their progress in these subjects and to qualify to study mining related qualifications at universities, universities of technology and TVET colleges.

The MQA provided work experience opportunities to undergraduate learners at tertiary institutions, which is vital in ensuring that learners attain their qualifications. This was made possible by 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, thus contributing to the reality of a transformed mining and minerals sector.

REVENUE – ADMINISTRATION BUDGET

The MQA's income continues to be stable. In the year under review, the revenue increased to R1 089 million from R1 071 million, in spite of the challenges that were experienced in the mines. The total spent on administration costs increased from R123 million in the 2015-2016 financial year to R133 million in the 2016-2017 financial year. The budget for the year was R132 million.

CHALLENGES

The recent harsh economic climate that led to unplanned retrenchments and in some instances mine closures,

adversely affected the MQA in efficiently carrying out its mandate. There is an increased uncertainty from employers to open their work spaces for learners in core learnership programmes.

The MQA continues to engage with role players in the sector to put measures in place that support ongoing skills development training in the sector.

The reputation of the MQA during the year under review suffered sternly as a result of the qualified audit finding received from the Auditor-General. To avert further qualified audits, the MQA has put stringent measures in place to ensure that it continues to produce a good set of audit results on an annual basis from the internal auditors and Auditor-General.

APPRECIATION

To the Ministries of Higher Education and Training as well as 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, the Audit and Risk Committee, the Remuneration Committee, as well as Internal and External Auditors. It is indeed an honour to serve as a member of the Board together with committed Board members.

My sincere appreciation goes 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 employees for the stellar performance and support during which the MQA's mandate was executed over the past year, in spite of the major challenges.

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



Mthokozisi Zondi

Acting Chairperson of the MQA Board

31 May 2017



MR TEBOGO MMOTLA
ACTING CHIEF EXECUTIVE OFFICER

1.2. OPERATIONAL OVERVIEW BY THE ACTING CHIEF EXECUTIVE OFFICER

Honourable Minister of Higher Education and Training, Dr Blade Nzimande; Honourable Minister of Mineral Resources, Mr Mosebenzi Zwane; the Acting Chairperson of the MQA Board, Mr Mthokozisi Zondi; and the Board members of the MQA, it gives me great pleasure to present the Annual Report for the Mining Qualification Authority for the 1 April 2016 to 31 March 2017 financial year.

I am honoured to serve an organisation that delivers on its mandate to ensure competent, qualified mining and minerals sector employees who will transform the sector through various learning interventions and superior skills.

In responding to the challenges of receiving a qualified audit opinion from the Auditor-General during the 2015-2016 financial year, the MQA implemented a turnaround strategy to address the challenges. The MQA also refocused its strategic objectives to prioritise its focus towards governance and administration, planning, decision-making, transformation, access and mine community support. It is therefore important to announce that the MQA obtained an unqualified audit opinion from the Auditor-General of South Africa during the year under review. I would like to take this opportunity to thank the Departments of Higher Education and Training, Mineral Resources, the MQA Board and its committees, Management and staff of the MQA for their unwavering support and commitment during the implementation of the turn-around strategy. It is really due to their tireless effort that the MQA obtained an unqualified opinion during the financial year under review.

Notwithstanding this, the worldwide economic downturn continued to impact negatively against the demand for South Africa's natural minerals, which in turn affected the mining and minerals sector employers' ability to train and retain skilled mining employees. The MQA, however, consulted extensively with employers to support the training needs of the sector. During the year under

review, the MQA made considerable strides to turn the organisation around, following a qualified audit opinion in the previous financial year. It also made attempts to achieve the performance target of 80% across all learning programmes and training initiatives, as per the Service Level Agreement (SLA) between the MQA and the Department of Higher Education and Training (DHET). The MQA, however, achieved 72% of its agreed performance targets, achieving 34 out of the 47 indicators. It also disbursed 74% of its total expenditure during the financial year under review. This performance achievement is still not what it should be and increased efforts will need to be made.

I am excited that the licences of all Sector Education and Training Authorities (SETAs), and the MQA in particular, has been extended for a further three years up to 31 March 2020. The oversight roles and responsibilities of the MQA Board have also been extended for the same tenure.

Whilst the year under review presented the MQA with a number of challenges and opportunities, our steadfast commitment to skills development training continues to propel our activities to achieve the targets set to benefit stakeholders in the sector.

The following presents a summary of our most notable achievements during the 2016-2017 financial year:

RESEARCH IN THE SECTOR

The role of research in the mining and minerals sector is a crucial element in informing decisions that impact on the quality of learning programmes and other MQA training initiatives, which the MQA funds and implements. The research is conducted periodically through various data gathering instruments and methods that include surveys, impact assessment studies and workplace skills plans

The MQA, achieved 72% of its agreed performance targets, achieving 34 out of the 47 indicators. It also disbursed 74% of its total expenditure for the financial year under review.

(WSPs), as well as annual training reports (ATRs), among others. This supports one of the MQA's key strategic objectives of facilitating and supporting the development and implementation of core skills development programmes aligned with the sector qualifications framework.

During the year under review, the set target of 635 workplace skills plans and annual training reports was achieved. This target was achieved through the support of the six MQA regional offices, which not only continue to foster relations with MQA stakeholders based in the regions they serve, but also ensure that stakeholders are provided with ample assistance during the WSP and ATR submission process.

In addition, ten (10) research projects in the sector were conducted against a target of nine (9).

YOUTH AND LEARNER DEVELOPMENT (MATHS AND SCIENCE, BURSARIES, CAREER GUIDANCE)

Career guidance, maths and science, bursaries, work readiness programmes, and projects centred on youth development remain some of the significant MQA interventions that seek to promote the mining and minerals sector as a viable employer, with an abundance of dynamic careers that can appeal to young learners.

During the 2016 – 2017 financial year, a total of 68 events were attended for the career guidance nationally and 1 200 learners in grades 10, 11 and 12 were supported with extra-curricular lessons in mathematics and physical science subjects. The MQA also supported a total of 929 learners from disadvantaged backgrounds, against the set target of 700 that entered on the MQA Bursary Scheme.

In an effort to counter the lack of work experience, which is a common challenge encountered by many mining career graduates when seeking employment opportunities, the MQA collaborates with mining and minerals sector stakeholders to provide workplace training that forms the core of the mining graduates' qualifications. A total of 637 undergraduate learners, against the set target of 500,

were placed with host employer companies for workplace experience training, with a total of 378 undergraduates completing the training, against the set target of 335.

The MQA introduced the Workplace Coach Development programme to capacitate coaches at the workplaces to enable them to offer support to the graduates seeking workplace and experiential training. The MQA placed 50 coaches with different employers, out of the set target of 50 coaches.

In 2015 the MQA, DHET and National Skills Fund (NSF) collaborated in a special project to support a total of twenty-five (25) young men and women in a two-year jewellery and watch-making internship programme at the IL Tari Design School in Italy. The MQA anticipates the return of these ambassadors during July 2017, equipped with valuable skills that will enable them to play an instrumental role in the jewellery and manufacturing sector. As part of the exit strategy there are already partnerships which the MQA has entered into with its role players in the sector, namely the State Diamond Trader to ensure that these graduates attain their dream and vision as entrepreneurs.

OCCUPATIONAL HEALTH AND SAFETY SKILLS PROGRAMME

The milestone of "Zero Harm" concerning mining fatalities was formally adopted in 2008 during the Tripartite Leadership Summit Agreement in the Mining and Minerals Sector, with a focus on the provision of occupational health and safety (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 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 activities.

During the year under review, the MQA exceeded its target of training representatives on the OHS skills programme. A total of 6 125 employees completed the training programme, against the set target of 6 000.

ARTISAN AND NON-ARTISAN DEVELOPMENT

A total of 2 115 learners were registered on various artisan programmes against the set target of 2 600, with 1 314 completing their training against the set target of 1 750. The target of 50 set for Small Scale Mining Support was exceeded, with 286 beneficiaries benefiting from the training due to the high intake of learners.

STAKEHOLDER DEVELOPMENT

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. During the year under review the MQA trained a total of 834 skills development facilitators (SDFs) against the set target of 700; and 693 skills development committee members, against the set target of 600.

SUPPORT FOR LITERACY IN THE SECTOR (FLC)

The MQA supports literacy programmes that promote the value of learning among mining and minerals sector employees without prior access to learning opportunities. During the 2016-2017 financial year, a total of 363 learners completed their Foundational Learning Competency (FLC) training, against the set target of 260.

CHALLENGES

During the period under review, the MQA experienced a few challenges which impacted on the organisation's ability to provide adequate learning interventions to the sector.

The discussion concerning the skills levels of Technical Vocational Education and Training (TVET) College lecturers has been under the spotlight, with issues pertaining to the quality of learning that is offered to learners enrolled at TVET colleges brought under scrutiny.

Although all the affected stakeholders, including mining and minerals sector employers, have been discussing feasible courses of action to adopt to remedy this, the willingness for TVET Colleges to release their lecturers for workplace exposure remains a challenge. However, the MQA will continue to engage the stakeholders to formulate a course of action that will benefit all stakeholders.

There has been an improvement in the number of learners enrolled for the Adult Education and Training (AET) learning programme for all levels. However, the data capturing

mechanism for each level is affecting the MQA's ability to report on the successful number of completions. Nonetheless, the MQA would like to commend the sector for the increased number of enrolments, and the support provided to adult learners who participate in this learning programme.

The number of learners entering artisan programmes still remains a challenge. This was due to the overall poor performance of the mining and minerals sector during 2016, which led to the sector failing to train some of the learners on artisan learning programmes.

Furthermore, the sector has not responded well to the call to support and train an increased number of unemployed learners from the immediate mining communities on learning programmes.

The MQA is contributing to surmounting these challenges through ongoing discussions and collaboration with stakeholders in the mining and minerals sector.

APPRECIATION

I would like to express my gratitude to the various stakeholders in the mining and minerals sector who contributed to the MQA's achievements during the previous financial year. The DHET, DMR, the MQA Board and standing committees, employers and labour organisations in the sector, I would like to commend you 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, more especially the attainment of the unqualified audit opinion from the Auditor-General of South Africa.

I would also like to extend a special gratitude to the Acting Chairperson of the MQA Board, Mr Mthokozisi Zondi, who steered the organisation during the year under review towards the attainment of its achievements.

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

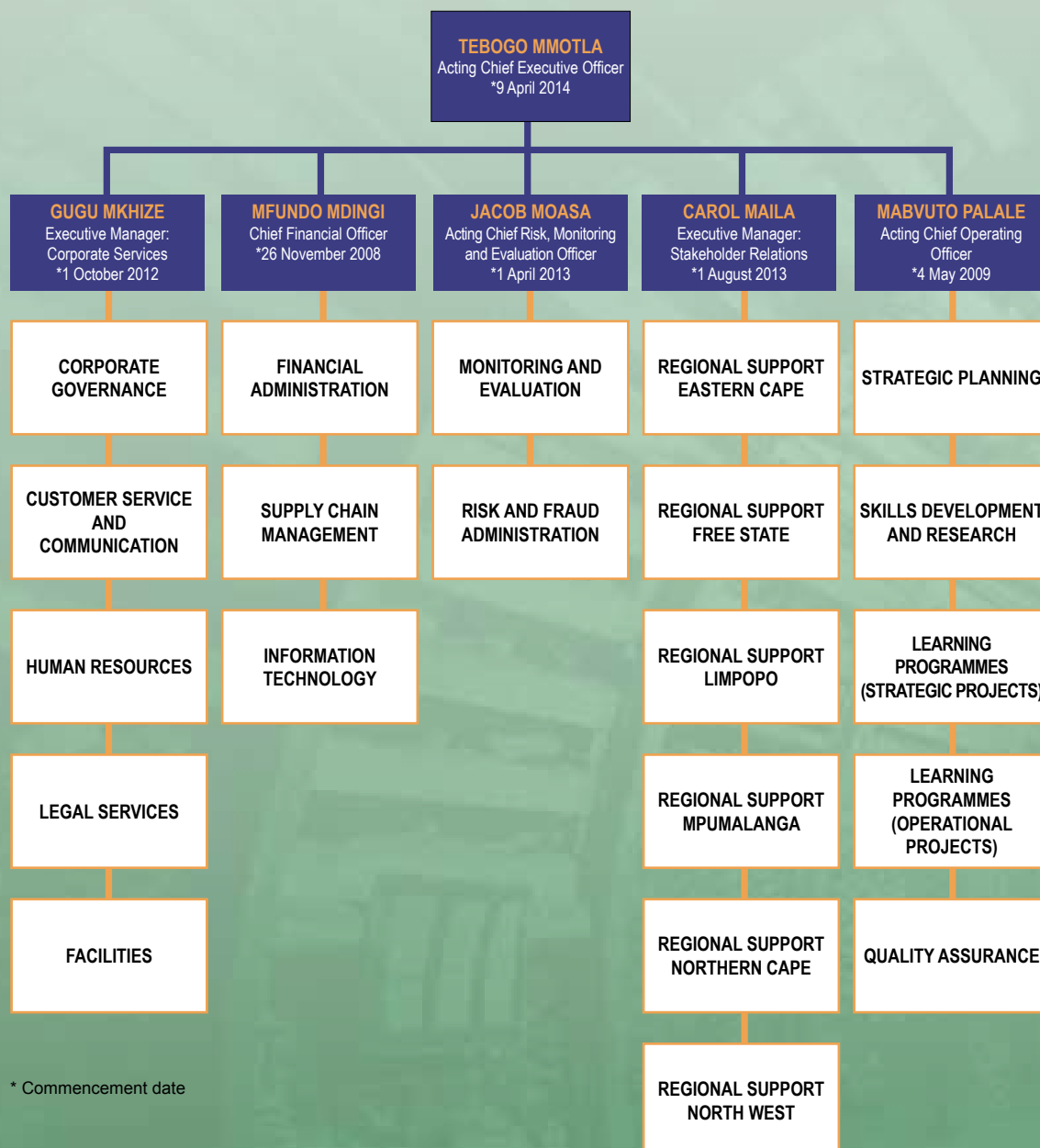


Tebogo Mmotla
Acting Chief Executive Officer

31 May 2017



1.3. ORGANISATIONAL STRUCTURE





TEBOGO MMOTLA
Acting Chief Executive Officer
*9 April 2014



GUGU MKHIZE
Executive Manager: Corporate Services
*1 October 2012



MFUNDO MDINGI
Chief Financial Officer
*26 November 2008



JACOB MOASA
Acting Chief Risk, Monitoring and Evaluation Officer
*1 April 2013



CAROL MAILA
Executive Manager: Stakeholder Relations
*1 August 2013



MABVUTO PALALE
Acting Chief Operating Officer
*4 May 2009

SECTION 2

CORPORATE GOVERNANCE



2.1. CORPORATE GOVERNANCE

In line with the terms of Regulation 30 of the Treasury Regulations, a Service Level Agreement (SLA) must be concluded annually between the MQA and the Executive Authority, as well as the Department of Higher Education and Training (DHET). This agreement contains key performance indicators and outcomes expected by the DHET in line with the protocol for corporate governance in the public sector, which was published in 2002.

The Board provides strategic direction, leadership, determines goals and objectives of the MQA, and also approves key policies, financial objectives, plans, goals and strategies. The MQA Constitution, the Board Charter and the Terms of Reference for all standing committees are aligned to the principles incorporated in the Code of Corporate Practices and Conduct in the King IV report and code of corporate governance. The Board's standing committee played a critical oversight role that created an enabling environment for the achievement of goals. Given the audit opinion of 2015/2016, the Board was hard at work ensuring that the MQA implements the Audit Turnaround Strategy to improve its outcome for 2016-2017.

The Corporate Services unit provides support to the MQA management, staff and stakeholders in the execution of our legislative mandate, which is to facilitate skills development in terms of the Skills Development Act.

The manner in which power is exercised in an organisation is seen in the maturity of its Corporate Governance framework. The MQA is proud to be an organisation whose values are embedded in the principles of good corporate governance. From an institutional and operational perspective, the MQA has produced an outstanding set of financial results. This could not have been achieved without the visionary leadership of the Board, which exercises strategic leadership over the MQA legislative mandate and operational oversight of performance.

GOVERNANCE STRUCTURES

In the execution of its oversight function, the Board is assisted by six standing Committees that provide strategic support.

- Executive Committee
- Audit and Risk Committee
- Human Resources & Remuneration Committee
- Finance Committee
- Skills Research and Planning Committee
- Learning Programmes Committee
- Education and Training Quality Assurance Committee

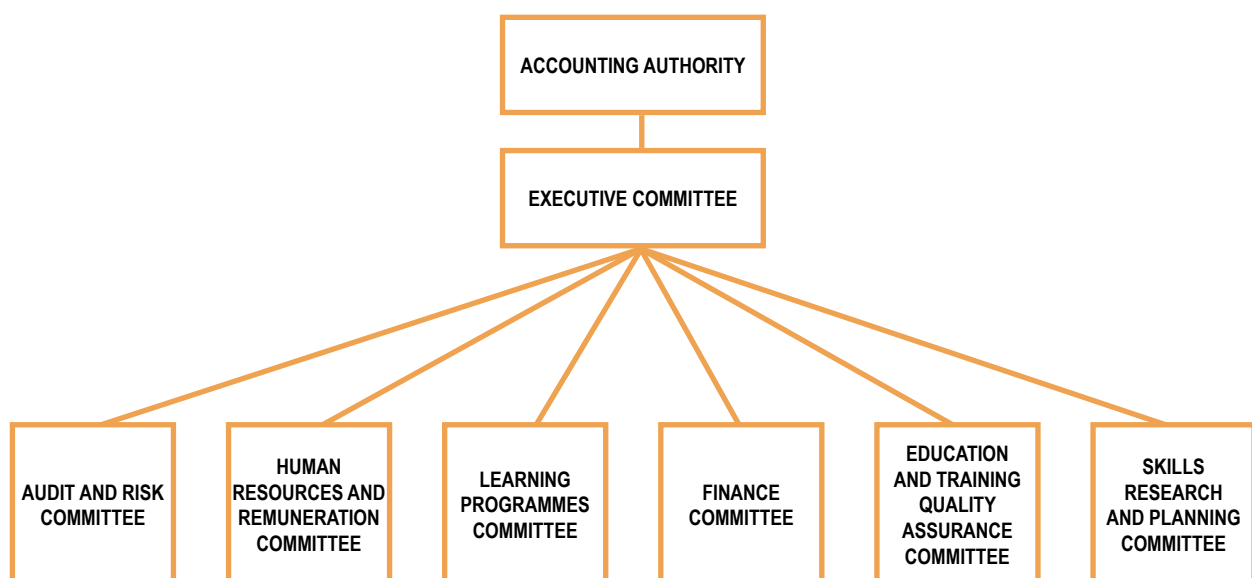


Figure 2.1: MQA governance structures



BOARD STRATEGIC PLANNING SESSION

Planning is a critical aspect of any organisation that aims to deliver on its strategic objectives. The MQA Board held its strategic planning sessions on 29 August 2016 and 12 September 2016. The purpose of the sessions was to review the strategic direction of the organisation, assess internal and external challenges, provide direction and review the Annual Performance Plan.

The strategic planning session also enabled the Board to deliberate on various policy initiatives aimed at streamlining operational processes.

EXECUTIVE COMMITTEE (EXCO)

EXCO meets quarterly and the reports are submitted to the Accounting Authority, after recommendation by the EXCO.

THE ACCOUNTING AUTHORITY/BOARD

The final responsibility for the future of the company depends on the Board as a whole, and the direction in which the company is to be led is the responsibility of the Board. In terms of Section 50 and 51 of the Public Finance Management Act (PFMA) 1 of 1999, amended by Act 29 of 1999, the Accounting Authority must accept their fiduciary duties in writing.

BOARD'S RESPONSIBILITIES

It should:

- Be responsible for the strategic direction of the company and for the control of the company;
- Set the values to which the company will adhere, as formulated in its code of conduct;
- Ensure that its conduct and that of management is aligned to the values, and adhered to in all aspect of its business;
- Promote the stakeholder inclusive approach of governance.

BOARD CHARTER

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

REMUNERATION OF THE BOARD

- The remuneration of the Board is determined by the National Treasury Rates. The rate per meeting is R3 584.
- The members from the Department of Mineral Resources are not entitled to remuneration as they are employed by the state entity.
- Members of the Board are also reimbursed for their travel and the rate per kilometre is determined by the South African Revenue Service (SARS).

2.2. OVERVIEW OF THE BOARD AND STANDING COMMITTEES' ROLES AND RESPONSIBILITIES

	NAME	FUNCTION	COMPOSITION	QUORUM	CHAIRPERSON	SECRETARY	MEETING
1.	MQA Board	Accounting Authority policy, strategies and resource allocations	Five representatives per stakeholder group present	Two stakeholder groups present	Chief Inspector of Mines	External service provider	Quarterly
2.	Executive Committee (EXCO)	Board delegated tasks and management oversight	Chairperson of the Board, three Conveners, CEO, COO, CFO, Executive Manager Corporate Services (EMCS), Chief Risk Monitoring & Evaluation (CRMEO), Executive Manager Stakeholder Relations (EMSR). One stakeholder	One representative per stakeholder group	Chief Inspector of Mines	External service provider	Quarterly
3.	Audit and Risk Committee	Advises on the effectiveness of financial management systems and controls in terms of the PFMA	Three external representatives, one representative per stakeholder group, one 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	External service provider	Quarterly
4.	Finance Committee	Advise on budget, financial control of projects and grants as well as levy grant disbursement	Two representatives per stakeholder group, CEO, COO, CFO, EMCS, CRMEO and EMSR	Two stakeholder groups present	Board member	External service provider	Quarterly
5.	Skills Planning and Research Committee	Advise on development and implementation of the sector skills plan, administration of workplace skills plan and annual training report and grants, unit projects and grants implementation	Two representatives per stakeholder group and unit management	Two stakeholder groups present	Board member	External service provider	Quarterly
6.	Learning Programmes Committee (LP)	Advices on learning programmes, skills programme registration, learning material development, apprentice administration, MQA-I-Share administration, and unit projects and grants implementation	Two representatives per stakeholder group	Two stakeholder groups present	Board member	External service provider	Quarterly
7.	Quality Assurance Committee	Advise on quality assurance, accreditation, MoUs with SETAs, monitoring of learning provision, unit projects and grants implementation	Two representatives per stakeholder group	Two stakeholder groups present	Board member	External service provider	Quarterly
8.	Human Resources and Remuneration Committee (HRREMC)	Oversees the implementation of a remuneration framework for the MQA	Three external representatives, one representative per stakeholder group, CEO and EMCS	Two stakeholders from different stakeholder groups and one external representative present	External representative	External service provider	Quarterly

Table 2.1: Overview of the Board and Standing Committees' Roles and Responsibilities

2.3. BOARD MEMBERS

MINISTERIAL



NOMATHEMBA KHUBEKA
MINISTERIAL APPOINTEE

STATE



HEADMAN MBIKO
DEPARTMENT OF MINERAL RESOURCES

EMPLOYERS



JOHAN VENTER
COLLIERY TRAINING CENTRE



LORATO MOGAKI
ANGLO PLATINUM

LABOUR



DONALD SHIKATI
NATIONAL UNION OF MINeworkERS



MTHOKOZISI ZONDI
ACTING CHAIRPERSON



MOTLATSO KOBE
DEPARTMENT OF MINERAL RESOURCES



MTHOKOZISI ZONDI
DEPARTMENT OF MINERAL RESOURCES



PATRICIA GAMEDE
DEPARTMENT OF MINERAL RESOURCES



MASHEGO MASHEGO
HARMONY



SHERIDAN ROGERS
PETRA DIAMONDS



VUSI MABENA
CHAMBER OF MINES



AZARIA TSHANGASE
NATIONAL UNION OF MINeworkERS



AMON TETEME
NATIONAL UNION OF MINeworkERS



FRIK VAN STRATEN
UNITED ASSOCIATION OF SOUTH AFRICA

2.4. BOARD MEETING ATTENDANCE

	MEMBER	ORGANISATION	CONSTITUENCY	MEETING DATES						TOTAL
				31 May 2016	28 July 2016	12 August 2016	3 October 2016	27 October 2016	28 February 2017	
1	***M. Zondi (Chairperson)	DMR - Pretoria	State	✓	✓	✓	✓	✓	✗	5
2	^N. Kubheka	Ministerial Appointee	Ministerial Appointee	✓	✗	✓	✓	✓	✗	4
3	A. Tshangase	NUM – Head Office	Labour	✓	✓	✓	✓	✓	✓	6
4	F. Van Straten	UASA	Labour	✓	✓	✓	✓	✓	✓	6
5	D. Shikati	NUM – Head Office	Labour	✓	✓	✓	✓	✓	✓	6
6	*A. Teteme	NUM – Head Office	Labour	✓	✓	✓	✓	✓	✓	6
7	*V. Mabena	Chamber of Mines	Employers	✓	✓	✗	✗	✓	✗	3
8	**L. Mogaki	Anglo Platinum	Employers	✗	✓	✗	✗	✗	✓	2
9	**J. Venter	CTC	Employers	✓	✓	✓	✗	✗	✓	4
10	**M. Mashego	Harmony	Employers	✗	✗	✗	✗	✓	✓	2
11	**S. Rogers	Petra Diamonds	Employers	✗	✗	✗	✗	✓	✗	1
12	**P. Gamede	DMR	State	✓	✓	✗	✓	✓	✓	5
13	**H. Mbiko	DMR	State	✓	✗	✗	✗	✓	✓	3
14	**M. Kobe	DMR	State	✗	✓	✓	✗	✗	✓	3

***Acting Chairperson

* Convenor of stakeholder delegation

** Members

^Ministerial appointees

Table 2.2: Board meeting attendance 2016-2017

SECTION 3

PERFORMANCE INFORMATION



3.1. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

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

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

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines as issued by National Treasury.

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

I accept that as the Acting Chief Executive Officer (ACEO) I am responsible for the preparation of the Annual Financial Statements and the MQA performance information, as

well as for the judgements made on this information.

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

The MQA Annual Financial Statements (pages 77 to 130) and the performance information (pages 23 to 35), approved by the MQA Board for the year ended 31 March 2017, have been examined by the external auditors to express an independent opinion and their report is presented on page 67 of this report.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the MQA for the financial year ended 31 March 2017.



Mr Tebogo Mmotla

Acting Chief Executive Officer

31 May 2017



Mr Mthokozisi Zondi

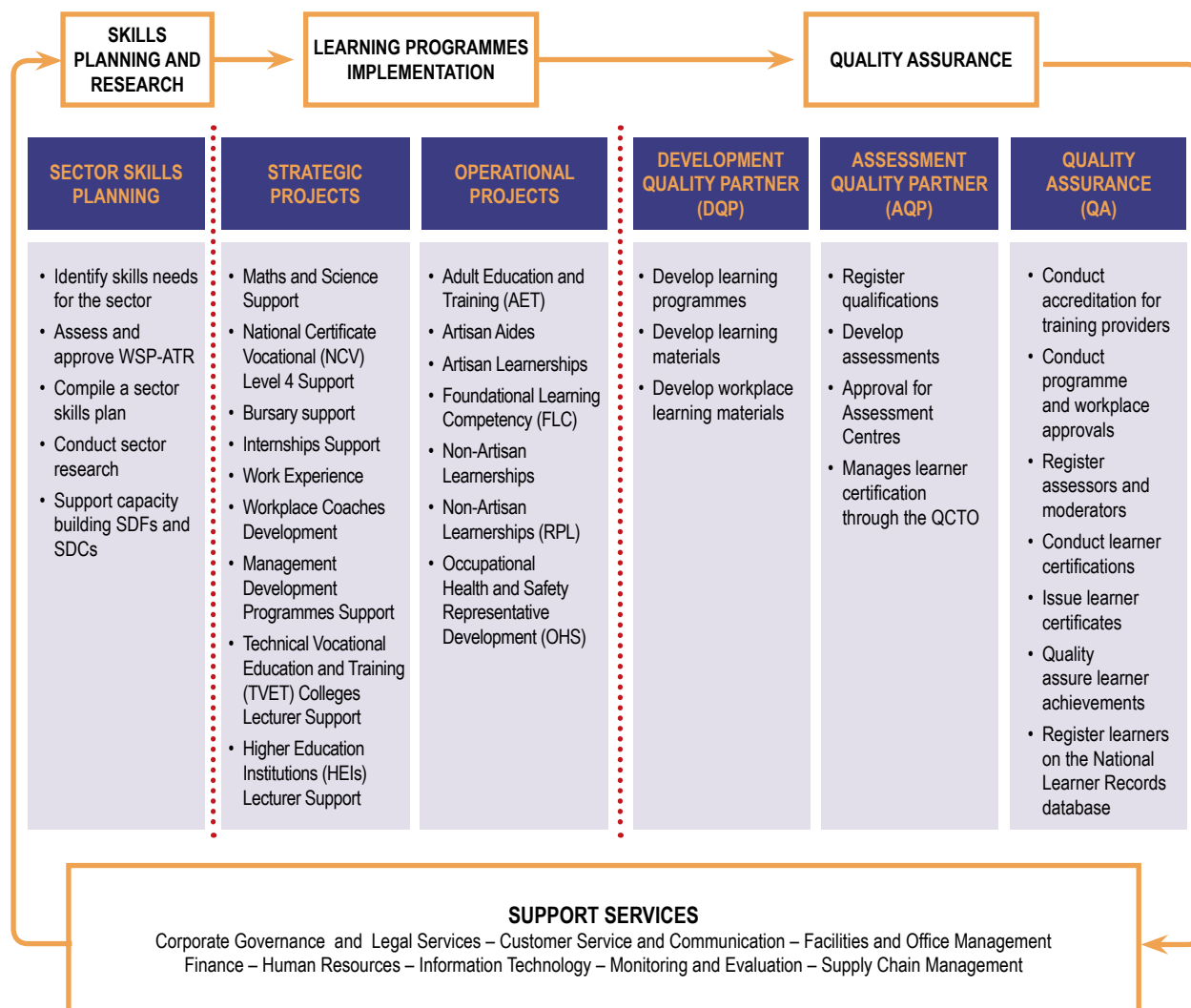
Acting Chairperson

31 May 2017

3.2. ANNUAL PERFORMANCE PLAN REPORT

3.2.1. SECTOR SKILLS DEVELOPMENT VALUE CHAIN

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



“Delivering quality learning programmes and services for a skilled and competent mining and mineral sector”

Figure 3.1: MQA value chain

3.3. MINING CHARTER DECLARATION, COMMITMENTS AND SCORECARD

During the 2016-2017 financial year, the MQA implemented various projects and initiatives in support of the broad-based socio-economic empowerment charter, known as the Mining Charter, as amended in September 2010.

The Mining Charter sets out the following objectives:

- a) To promote equitable access to the nation's mineral resources by 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 mining communities and major labour sourcing areas;
- e) To promote beneficiation of South Africa's mineral commodities; and
- f) To promote sustainable development and growth in 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 resources 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, funding a total of 1 041 learners, 293 of whom were learners with

disability. Since 2010, a total of 2 957 learners have been trained.

In addition, the MQA embarked on curriculum and learning material development for diamond and jewellery programmes.

HUMAN RESOURCES DEVELOPMENT

The MQA provided capacity building workshops for a total of 834 Skills Development Facilitators and 693 Skills Development Committee members. Participants in these workshops comprise 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, as well as MQA and government requirements to encourage participation in the process. The workshops also create awareness around human resources best practices, skills development and the need for a harmonious relationship between employers and labour. A total of R1 027 936,20 was spent during the financial year.

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 sourcing areas with skills development initiatives. These programmes were not restricted to mining skills but also included training for retrenched in portable skills, such as carpentry, bricklaying, agri-skills and road construction. A total of R40 million was disbursed for mine community support.

In addition, 286 community learners were supported with small scale mining skills in the Mpumalanga province. The MQA also offered maths and science extra-curricular classes to 1 200 disadvantaged learners in rural schools.

Career guidance activities were conducted in rural mining communities to highlight career opportunities in the mining and minerals sector.

HDSA SUPPORT

The MQA continued supporting 32 HDSA lecturers at universities. Another 155 black managers were supported to complete their management development training. The MQA also funded 929 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 level 1–4 spend to 94% of service providers and vendors, providing services to the SETA.

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



A skills development facilitator shares the importance of the submission of WSP-APR's.

3.4. ANNUAL PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017

PERFORMANCE AGAINST TARGETS AGREED WITH THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING

NUMBER OF TARGETS AGREED UPON	NUMBER OF TARGETS NOT MET	NUMBER OF TARGETS ACHIEVED
47	13	34
100%	28%	72%

Table 3.1: Overall performance achievement

ANNUAL BUDGET	BUDGET NOT SPENT	TOTAL EXPENDITURE	PERCENTAGE EXPENDITURE
R1 151 350 000,00	R0 overspent	R857 527 000	74%

Table 3.2: Summary budget achievement

PROGRAMME: 1

Skills Development Priority: One

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

NSDS Goal:

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

RefNo	Strategic Objective	Programme performance indicator	Annual Target	Annual Achievement	Variance Against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
				SETA Funded				
1.1	Ensure 100% full compliance	Ensure full compliance. (reporting, policies, legislation, sustainability)	100%	100%	0	100%		Target met
1.2	Increase the number of HDSAs providing services to the MQA to 100%	Number of HDSAs providing services to the MQA. (BEE Level 1-4)	80%	94%	14	94%		Target exceeded Procurement has been streamlined to comply with the BEE targets as set out in the Annual Performance Plan. Furthermore the MQA has managed to prioritise supplier development on levels 1 to 4 through targeted road shows.
1.3	Increase the number of monitoring and evaluation of MQA interventions to 100	Number of MQA projects that are monitored	100	389	289	389%		Target exceeded The demand for monitoring and evaluation activities grew during the year. The target was exceeded by increasing resources in the M&E function.

Table 3.3: Programme 1

3.4. ANNUAL PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017

PROGRAMME: 2

Skills Development Priority: Two

MQA Strategic Objective: Support transformation of the sector through skills development.

NSDS Goal: 4.7 To increase public sector capacity for improved service delivery and support the building of a developmental state.

Priority Focus: Interventions related to this strategic objective will focus on the development of learners in the MMS: HDSA manager development, lecturers, artisan-aides, maths and science learners and support for learners to access candidacy programmes in the MMS.

Ref No	Strategic Objective	Programme performance indicator	Annual Target	Annual Achievement	Variance Against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
				SETA Funded				
2.1a	Support Lecturer Development Programmes for HDSA HET Lecturers (entered and completed)	Number of HDSA HET lecturers that enter into lecturer development programmes	30	32	2	107%		Target exceeded This was due to a higher demand from Higher Institutions of Learning.
2.1b		Number of HDSA HET lecturers that complete lecturer development programmes	0	N/A	N/A	N/A		Target not applicable
2.2	Support of artisan aides to access artisan qualifications	Number of learners that complete artisan-aides' programmes	350	215	-135	61%		Target not met The SETA only funds employees to be trained on this programme, however a total of 149 unemployed learners were trained by the sector. These can not be reported towards the SETA achievement, as the unemployed learners did not attract any SETA funding.
2.3	Support Rural Development Project for maths and science	Number of grade 10, 11 and 12 learners that entered into the maths and science support programme	1200	1200	0	100%		Target met
2.4a	Support workers on skills programmes: Management Development (entered and completed)	Number of HDSA MMS employees that entered into management development programmes	150	155	5	103%		Target exceeded There has been a steady increase in the demand by the sector as more and more employers become aware of this programme.
2.4b		Number of HDSA MMS employees that completed the management development programmes	150	150	0	100%		Target met
2.5a	Support workers on the Candidacy Programmes (entered and completed)	Number of HDSA MMS learners that enter into candidacy programmes	100	80	-20	80%		Target not met This was a project in its infancy, as options were being contemplated in the pilot programme, and there was hesitancy for uptake of learners.
2.5b		Number of HDSA MMS learners that complete candidacy programmes	100	0	-100	0%		Target not met Since this is a new project, the MQA did not have a pipeline of registered candidates that can now be reported to be completing the programme.

Table 3.4: Programme 2

3.4. ANNUAL PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017

PROGRAMME: 3

Skills Development Priority: Three

MQA Strategic Objective: Support objective decision making for skills development through research in the sector.

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	Strategic Objective	Programme performance indicator	Annual Target	Annual Achievement	Variance Against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
				SETA Funded				
3.1a	Build capacity of skills development facilitators and skills development committee members	Number of skills development facilitators capacitated	700	834	134	119%		Target exceeded There was an increase in interest and participation by new as well as old skills development facilitators. This was due to the introduction of a new SDF MIS system, that was implemented during the year.
3.1b		Number of skills development Committee members capacitated	600	693	93	116%		Target exceeded More employers participated in the Skills Development Committee workshops due to staff changes and new appointments of SDC members in the workplace.
3.2	Conduct relevant research into skills development related issues in the mining and minerals sector as per the annual research agenda	Number of MMS research projects conducted	9	10	1	111%		Target exceeded One research project was carried over from the previous year
3.3a	Evaluate workplace skills plans (WSPs) and annual training reports (ATR) for small, medium and large levy paying firms	Number of submitted WSP-ATRs evaluated for large firms	235	229	-6	97%		Target met The combined target of 635 for the submission of WSP/ATRs was met.
3.3b		Number of submitted WSP-ATRs evaluated for medium firms	160	161	1	101%		Target exceeded There was more participation from medium firms
3.3c		Number of submitted WSP-ATRs evaluated for small firms	240	245	5	102%		Target exceeded There was more participation from small firms
3.4	Collaborate with Higher Education Institutions regarding skills development research in the mining and minerals sector	Number of research partnerships entered into with higher education institutions	3	3	0	100%		Target met

Table 3.5: Programme 3

3.4. ANNUAL PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017

PROGRAMME: 4

Skills Development Priority: Four

MQA Strategic Objective: Facilitate and support core sector programmes aligned to the qualifications framework

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	Strategic Objective	Programme performance indicator	Annual Target	Annual Achievement	Variance Against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
				SETA Funded				
4.1	Increase awareness of mining and minerals sector careers through 50 career guidance events	Number of career guidance events attended	50	68	18	136%		Target exceeded The need for career guidance activities exceeded the target set.
4.2a	Support Adult Education and Training (AET) and Foundational Learning	Number of learners that entered AET levels 1- 4	4600	N/A	N/A	N/A		Target not applicable This is due to the SETA only reporting sector figures for this indicator as the SETA only funds completions.
4.2b	Competence (FLC) programmes (Entered and Completed)	Number of learners that successfully completed AET programmes levels 1-4	2450	2089	-361	85%		Target not met Most learners completed one learning area. However these could not be reported, as learners are only reported after completion of both learning areas.
4.2c		Number of learners that successfully complete FLC programmes	260	363	103	140%		Target exceeded This was due to more employers that showed interest in the Foundational Learning Competency programme.
4.3a	Support Occupational Health and Safety (OHS) Representatives skills programmes (entered and completed)	Number of employees that enter OHS Representatives programmes	6000	N/A	N/A	N/A		Target not applicable This is due to the SETA only reporting sector figures for this indicator as the SETA only funds completions. However, the sector figures exceeded the target.
4.3b		Number of employees that successfully complete OHS Representatives programmes	6000	6125	125	102%		Target exceeded Uptake of learners is always high due to employers adhering to occupational health and safety compliance.

Table 3.6: Programme 4

3.4. ANNUAL PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017

Ref No	Strategic Objective	Programme performance indicator	Annual Target	Annual Achievement SETA Funded	Variance Against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
4.4a	Support University Student Placement: Practical Work Experience (entered and completed) Support University Student Placement: Internships (entered and completed)	Number of undergraduates that enter workplace experience programmes	500	637	137	127%		Target exceeded There was a high demand on vocational work during the year.
4.4b	Support SETA/TVET College Partnerships: TVET Lecturers Support TVET Student Placement (entered and completed)	Number of undergraduates that complete workplace experience programmes	335	378	43	113%		Target exceeded This was due to higher intakes in the undergraduate development programme in the prior year.
4.4c		Number of graduates that enter Internship programmes	465	470	5	101%		Target exceeded There was a higher demand to this programme in the sector.
4.4d		Number of graduates that complete Internship programmes	235	135	-100	57%		Target not met Due to a high number of learners that resigned from the programme before completing the period.
4.4e		Number of TVET lecturers placed for workplace exposure	30	30	0	100%		Target met
4.4f		Number of TVET NCV graduates that enter work placement programmes	200	241	41	121%		Target exceeded There was a high demand for workplace exposure from TVET learners.
4.4g		Number of TVET NCV graduates that complete work placement programmes	100	46	-54	59%		Target not met This is due to an insufficient pipeline from the prior years.
4.5a	Support artisan learners (entered and completed) Support for Recognition of Prior Learning (RPL) for completed artisan programmes	Number of learners that enter into artisan programmes	2600	2115	-485	81%		Target not met The mining industry is not doing well as such a number of allocations were returned by various employers that they could not utilise.
4.5b		Number of learners that complete artisan programmes	1750	1314	-436	75%		Target not met This was due to an insufficient pipeline from the prior years.
4.5c		Number of learners that complete recognition of prior (RPL) learning process for artisans	100	107	7	107%		Target met

Table 3.6: Programme 4 (continued)

3.4. ANNUAL PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017

Ref No	Strategic Objective	Programme performance indicator	Annual Target	Annual Achievement SETA Funded	Variance Against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
4.6a	Support unemployed bursary learners (entered and completed)	Number of unemployed learners awarded an MMS Bursary	700	929	229	133%		Target exceeded A number of allocations were made to learners studying at TVET colleges and as a result of the reasonable cost of fees at the TVET colleges it meant that a lot more learners could be accommodated
4.6b		Number of unemployed learners complete an MMS Bursary	300	308	8	103%		Target met
4.7	Place coaches within workplaces to support employers with on-the-job mentoring and coaching activities (WIL learning)	Number of workplace coaches	50	50	0	100%		Target met
4.8a	Support unemployed learners on learnerships (entered and completed) Support employed learners on learnerships (entered and completed) Support Recognition of Prior Learning (RPL) for learners on learnerships	Number of unemployed learners entered on learnerships	2200	1882	-318	86%		Target not met There was a decrease in the number of unemployed learners recruited by mining companies
4.8b		Number of unemployed learners completed learnerships	1000	1064	64	106%		Target exceeded A number of learners from prior year completed in 2016-17 financial year
4.8c		Number of employed learners that entered learnerships	1800	1801	1	100%		Target met
4.8d		Number of employed learners that completed learnerships	1440	1384	-56	96%		Target not met This is due to insufficient pipeline from the prior year
4.8e		Number of learners that completed RPL for learnerships	100	112	12	112%		Target met
4.9	Promote the annual International Literacy Week	Number of events to support the International Literacy Day	1	1	0	100%		Target met
4.10a	Review and develop learning programme materials for the mining and minerals sector	Number of qualifications developed	6	7	1	117%		Target exceeded One more qualification was developed in this year
4.10b		Number of learning packs developed	13	116	103	892%		Target exceeded High volume of learning material packs were developed for qualifications during the year

Table 3.6: Programme 4 (continued)

3.4. ANNUAL PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017

Ref No	Strategic Objective	Programme performance indicator	Annual Target	Annual Achievement SETA Funded	Variance Against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
4.11a	Support rural development projects such as the Mine Community Development programme, Retrenched Workers programme and the Small Scale Mining programme	Number of unemployed beneficiaries completing training programmes in mining communities	3250	222	-3028	7%		Target not met The proposals are approved throughout the year and therefore implementation and completion of projects falls within two financial years, therefore completions are carried into the following financial year
4.11b		Number of retrenched employees completing training programmes	5000	0	5000	0%		Target not met The proposals are approved throughout the year and therefore implementation and completion of projects falls within two financial years, therefore completions are carried into the following financial year
4.11c	Support Rural Development Projects: Mine Community Development, Retrenched workers, Small Scale Mining	Number of beneficiaries trained on small scale mining	50	286	236	572%		Target exceeded Target was over achieved due to a huge demand for small scale mining training

Table 3.6: Programme 4



Learners enjoying being part of a learnership.

3.4. ANNUAL PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017

PROGRAMME: 5

Skills Development Priority: Five

MQA Strategic Objective: Implement the monitoring, evaluation and review of the delivery capacity and quality of training and development in the 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 on:

- Development of external assessment tools,
- Quality assurance of learner achievements, and
- Monitoring and evaluation of quality of the delivery and assessments, as well as supporting the sector to develop sufficient training and development capacity, including support for HDSA training providers to attain Accreditation.

Ref No	Strategic Objective	Programme performance indicator	Annual Target	Annual Achievement	Variance Against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
				SETA Funded				
5.1	To ensure the delivery of quality programmes in the mining and minerals sector	Number of Accredited/ Programme Approved Training Providers quality assured	230	230	0	100%		Target met
5.2	To ensure support for HDSA training providers to access accreditation	Number of HDSA Training Providers Accredited	10	8	-2	80%		Target not met A number of HDSA accredited training providers could not be supported due to delays in the SARS SETA transfer process

Table 3.7: Programme 5

A service provider verifying her accreditation status.



3.5. SKILLS DEVELOPMENT AND RESEARCH

The MQA is mandated to develop the sector skills plan (SSP) in terms of the Skills Development Act and in accordance with the National Development Strategy. The SSP is a five-year report aimed at analysing the sector and its associated skills requirements. The MQA has to update the SSP annually to determine skills gaps identified in the WSP-ATR submitted by the sector, and through research, as well as to plan interventions to fulfil the needs of the sector.

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

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

The Skills Development and Research Unit 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;
- Produce the scarce skills in the mining and minerals sector;
- Manage the submission and evaluation of the workplace skills plan and annual training report;
- Manage organisation (including InterSETA transfer) and Skills Development Facilitator registration;
- Support and capacity building for Skills Development Facilitators and Skills Development Committees within the sector; and
- Collaborating with higher education institutions regarding skills development research in the sector.

During the year under review, the MQA made tremendous strides to meet the targets as outlined in the Strategic Plan, Annual Performance Plan and the Service Level Agreement with the DHET. The achievement is reflected in the APP:

- 1 863 entities registered against SETA 16 (MQA);
- 435 Skills Development Facilitators registered;
- 44 Standard Industry Classification Codes (SIC Codes) representing 9 sub-sectors in the mining and minerals sector;
- The DHET approved the MQA request to add 57 occupational changes and updates on the Organising Framework for Occupations;
- MQA received and evaluated 635 WSPs-ATRs;
- A total of R210 million mandatory grant payments were made to organisations that submitted WSP-ATRs and met the MQA criteria;
- The 2017 Sector Skills Plan Annual Update Report was submitted and approved by the DHET;
- 10 Research projects were undertaken during this period;
- 3 MoAs signed with various universities to fund post graduate learners doing research within the MMS fields;
- 693 Skills Development Committee members were capacitated; and
- 834 Skills Development Facilitators were capacitated.

RESEARCH AGENDA

Research is key to the Post School Education and Training (PSET) system and realising the vision outlined by the White Paper for Post-School Education and Training. It can provide insights into the PSET system and the constituencies it serves regarding the success of its policies and their implementation; and the experiences of other countries with similar challenges. 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 extent and depth of research and engagement with stakeholders, the MQA is well placed to understand the national and local context of the sector, recognise the skills challenges presented and deliver solutions as enshrined in the Sector Skills Plan. The MQA's research activities are driven by the NSDS III and informed by the MQA 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 2016-2017.

The MQA sector skills plan annual update was submitted to and approved by the Department of Higher Education and Training. This document is prepared in accordance with the NSDS III and the revised 2016 DHET Guidelines.

The purpose of the sector skills plan (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 (MMS) to inform the development of apt interventions that

address the skills needs identified. The sector skills plan 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 2016, the MQA identified specific focus areas and topics that are of particular priority for its needs. The National Skills Development Strategy 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. The table below is a list of research projects on the research agenda undertaken in the 2016-2017 financial year.

PROJECT TITLE	RESEARCH OBJECTIVE
Sector Skills Plan Annual Update	Undertake research to update the sector skills plan annually in accordance with the requirements set out in the NSDS III and the revised 2016 DHET Guidelines.
Trend Analysis	To provide an updated trends and analysis report of the sector in terms of geographic location, size and composition of MMS companies. This also captures the trends in training offered over a determined period of WSP-ATR submissions.
WSP-ATR submission analysis	Develop a profile of the MMS in terms of the geographic location, size and composition of organisations that submitted WSP-ATR to MQA for the financial year. The report shall profile the MMS workforce as well as the training priorities identified in the WSP-ATR submissions in the financial year.
7 year WSP-ATR submission Trends Analysis	To provide a 7 year trends analysis of the WSP-ATR submissions received by MQA during the period 2010-2016. The analysis includes a trend of the mining and mineral sector in terms of geographic location, size and composition of companies. This research gives a detailed analysis of the trends in training offered and reported in WSP/ATR, submitted over a 7 year period.
4 Impact Studies	The aim of the research project is to determine the overall impact of the MQA programmes, namely: <ul style="list-style-type: none"> • Bursaries offered by the MQA; • Internship Programme; • Work Experience Programme; and • Learnership (Artisan Development) Programme.
Scarce Skills Survey	This research project aims to identifying and analyse the scarce and critical skills in demand within the MMS. Its goal is to interpret demand identified to inform the MQA interventions.

Table 3.8

WSP-ATR SUBMISSION 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 the second quarter, after the submission cut-off date in preparation for disbursement. There was a notable increase of 635 submissions compared to the 2015-2016 submission of 609. Mandatory grants disbursement totalled R188 636 330.73 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	635
WSP-ATR submissions	635
WSP-ATR approved	525

Table 3.9

MQA REGISTERED EMPLOYERS VS WSP-ATR 2016 SUBMISSIONS

The table below illustrates the number of organisations registered with MQA (SETA 16) versus WSP-ATR submissions during the 2016-2017 financial year. During the year under review, 1 863 organisations were registered with the MQA. This shows an increase of 90 additional organisations registered with the MQA compared to the previous year.

PROVINCE	2016 WSP-ATR SUBMISSIONS	MQA REGISTERED EMPLOYERS
Eastern Cape	13	39
Free State	17	49
Gauteng	291	853
KwaZulu-Natal	30	84
Limpopo	36	73
Mpumalanga	89	280
North West	79	162
Northern Cape	30	122
Western Cape	50	201
Grand Total	635	1 863

Table 3.10: MQA registered employers per province

SKILLS DEVELOPMENT FACILITATORS AND SKILLS DEVELOPMENT COMMITTEES

The MQA is committed to building a culture of service excellence to its stakeholders. Skills Development Facilitators 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 Skills Development Facilitators and Skills Development Committee members remains a priority. The table below reflects programmes and targets which the MQA committed itself to achieving during the period under review.

PROGRAMME DESCRIPTION	TARGET	ACHIEVEMENT
Capacity Building for Skills Development Committee Members	600	693
Capacity Building for Skills Development Facilitator	700	834

Table 3.11

COLLABORATION THROUGH PARTNERSHIPS WITH HIGHER EDUCATION INSTITUTIONS

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

- Fort Hare University
- Rhodes University
- University of Pretoria

3.6. LEARNING PROGRAMMES

3.6.1. LEARNING PROGRAMMES – STRATEGIC PROJECTS

The Learning Programmes: Strategic Projects Unit administered nine strategic projects during the year under review.

These projects are:

- 1.1. Higher Education Institutions Lecturer Support
- 1.2. Work Experience
- 1.3. Internships Programme
- 1.4. Technical Vocational Education and Training (TVET) Colleges Lecturer Support
- 1.5. TVET Colleges Lecturer Support - National Certificate Vocational (NCV) Level 4 Support
- 1.6. Maths and Science Support to grades 10,11 and 12 learners
- 1.7. Workplace Coaches Development
- 1.8. Management Development Programmes Support
- 1.9. Bursaries

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

PROJECT NAME	ANNUAL TARGETS	QUALITATIVE ACHIEVEMENTS	% ACHIEVEMENTS
Internship programme	465	470	101%
Internship programme completed	235	235	100%
Work Experience (University Learner Placement)	500	637	127%
Work Experience completed (University Learner Placement)	335	378	113%
Bursaries (learners supported)	700	929	133%
Bursaries (learners completed)	300	308	103%
Candidacy Programme	100	80	80%
Candidacy Programme completed	100	0	0%
TVET Learner Placement	200	249	125%
TVET Learner Placement completed	100	46	46%
TVET Lecturer Support	30	30	100%
Workplace Coaches	50	50	100%
Higher Education Institutions (HEI) Lecturer Support	30	32	105%
Management Development Programme (MDP) entered	150	155	103%
Management Development Programme (MDP) completed	150	150	100%
Maths and Science Support	1200	1200	100%

Table 3.13

1.1 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 32 lecturers were supported in the Mining, Geology and Mine Survey Departments of the participating universities, during the year under review.

The following universities participated:

UNIVERSITY	NO. OF LECTURERS
University of South Africa	3
University of the Witwatersrand	10
University of Johannesburg	8
University of Venda	1
University of Fort Hare	2
University of Pretoria	4
University of Limpopo	2
University of Cape Town	2

Table 3.12

1.2 WORK EXPERIENCE

The MQA supports learners to obtain their university of technology qualifications by enabling them to gain the practical work experience which is a required component of this regulated training. University learners were also assisted with vacation work placement. During the reporting year, a total number of 637 out of a set annual target of 500 learners were placed within mining companies for workplace experiential training.

For the year under review, 378 learners completed their work experience programme.

1.3 INTERSHIPS

The project provides structured work experience for young unemployed graduates from Higher Education Institutions to complement the scarce and/or critical skills qualifications required by the mining and minerals sector. During the reporting period, 470 graduates out of a target of 465 graduates were placed at different mining companies to gain work experience.

135 graduates completed their internship programmes.

1.4 TVET LECTURERS SUPPORT PROJECT

The focus of this project was to support TVET lecturers with workplace exposure within host mining companies. The aim was to train and build capacity of the TVET lecturers within the mining and minerals sector. Although the MQA did not achieve this objective, 30 TVET lecturers were assisted with assessor and moderator training through a partnership with TVET colleges.

1.5 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 200 graduates entered on the programme, 249 were supported.

46 NCV graduates qualified as artisans in the year under review.

1.6 MATHS AND SCIENCE

The project targeted historically disadvantaged learners from rural communities in mining related areas and accommodated a total of 1 200 learners from eight provinces during the year under review. The MQA managed to assist 1 200 learners in maths and science from grades 10, 11 and 12 who were selected from historically disadvantaged areas in eight provinces.

1.7 WORKPLACE COACH DEVELOPMENT

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

The MQA managed to place 50 coaches with different employers out of a target of 50 coaches.

1.8 MANAGEMENT DEVELOPMENT SUPPORT

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 transformation targets of the sector. A set annual target of 150 was exceeded, and 155 employees benefitted.

In addition, the MQA reports that 150 learners completed their MDP programmes within the mining and minerals sector.

1.9 BURSARIES

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

BURSARY INTAKE AND ACHIEVEMENTS

- During the financial year under review, the set annual target of 700 for bursary learners intake was exceeded, and 929 bursary learners from universities, universities of technology and TVET colleges benefited.
- Planned bursary intake for 2017-2018 is 1 000. The application process will commence in October 2017. The awarding process will begin in January 2018, for both new and continuing bursary learners.
- The MQA Bursary Unit will be entering into Service Level Agreements with institutions in order to streamline payment processes to institutions and avoid random transfer of funds.
- There are 1 666 existing beneficiaries, representing all nine provinces. Beneficiaries are spread across 31 institutions, 23 Higher Education and Training institutions and 9 Technical and Vocational Education and Training institutions. 23% of the beneficiary population is enrolled for Electrical Engineering followed by Mechanical Engineering at 16%, Mining Engineering at 12%, Metallurgical Engineering and Chemical Engineering at 8% respectively while Geology is at 7%.

3.6.2. LEARNING PROGRAMMES – OPERATIONAL PROJECTS

The Learning Programmes Operations Unit is responsible for the administration of the following projects:

1. Artisan Development;
2. Artisan Aides Development;
3. Non-Artisan Development;
4. Non-Artisan Recognition of Prior Learning;
5. Adult Education and Training Development;
6. OHS Representative Development; and
7. Foundational Learning Competence.

The achievement against set targets for the 2016-2017 financial year is depicted in the table below:

PROJECT	INDICATOR	TARGET	ACHIEVEMENT
Artisans	Number of learners that entered the artisan programme	2600	2115
	Number of learners that successfully completed the artisan programme	1750	1314
Artisan Aides	Number of learners that successfully completed the artisan aides programme	350	216
Artisans RPL	Number of learners that complete recognition of prior learning (RPL) process for artisans	100	107
Non-Artisans	Numbers of employed learners (Entered)	1800	1821
	Number of unemployed learners (Entered)	2200	1899
	Number of employed learners (Completed)	1440	1384
	Number of unemployed learners (Completed)	1000	1060
Non-Artisan RPL	Numbers of learners supported on RPL	100	80
OHS Rep Development	Number of employees that successfully completed the OHS representatives programmes	6000	6125
AET: Employed and Unemployed Learners Completion	Number of learners that successfully completed the AET programme	2450	2089
FLC	Number of employees that successfully completed FLC	260	363

Table 3.14: Operational Projects Achievement Against Target

The MQA has to implement skills initiatives jointly with employers in the sector where workplaces are made available for the training. In certain disciplines targets could not be attained, largely due to training and development put on hold due to economic challenges faced. Various allocations made by the MQA were returned to the MQA, when learners could not be taken up in time. This situation poses a challenge for the MQA and different strategies should be considered in subsequent years to alleviate this problem.

RESOLUTIONS TO IMPROVE ON THE MQA'S TARGET ATTAINMENT STRATEGIES

- The MQA Learning Programmes Committee re-established an AET Task Team in the 2016-2017 financial year and one of its functions is to advise the sector in terms of improving the quality of AET that will give access to learners for further development.

The AET Task Team is busy developing an MQA AET Policy for the MMS that will be a guiding document for the MMS for the implementation of AET in the sector.

- Quarterly monitoring of learners' uptake as per the allocations made to organisations, in order to ensure that the possible non-uptake will be identified well in advance in the financial year for possible reallocations to take place. This must be complemented by the learner agreement submission process being much more effective in future.
- Implementing learner verification models that are user friendly, less time-consuming and value-adding.
- Advocating the MQA programmes so that a larger number of companies participate, especially in the core disciplines such as mining, metallurgy and engineering.
- The MQA improving on its turn-around time for responding correctly to dilemmas encountered by participants.

3.7. QUALITY ASSURANCE

The MQA has progressively aligned itself with the National Qualifications Framework Amendment Act, 2008 with respect to QCTO designated functions.

The MQA is responsible for:

Development Quality Partner (DQP) functions

- Reviewed and developed learning programmes
- Developed learning materials

Assessment Quality Partner (AQP) functions

- Registered qualifications
- Developed assessments

Quality Assurance (QA) Functions

- Accreditations, programme and workplace approval
- Assessors and moderators registration
- Learner certifications

3.7.1. DEVELOPMENT QUALITY PARTNER (DQP) FUNCTIONS

The MQA has been designated as a Qualifications Development Partner (QDP) to the QCTO to develop qualifications. This process is performed in collaboration with all relevant stakeholders, through the MQA for designated functions.

REGISTERED ON THE NQF (17)	SUBMITTED TO QCTO FOR REGISTRATION (3)	QUALIFICATIONS UNDER DEVELOPMENT (3)
Diesel Mechanic	Mine Environmental Control Supervisor	Raise Bore Driller
Millwright	Part Qualification: Jewellery Finisher	Geotechnical Engineering Practitioner
Driller	Part Qualification: Jewellery Benchworker	Rigger
Driller (Exploration Driller)		
Driller (Directional Driller)		
Mining Technician (Mine Planning Practitioner)		
Rock Drill Operator		
Geological Technician (Marine Mining Geological Technician)		
Geological Technician (Surface Mining Geological Technician)		
Geological Technician (Underground Mining Geology)		
Mineral Beneficiation Process Controller (Material Handler)		
Mineral Beneficiation Process Controller (Materials Preparer: Lump Ore)		
Mineral Beneficiation Process Controller (Mineral Processor: Calcining)		
Mineral Beneficiation Process Controller (Mineral Processor: Hydrometallurgy)		
Mineral Beneficiation Process Controller (Mineral Processor: Smelting)		
Crane/Hoist Operator: Small Winder Operator		
Mining Operator (Hauling Equipment Operator: Underground Coal)		

Table 3.15: Reviewed and Developed Learning Programmes

REVIEWED AND DEVELOPED LEARNING PROGRAMMES

During the financial year substantive progress was made, despite some challenges that were experienced with the QCTO process for qualifications development, hence the following achievement:

- Fourteen (14) learning material packs for unit standard base qualifications and 102 QCTO learning material packs were developed and/or reviewed.
- Three (03) QCTO qualifications and a further four (04) skills programmes were reviewed and developed.

At this stage the total learning packs developed since inception are:

- 14 Unit Standard based (SAQA qualifications) packs were developed and a total of 1 774 packs developed since inception.
- 32 QCTO full packs (102 modules) were developed and a total of 106 packs developed since inception.

3.7.2. ASSESSMENT QUALITY PARTNER FUNCTIONS

The MQA is an Assessment Quality Partner (AQP) approved by the QCTO for specific occupational qualifications registered on the National Qualifications Framework. The MQA has been approved by the QCTO for the following 21 registered occupational qualifications:

NAME OF QUALIFICATION(S)	SAQA ID	CREDITS	LEVEL
Occupational Certificate: Mining Technician: Mine Ventilation Observer	94572	137	4
Occupational Certificate: Emergency Services and Rescue Official (Mines Rescue Services Worker)	94042	32	4
Occupational Certificate: Mining Technician (Surveyor Mining)	94876	218	4
Occupational Certificate: Mining Technician (Sampler Mining) (Hardrock)	94870	168	4
Occupational Certificate: Mining Technician (Strata Control Practitioner: Underground Hardrock)	94038	198	4
Occupational Certificate: Mining Technician Strata Control Observer: (Underground Hard Rock)	96464	108	3
Occupational Certificate: Mining Technician: Mine Ventilation Officer	98932	214	4
Occupational Certificate: Mining Technician: Strata Control Practitioner (Coal)	94878	264	4
Occupational Certificate: Mining Technician (Mine Planning Practitioner)	98929	248	4
Occupational Certificate: Rock Drill Operator	99252	30	2
Occupational Certificate: Driller	99379	56	2
Occupational Certificate: Driller (Driller Directional Driller)	98908	108	3
Occupational Certificate: Geological Technician (Surface Mining Geological Technician)	99257	568	4
Occupational Certificate: Geological Technician (Underground Mining Technician)	99260	540	4
Occupational Certificate: Geological Technician (Marine Mining Geological Technician)	99285	326	4
Occupational Certificate: Mineral Beneficiation Process Controller (Mineral Processor: Hydrometallurgy)	99486	113	4
Occupational Certificate: Mineral Beneficiation Process Controller (Mineral Processor: Smelting)	99506	100	4
Occupational Certificate: Mineral Beneficiation Process Controller (Material Handler)	99427	168	4
Occupational Certificate: Mineral Beneficiation Process Controller (Materials Preparer)	99509	85	4
Occupational Certificate: Mineral Beneficiation Process Controller (Mineral Processor: Calcining)	99512	100	4
Occupational Certificate: Exploration Driller	98823	70	3

Table 3.16: List of Registered Occupational Qualifications



Excavation at a mine.

DEVELOPED ASSESSMENTS

The external assessment blue print, as per the process submitted to the QCTO for the 8 registered occupational qualifications, including blue prints for another 13 qualifications, is in progress and will be completed during the 2017/2018 financial year for QCTO approval.

Development of assessment tools is completed for the 8 registered occupational qualifications, whilst a further development of external assessment instruments for 13 registered occupational qualifications is underway and is envisaged to be completed during the middle of the next financial year.

3.7.3. QUALITY ASSURANCE (QA) FUNCTIONS

The Quality Assurance has been delegated for 80 legacy qualifications with responsibilities to enhance the monitoring, evaluation and review of the delivery capacity

and quality of skills development in the sector. In order to achieve this, the unit is required to perform the following activities:

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

BELOW IS A REPORT ON THE ACTIVITIES CONDUCTED IN THE FINANCIAL YEAR 2016–2017

Accreditation, Programme and Workplace Approval

Conducting this function requires the collaboration of all stakeholders through an appointed and delegated audit team, including subject matter experts who perform the function of a Quality Assurance Sub-committee, endorsed by a standing Quality Assurance Committee.

A total of 230 service providers were visited for accreditation, programme approval, workplace/sites/ scope approval, follow ups, monitoring audits and management engagements. Below is a breakdown of audits conducted for the financial year:

- 26 providers were approved on scope/site extensions;
- 9 providers received full accreditation;
- 27 providers retained full accreditation;
- 14 providers received provisional accreditation;
- 3 providers received programme approval (first time);
- 7 providers retained programme approval;
- 4 providers accreditation status lapsed;
- 40 extensions of accreditation / programme approval achieved;
- There was one name change by an accredited training provider; and
- 3 MQA-I-Share system access confirmations.

A further 97 workplace approvals were granted and deemed conducive environments for learner placement.

HDSA Support for accreditation project

- 8 providers were supported for accreditation.

Assessor and Moderator Registration

There were 372 registrations, comprising 275 assessors and 97 moderators. A further 77 assessors were granted scope extension, 84 assessors moved from one provider to another on various MQA qualifications, skills programmes and unit standards. 178 assessor registrations were

declined. During the period under review, the unit scanned all applications and supporting documentation for filing on the MQA I-Share. The unit also continuously provided advice and support to providers regarding assessor and moderator registration requirements.

Learner Certification

Learner achievement numbers are provided in the table below:

TYPES	ACHIEVED (APRIL 2016 TO MARCH 2017)
Skills Programmes Statement of Attainments	24 638
The MQA Level 1 Qualification	247
Non-Artisan Learnership Qualifications	3 637
*Artisan Qualifications Certificates issued	1 418
*Artisan Qualifications Certificates requested	313

* Artisan Trades certifications are issued by QCTO through the National Artisan Moderation Body, whilst the MQA continued with the trade test allocations for only 12 trades and their associated administration.

Table 3.17: Learner Certification Numbers

- 3 250 learner certificates were verified.
- Requests for 1 182 re-issues of learner certificates were handled.
- 35 provider accreditation certificates were issued.

Observations regarding capacity for sectoral provisioning

- There was a high demand for workplace approvals, due to progressive implementation of QCTO processes.
- There is a continuous challenge to the HDSA in the numbers for accreditation as training providers within the mining and minerals sector.
- The MQA continued with integration of workplace approval in the quality assurance process in focusing learners' achievements that are aligned to quality and needs for certifications.

SECTION 4

STAKEHOLDER RELATIONS



The stakeholder relations function is responsible for the management of the following programmes:

- the mine community programme;
- unemployed youth living in mine communities programme; and
- implementation of Programme 4 within the MQA.

It further plays a role to forge and strengthen relationships with all stakeholders in the regions on identified programmes. This leads to the improvement in the organisation's impact on skills development and contributes to the management of the reputation of the MQA. The unit also consistently involves, engages and provides feedback through different stakeholder engagement sessions and playing an advocacy role.

4.1 REGIONAL OFFICE SERVICES

To ensure the MQA is accessible to its stakeholders, six (6) regional offices located at TVET colleges support the MQA by offering the following services:

4.1.1 WSP-ATR SUPPORT

The regional offices continued its engagement with employers on the WSP-ATR submissions. The unit advocated for the submissions of WSP-ATR from employers that have not been complying. The impact is that the submissions in this financial year have increased with an additional 15 submissions from the previous financial year. In addition, during the process of submissions, the regional offices assisted with interventions and consultations between the employers and the National Union of Mineworkers in order to accelerate the signing of the WSPs-ATRs.

4.1.2 SKILLS DEVELOPMENT COMMITTEE (SDC) CAPACITATION WORKSHOPS CARRIED OUT

The SDC Capacitation workshops are attended by primary and secondary skills development facilitators (SDFs), HRD staff, representatives from organised and non-organised labour, as well as senior management. During this reporting period a total of 41 SDC workshops with 475 beneficiaries were carried out by regional offices.

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
No. of Events	3	10	14	14
Attendees	28	121	151	175

4.1.3 PARTICIPATION AND PARTNERSHIPS

The regional managers participated in a number of forums that included the Premier Skills Development forums, InterSETA forums and TVET College Councils amongst others.

The common factors of these forums are:

- Artisan development programmes by the DHET;
- Career exhibitions by the Department of Basic Education (DBE);
- Progress reports by TVET colleges (urban & rural);
- Revision of the human resources development (HRD) landscape by the Office of the Premier and meeting schedules;
- Progress report on the local government sector;
- SETAs' progress reports on InterSETA; and
- Presentation by provincial departments.

The MQA is a leading SETA in the Mpumalanga province. It is also responsible for convening and chairing the InterSETA Forum meetings. The forum currently enjoys participation by 18 SETAs. The Mpumalanga HRD Council was launched in September 2016 and the MQA actively serves in the Plenary, Technical Working Groups (TWG) and Technical Task Teams (TTT) of the HRD Council through the regional office.

4.1.4 TVET SUPPORT

The MQA signed office space agreements with the six TVET Colleges where the MQA is based namely:

- Nkangala, Mpumalanga
- Sekhukhune, Limpopo
- Kathu, Northern Cape
- Orbit, North West
- Goldfields, Free State
- King Sabatha, Eastern Cape

One of MQA's strategic objectives is to support TVET Colleges. During the reporting period, the MQA signed partnership agreements with 20 TVET colleges and 9 community colleges. The result was the provision of training opportunities for lecturers and council members on governance, leadership, financial management, assessor and moderator training.

4.1.5 PARTNERSHIP AGREEMENTS

The participation in the Provincial Development Skills Forums resulted in further areas of collaboration being identified that gave birth to re-skilling programmes through the Mine Community Development Programmes.

The following partnerships were forged:

- Mikonzo Programme with the DMR;
- Small Enterprise Development Agency (SEDA);
- State Diamond Trader; and
- Provincial Skills Development Forum (PDSF) (except in the North West).

The benefit of these partnerships resulted in working more collaboratively with others and making informed decisions on developmental programmes by all stakeholders.

4.1.6 MINE COMMUNITY DEVELOPMENT PROGRAMMES

The Mine Community Development Programme is a strategic programme that aims to respond proactively to the job losses faced by employees in the sector by providing alternative skills in active sectors.

The expenditure on the programme was recorded at R45 million to re-skill a total of 6 048 learners. The total allocation was R50 million, resulting in a total expenditure of 90%. All programmes were approved after a clear exit strategy was adopted and approved.

The beneficiaries were re-skilled in various portable skills that included:

- Bricklaying
- Furniture making
- Basic electrical
- Crop farming
- Plumbing
- Solar energy installation and maintenance
- Carpentry
- Enterprise development

4.1.7 PROJECT LAUNCHES AND EVENTS

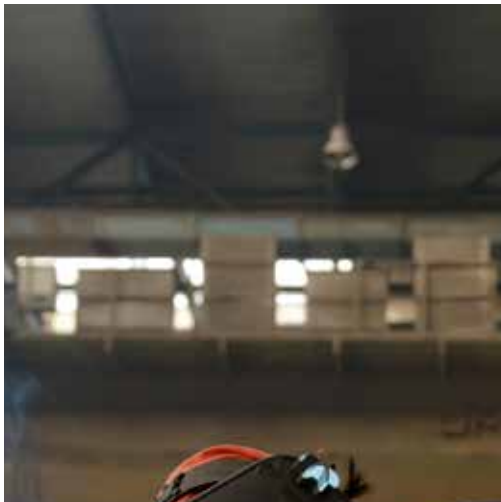
The unit hosted two launches in Matzikama in the Western Cape and Namakwa District in the Northern Cape for 500 local learners that were trained as artisans. These learners are undergoing a three-year training programme that will result in them being trained as boilermakers, diesel mechanics, electrical engineers as well as fitters and turners.

The Deputy Minister of Mineral Resources, the Honourable Godfrey Oliphant, addressed both launches. The launches were held on 28 June and 3 December 2016.

Furthermore, the Stakeholder Relations unit co-hosted a mine commemoration event for victims of the mine disaster that took place in Evander in September 2016 in partnership with the Mine Health and Safety Council. The MQA committed to assist families of the victims with re-skilling programmes in partnership with the Evander Mine.

SECTION 5

CORPORATE SERVICES



The Corporate Services Division comprises the support services of the MQA which include legal and governance, human resources, office management and maintenance, customer service and communication, as well as corporate governance support to the governing structures of the organisation. Through these functions, support services are provided to the MQA Board, management, employees and stakeholders in the execution of the MQA's legislative mandate as well as to ensure engagement with all stakeholders.

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 the Human Resources Unit. It is critical therefore, for the unit to ensure a beneficial service is offered 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 2016-2017:

DELIVERABLES	PLANNED	STATUS
Climate Survey	Staff well-being and Intervention	A climate survey was initiated to solicit employee well-being and opinions on a variety of issues post the implementation of the internal re-organisation and the unfortunate qualified report confirmed at the end of the previous financial year. Key issues were identified in a survey to improve employee morale.
Human Resources Policies and Procedures	Policy amendment and alignment to legislation	The following seven (7) policies were reviewed and approved during the financial year under review: 1. Travel and Subsistence Policy 2. Succession and Promotion Policy 3. Performance Management 4. Overtime Policy 5. Code of Conduct 6. Leave Policy 7. Internship Policy The HR Unit will conduct policy roll out sessions to ensure uniform understanding of the amendments and application thereof.
Staff Recruitment	Implementation of the Recruitment Plan	A total of 21 positions were vacant and 11 were filled during the year under review which represents 52.38% spend. New positions approved up until 2018. A total of 14 positions were approved by the Board and filled.
Training and Development	Implementation of the Training Plan	Staff development is critical to ensure continuous learning and development of employees. A total of R1 674 839.10 was spent on skills development to ensure staff members are equipped to perform and add value towards the achievement of the MQA strategic objectives. Training has been aligned to the MQA turnaround strategy and critical aspects of the strategy such as Supply Chain Management and Finance have been prioritised to close the gaps identified in the final audit during the 2015-2016 financial year.
Change Management Workshops	Procurement and Implementation	In order to improve communication and to address internal staff concerns, a number of engagement sessions were held, facilitated by external service providers. The MQA's overall performance and interventions were discussed to improve performance. Furthermore, the sessions were designed to motivate staff and team management. These workshops equipped all staff at various levels with critical skills to take accountability for their individual performance and were positively received by the employees.
Employee wellbeing	Procurement and Implementation	In order to ensure staff well-being and provide the necessary support post the internal reorganisation and the qualified report, 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.

Table 5.1: Human Resource Unit Deliverables

PROGRAMME/ ACTIVITY/OBJECTIVE	TOTAL EXPENDITURE FOR THE ENTITY (R)	PERSONNEL EXPENDITURE (R)	PERSONNEL EXP. AS A % OF TOTAL EXP. (R)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R)
Total Personnel Expenditure		75 253 000.00		141	533 709.00

Table 5.2: Personnel cost by programme/ activity/ objective

LEVEL	PERSONNEL EXPENDITURE (R)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST (R)	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R)
Top Management	5 519 639.61	8.84%	4	1 469 093.02
Senior Management	18 612 874.45	29.82%	18	1 034 048.58
Professional qualified	19 710 720.54	31.58%	30	657 852.89
Skilled	17 768 097.39	28.47%	60	296 134.96
Semi-skilled	445 875.86	0.71%	2	222 937.93
Unskilled	361 897.74	0.58%	12	180 948.87
TOTAL	62 419 105.59	100%	126	3 861 016.25

Table 5.3: Personnel cost by salary band

PROGRAMME/ACTIVITY/ OBJECTIVE	NO. OF EMPLOYEES AWARDED	PERSONNEL PERFORMANCE EXPENDITURE (R)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R)
Top Management	0	0	0%
Senior Management	15	2 181 687.32	36.52%
Professional qualified	22	2 233 296.12	37.38%
Skilled	37	1 402 672.78	23.48%
Semi-skilled	2	67 162.84	1.13%
Unskilled	3	88 660.48	1.48%
TOTAL	79	5 973 479.54	100%

Table 5.4: Performance rewards

PROGRAMME/ ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE (R)	TRAINING EXPENDITURE	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE
	2 500 000	1 770 000.00	2.84%	141	1 255.31

Table 5.5: Training costs

PROGRAMME/ ACTIVITY/OBJECTIVE	NO. OF EMPLOYEES	APPROVED POSTS	NO. OF EMPLOYEES	VACANCIES	% OF VACANCIES
Top Management	4	6	4	2	33%
Senior Management	18	20	18	2	10%
Professional qualified	30	32	30	2	6.25%
Skilled	60	67	60	7	10.45%
Semi-skilled	2	2	2	0	0%
Unskilled	2	3	2	1	33%
TOTAL	116	130	116	14	10.77%

Table 5.6: Employment and vacancies

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	5	1	2	4
Senior Management	17	3	2	18
Professional qualified	25	6	1	30
Skilled	45	17	2	60
Semi-skilled	2	0	0	2
Unskilled	3	0	1	2
TOTAL	97	27	8	116

Table 5.7: Employment changes

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	1	0.76%
Resignation	5	3.84%
Dismissal	1	0.76%
Retirement	0	0%
Ill-health	1	0.76%
Expiry of contract	0	0%
Other	0	0%
TOTAL	8	6.12%

Table 5.8: Reasons for staff leaving

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	1
Written warning	1
Final written warning	1
Dismissal	1

Table 5.9: Labour Relations: Misconduct and disciplinary action

Equity Target and Employment Equity Status

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	2		0		0		0	1
Senior Management	11		0		0	1	0	1
Professional qualified	9		1	2	1		0	1
Skilled	18		2		1		0	
Semi-skilled	2		0		0		0	
Unskilled	0		0		0		0	
TOTAL	42		3		2		0	

Table 5.10: Equity Target and Employment Equity Status - Males

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	2		0	1	0		0	1
Senior Management	5		1	1	1		0	1
Professional qualified	17		0		1	2	1	1
Skilled	38		1		0	2	0	1
Semi-skilled	0		0		0		0	
Unskilled	2		0		0		0	
TOTAL	64		2		2		1	

Table 5.11: Equity Target and Employment Equity Status - Females

LEVELS	DISABLED STAFF			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0		0	
Senior Management	0		0	
Professional qualified	0		0	
Skilled	0		2	1
Semi-skilled	0		0	2
Unskilled	0		0	
TOTAL	0		2	

Table 5.12: Equity Target and Employment Equity Status - Disabled Staff

5.2. LEGAL AND GOVERNANCE

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

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

The Legal and Governance Unit attended to numerous queries which ranged from drafting of agreements, drafting of legal opinions and assisting in fraud investigations. The Unit shall continue to play its role in a professional manner, in particular concentrating on legal risk prevention and mitigation through the facilitation of numerous dispute resolution processes and procedures. 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.

The unit handles all the contracts that are entered between the MQA and the external parties, such as suppliers, training providers and related services.

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

UNIT	NUMBER	VALUE
Skills Development and Research	6	3 325 256.00
Learning Programmes: Operations	1	27 000 000.00
Learning Programmes: Strategic	16	27 961 197.93
Quality Assurance	17	4 105 036.50
Stakeholder Relations	47	134 636 700.82
Information Technology	10	1 412 307.10*
Strategic Planning	3	130 688.70*
Finance and Supply Chain Management	3	2 677 880
Evaluation and Monitoring	2	467 970
Corporate Services	1	As per invoice*
Legal	10	As per invoice*
Office Management	3	1 411 925.56*
Customer Service and Communication	8	250 322.25*
Human Resources	3	520 293.64*
TOTAL	130	203 899 578.50*

Table 5.13: Agreements managed during the financial year

5.2.1. CONTRACT MANAGEMENT

Contract management can be defined as the effective contract administration and the management of contracts made with stakeholders, vendors, partners, or employees. This involves negotiation, support and effective management of agreements.

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

The unit drafts Memoranda of Understanding (MoU) on behalf of the MQA's various departments. These MoUs are generally agreements which do not contain any financial obligations on the MQA and the other party to the agreement and is often used as the first step in signing an agreement. The use of an MoU is useful for forming and formalising relationships with stakeholders.

In the new financial year, contract management software will be procured, which will enable the management of the entire contract lifecycle of each agreement.

5.2.2. LEGAL SERVICES

The Legal and Governance Unit provides comprehensive legal services to MQA departments. These services include providing advice and general legal opinion on a variety of matters.

The unit has appointed a panel of attorneys who will assist the MQA with all litigation matters which require external legal professionals. The internal Legal and Governance Unit, in line with Treasury Instruction No. 2 of 2016-2017 Cost Containment Measures, would first try and resolve the issues internally and through the use of alternative dispute resolution mechanisms; and thereafter the evidence of a compelling business case would necessitate the appointment of external legal professionals.

5.2.3. COMPLIANCE AND GOVERNANCE

The unit is responsible for ensuring that the MQA complies with its legislative and regulatory obligations. Broadly speaking, Corporate Governance is responsible for the rules, practices and processes by which the MQA is directed and controlled. This includes the interests of all the stakeholders in the MQA. This aspect describes how the unit should perform its functions in all respects.

The MQA Board approved a Compliance Policy which will be used by the unit to ensure organisation-wide compliance with all relevant laws, policies and prescripts.

5.3. CUSTOMER SERVICE AND COMMUNICATION

This overview provides a comprehensive report on the activities planned and implemented by the Customer Service and Communication Unit throughout the preceding year. Good governance, reputation management and brand positioning of the Mining Qualifications Authority still remain key deliverables for the Customer Service and Communication Unit. The unit continuously improves on upholding the good reputation of the MQA through effective, accurate and reliable communication between the organisation and its stakeholders.

The unit developed and implemented various 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 to bridging the communication gap between the organisation

and its stakeholders, as well as improving performance and service delivery.

The five-year Board approved Communication Strategy and annual Communication Operations Plan, both of which were aligned to the MQA's vision, mission, values, strategic objectives and legislative mandate, informed and provided guidance in terms of the activities implemented. The five-year Communication Strategy is a blueprint that ensures a planned communication approach.

5.3.1. PROMOTION OF THE MQA

Different platforms and tools were designed and used by the unit to distribute strategic MQA information. These included printed, electronic and face-to-face platforms. Printed media included the company brochures, a range of targeted communiqués, the quarterly stakeholder newsletter, annual report, 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 emails.

A number of face-to-face stakeholder events were hosted throughout the fiscal year. These included the stakeholder engagement forums, information sessions, exhibitions, career guidance, conferences and workshops. The 2015-2016 Annual Report was produced timeously in compliance with the Auditor-General's requirements and was tabled by the Acting CEO at the Annual Consultative Conference held on 11 November 2016 at the Gold Reef City Conference Centre in Johannesburg. The Annual Report was later tabled in Parliament by the Minister of Higher Education and Training, Dr Blade Nzimande in November 2016.

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 have become valuable material used by high school learners across the country. They receive guidance with regards to the various career options available in the sector and these further encourage the pursuit of mining and technical careers. A number of scheduled and ad hoc career guidance sessions were held throughout the year to encourage both rural and urban learners at school and work who have passed mathematics and physics with a bachelor pass to pursue mining related careers.

NO	DATE	NAME OF EVENT	PROVINCE	MUNICIPALITY	NO OF SCHOOLS	NO OF DAYS	NO OF LEARNERS
1	7-8 April 2016	Soweto Career Expo, Orlando East	Gauteng	City of Johannesburg Metropolitan Municipality	6	2	218
2	8 April 2016	Career Guidance for Maths & Science Special Project for Mine Community	North West	Rustenburg local Municipality	6	1	73
3	8 April 2016	DHET Graduate Placement and Career Expo	KwaZulu-Natal	Msunduzi Municipality	14	1	159
4	20 April 2016	Uthungulu (Empangeni) District Careers Exhibition	KwaZulu-Natal	Msunduzi Municipality	8	1	200
5	21 April 2016	AngloGold Ashanti, Carletonville	North West	Merafong City Local Municipality	4	1	123
6	25-26 April 2016	The 5th JB Marks Annual Careers Exhibition	North West	Dr Kenneth Kaunda District Municipality	8	2	122
7	10 May 2016	Decade of the Artisan	North West	Bojanala District Municipality	11	1	115
8	11 May 2016	AngloGold Ashanti, Matlosana	North West	City of Matlosana Local Municipality	11	1	142
9	13 May 2016	Department of Sports, Arts, Culture and Recreation MEC Free State Career Expo	Free State	Matjhabeng Local Municipality	2	1	173
10	19 May 2016	AngloGold Ashanti, Mthatha	Eastern Cape	King Sabata Dalindyebo Local Municipality	2	1	250
11	25-26 May 2016	Alfred Nzo District Municipality	Eastern Cape	King Sabata Dalindyebo Local Municipality	9	2	391
12	23-27 May 2016	Sci Bono Careers Expo, Newtown	Gauteng	City of Johannesburg Metropolitan Municipality	11	3	332
13	11 June 2016	Deputy President's Youth Development Career Expo	Northern Cape	ZF Mgcawu District Municipality	11	1	106
14	14 June 2016	Free State Legislature Youth Day Celebration (Youth Parliament)	Free State	Mangaung Metropolitan Municipality	2	1	47
15	24 June 2016	Department of Rural Development and Land Reform Youth Day Celebration	Free State	Mangaung Metropolitan Municipality	6	1	99
16	22 June 2016	Orbit College – Mankwe Campus Career Week	North West	Bojanala District Municipality	2	1	377
17	23 June 2016	Nkangala TVET College Campus Career Week	Mpumalanga	Nkangala District Municipality	10	1	320
18	12 May 2016	Premier's Office Career Exhibition	Limpopo	Ephraim Mogale Local Municipality	1	1	220
19	19 May 2016	Maleboho Central Science and Career Exhibition	Limpopo	Blouberg Local Municipality	1	1	230
20	10 June 2016	Sekhukhune Youth Opportunity Career Exhibition	Limpopo	Greater Tubatse Municipality	1	1	316
21	22 June 2016	Job Preparedness Summit & Career Exhibition	Limpopo	Greater Letaba Local Municipality	1	1	148
22	23-24 June 2016	Entrepreneurship Awareness	Limpopo	Mopani District Municipality	1	2	101
23	30 June 2016	Official Opening of Waterberg TVET College, Thabazimbi Campus and Career Exhibition	Limpopo	Thabazimbi Municipality	8	1	116
24	4-7 July 2016	DMR Learner Focus Week, Ventersburg	Free State	Lejweleputswa District Municipality	23	4	169

Table 5.14: Career exhibitions hosted

NO	DATE	NAME OF EVENT	PROVINCE	MUNICIPALITY	NO OF SCHOOLS	NO OF DAYS	NO OF LEARNERS
25	7 July 2016	Limpopo Entrepreneurship Awareness and Enterprise Promotion, Papa V Lodge	Burgersfort	Greater Tubatse Local Municipality	Unemployed youth and entrepreneurs	1	80
26	8 July 2016	MQA Maths and Science Career Guidance, Sehlaku Secondary School	Limpopo	Greater Tubatse Local Municipality	3	1	147
27	14 July 2016	Kwa-Dwezi & Surrounding Career Expo, Kwa-Dwezi	KwaZulu-Natal	Kwasani Municipality	9	1	51
28	15 July 2016	Official Handover of a Career Guidance Centre to the FS Premier, Mabatho Career Guidance Centre	Free State	Ngwathe Local Municipality	6	1	14
29	18 July 2016	Mandela Day Career Expo, Gert Sibande TVET College	Mpumalanga	Msukaligwa Municipality	25	1	3698
30	20 July 2016	Waterberg Youth Career Exhibition, Khabele School Sports Ground	Limpopo	Greater Tubatse Local Municipality	11	1	128
31	22 July 2016	HWSETA Career Expo, Kimberley	Northern Cape	Sol Plaatjie Local Municipality	11	1	91
32	22 July 2016	Bakwane High & Cyferkuil Career Expo, Raptsvillage	Limpopo	Aganang Local Municipality	7	1	221
33	23 July 2016	Department of Education Career Expo, Kimberley, 3 Sai Balliton Military Base	Northern Cape	Sol Plaatjie Local Municipality	12	1	224
34	28 July 2016	Careers Fair 2016, Buffalo City TVET College	Eastern Cape	Buffalo City Metropolitan Municipality	8	1	162
35	30-31 July 2016	DMR Career Expo, QwaQwa	Free State	Maluti-A-Phofung Local Municipality	11	2	182
36	10 August 2016	National Science Week Career Exhibition, Holy Rosary School	Limpopo	Greater Tubatse Local Municipality	2	1	102
37	10-12 August 2016	Sci-Bono National Science Week, Newtown	Gauteng	City of Johannesburg Metropolitan Municipality	31	3	187
38	11-12 August 2016	Mining Career Exhibition, Tubatse Crossing	Limpopo	Greater Tubatse Local Municipality	25	2	1374
39	12 August 2016	Career Information Session for Learners with Disabilities, University of the Free State	Free State	Mangaung Metropolitan Municipality	4	1	25
40	16-17 August 2016	DUT Word of Work, Durban	KwaZulu-Natal	eThekweni Municipality	1	2	226
41	17 August 2016	Career Awareness, Kimberley	Northern Cape	Sol Plaatjie Local Municipality	5	1	34
42	17 August 2016	Nkangala TVET Open Day, Mpondozankomo Campus	Mpumalanga	Nkangala District Municipality	6	1	258
43	24-26 August 2016	Gauteng Tourism Career Expo, Alberton Civic Centre	Gauteng	Ekurhuleni Metropolitan Municipality	9	3	244
44	27 August 2016	Department of Basic Education: Commemorating the 60th Anniversary of the Women's March, Lemotso Primary School, Welkom	Free State	Matjhabeng Local Municipality	10	1	64
45	2 September 2016	Mass Career Expo, Ikhalo TVET College, Queenstown	Eastern Cape	Chris Hani District Municipality	4	1	28
46	12 September 2016	Bakwena Ba Mogopa Youth Expo, Bethanie	North West	Bojanala District Municipality	3	1	32

Table 5.14: Career exhibitions hosted (continued)

NO	DATE	NAME OF EVENT	PROVINCE	MUNICIPALITY	NO OF SCHOOLS	NO OF DAYS	NO OF LEARNERS
47	14 September 2016	Maluti TVET College, Itemoheleng Campus Career Guidance Session, QwaQwa	Free State	Maluti-A-Phofung Local Municipality	6	1	260
48	15 September 2016	DMR Phumzile FET School Career Exhibition, Vlaaklagte	Mpumalanga	Nkangala District Municipality	2	1	304
49	16 September 2016	Careers Fair 2016, Buffalo TVET College	Eastern Cape	Buffalo City Metropolitan Municipality	2	1	116
50	27 September 2016	DOL East London Career Expo, East London Labour Centre	Eastern Cape	Buffalo City Metropolitan Municipality	5	1	61
51	7 October 2016	Kwanongoma Career Expo	KwaZulu-Natal	Ulundi Municipality	Unemployed youth and entrepreneurs	1	190
52	9 October 2016	Sunday Career Guidance Expo	Mpumalanga	Mhlontlo District Municipality	Unemployed youth and entrepreneurs	1	48
53	12 October 2016	Mnceba Senior School Career Expo	Eastern Cape	Oliver Tambo District Municipality	2	1	215
54	12 October 2016	Matwantlang Secondary School Career Expo	Free State	Mangaung Metro Municipality	3	1	147
55	13 October 2016	Helenvale Resource Career Expo	Eastern Cape	Nelson Mandela Bay Municipality	18	1	141
56	2 November 2016	DoL Boksburg Career Expo	Gauteng	Ekurhuleni Metropolitan Municipality	Unemployed youth and entrepreneurs	1	138
57	19 November 2016	Youth Development and Career Expo	Limpopo	Greater Tubatse Local Municipality	Unemployed youth and entrepreneurs	1	336
58	9 December 2016	DHET Imbizo Career Expo	Limpopo	Greater Tubatse Local Municipality	Unemployed youth and entrepreneurs	1	140
59	2 February 2017	Madibeng Career Expo	North West	Madibeng District Municipality	3	1	263
60	16 February 2017	Bahananwa Science & Career Expo	Limpopo	Bahananwa Circuit Municipality	10	1	241
61	23-24 February 2017	Youth Empowerment Business & Career Expo, Tshwane University of Technology	Limpopo	Mangaung Metro Municipality	TUT students	2	34
62	24 February 2017	Bojanala Career Expo	North West	Bojanala District Municipality	30	1	345
63	20-24 February 2017	Career Expo 2017 Lejweleputswa District	Free State	Lejweleputswa District	52	4	1365
64	3 March 2017	Briedbach Career Expo	Eastern Cape	Buffalo City Local Municipality	2	1	106
65	9 March 2017	Gert Sibande Jobs Fair Career Expo	Mpumalanga	Gert Sibande District Municipality	15	1	176
66	16 March	Nkangala TVET Career Expo, Mpondozankomo Campus	Mpumalanga	Nkangala District Municipality	TVET students	1	112
67	17 March 2017	Apply Now/Khetha 2017 Career Expo	Northern Cape	Ga-Segonyana Municipality	3	1	654
68	24 March 2017	SETA Career Fair	Free State	Lejweleputswa District	5	1	68

Table 5.14: Career exhibitions hosted (continued)



Learners in training.

5.3.2. MEDIA AND ADVERTISING

A number of articles were published and 40 advertisements were placed in various national newspapers and magazines. The newspapers and magazines where the MQA promoted its services included, among others, the Sunday Times; Independent Group of Newspapers including The Star, Pretoria News, Diamond Field Advertiser, Mercury, Cape Times, Daily News and Cape Argus; Pan African Parliament's One Africa; One Voice; Sowetan; the SA Career Guide and Careers Unlimited magazines. These publications assist the MQA to enhance its communication efforts. The key aim of the MQA during the year has been to inform stakeholders and the public about the skills development interventions in the sector.

5.3.3. EVENTS MANAGEMENT

The Customer Service and Communication Unit scheduled and implemented the events below to ensure stakeholder engagement and information sharing.

Some of the key events hosted during the year:

5.3.3.1. Annual Consultative Conference

In accordance with the annual planning cycle, the MQA hosted a successful Annual Consultative Conference at the Crown Reef Convention Centre, Gold Reef Casino and Theme Park in Johannesburg on 11 November 2016. Over 250 stakeholders from the mining and minerals sector attended the event. The Acting MQA Board Chairperson, Mr Mthokozisi Zondi, attended and delivered a keynote address on behalf of the Minister of Mineral Resources, Mr Mosebenzi Zwane. The theme for the 2016 ACC was "Employability made possible through portable skills". The theme was inspired by the growing need in our country to place greater focus on the empowerment of our unemployed youth.

5.3.3.2. My World

As per the Customer Service and Communication Operational Plan, the unit hosted a successful My World Event on 10 February 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. An award ceremony was

also held to reward and encourage the units that exhibited. These awards were for the best exhibition stall, teamwork and best presentation. The event was well received by staff members as they echoed its contribution in terms of value and importance towards their work.

5.3.3.3. Annual Stakeholder Engagement Forums

The MQA hosted Stakeholder Engagement Forums during the months of February and March, with the aim of enlightening stakeholders on sector pertinent issues, including, among others:

- Discretionary projects and grant allocation opportunities in 2017 (including learners with disabilities);
- Artisan development opportunities for employed and unemployed learners;
- Mandatory and Discretionary grant regulations update;
- The MQA Funding Policy for the 2017 - 2018 financial year; and
- WSP-ATR submission dates, processes and changes for 2017.

5.3.3.4. Stakeholder Engagement Forums

The Stakeholder Engagement Forums were held as follows:

DATE	TOWN	PROVINCE	VENUE
24 February 2017	Brits	North West	Alpha Conference Centre
3 March 2017	eMalahleni	Mpumalanga	Protea Hotel eMalahleni
7 March 2017	Welkom	Free State	Au Jardine Guesthouse
10 March 2017	Kathu	Northern Cape	Assmang Beeshoek Recreational Club
14 March 2017	Port Elizabeth	Eastern Cape	Pine Lodge
17 March 2017	Polokwane	Limpopo	Polokwane Royal Hotel
31 March 2017	Johannesburg	Gauteng	Turffontein Racecourse

Table 5.15: Stakeholder Engagement Forums

5.3.4. CORPORATE IDENTITY

The unit procured branding material such as retractable wall and frame banners, table cloths, gazebos, corporate clothing etc. in order to positively promote the MQA at various events around the country. All promotional items and printed materials are designed in alignment with the specifications of the corporate identity manual. The MQA corporate identity compliance 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.

5.3.5. WEBSITE

The MQA uses its interactive website as a reliable source of information to capture current and accurate organisational information that can be accessed and used by all its stakeholders. The website also houses most of our Management Information System links such as the WSP-ATR and MQA-I-Share systems. These systems are used by our stakeholders to register and administer various projects and learning programmes.

5.3.6. CUSTOMER SERVICE FEEDBACK

The Customer Relationship Management system (CRM) administers the stakeholder queries, case recording, tracking and resolution. The system evaluates and monitors the precision of engagement 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 case number if the query is not resolved timeously. The MQA has not reached a stage where all customer queries can be effectively recorded on a sustainable basis, but largely records email enquiries on the system.

5.3.6.1. Customer Relationship Management (CRM)

Key Case Topics per Unit

Quality Assurance related queries

- Re-printing of certificates
- Verification of trade certificates
- Moderator and assessor registration forms
- List of skills programmes and unit standards
- Stakeholders requesting learning material
- Requesting the SOR
- Guidelines on Accreditation

Skills Development and research related queries

- Stakeholders requesting the WSP-ATR templates
- InterSETA transfers
- Regional SSP task team meetings
- OFO workshops
- SDF registration issues

Learning Programmes - Strategic projects related queries

- Application forms and information on internships
- Outstanding fees that have not been paid
- Accommodation issues
- Applications for work experience
- Outstanding bursary allowances
- Outstanding bursary tuition fees

Learning Programmes - Operations projects related queries

- Outstanding grants that have not been paid
- Guidelines on how to upload learner agreements
- Allocations of grants
- Terminations and extensions of agreements

MQA Regional Offices

- Re-printing of certificates, verification of trade certificates
- Moderator and assessor registration forms
- Outstanding bursary fees that have not been paid
- Bursary accommodation issues
- Requests for statement of results

5.3.6.2 Customer walk-ins, telephone calls and email communication in 2016-2017 is depicted in the tables below:

CASE BREAKDOWN PER UNIT												Totals	
NUMBER RECORDED PER UNIT												CAPTURED	RESOLVED
SDR	Bursary	QA	LP- Ops	LP- Strategic	Lim	Mpu	EC	NC	NW	FS	SCM		
225	273	2 626	319	343	53	77	12	40	71	77	4	4 084	4 084

Table 5.16: Total number of email cases uploaded and resolved in 2016-2017

NUMBER OF WALK-INS THROUGHOUT MQA OFFICES							TOTAL
Head Office	Eastern Cape	Free State	Limpopo	Mpumalanga	Northern Cape	North West	All MQA Offices
6 408	347	276	274	553	421	147	8 426

Table 5.17: Total number of walk-ins recorded in 2016-2017

	01 APRIL 2016 TO 30 JUNE 2016	01 JULY 2016 TO 30 SEPTEMBER 2016	01 OCTOBER 2016 TO 23 DECEMBER 2016	01 JANUARY 2017 TO 31 MARCH 2017	TOTAL CALLS RECEIVED
Number of calls received	6 255	9 009	4 866	14 841	34 971

Table 5.18: Total number of telephone calls received in 2016-2017

5.4. FACILITIES MANAGEMENT

5.4.1. BLOCK B RENOVATIONS

The renovation project at Block B was successfully completed in March 2016. The purpose of the project was to create sufficient space to accommodate additional MQA staff members, increase the number of boardrooms, construct a state of the art auditorium which can accommodate approximately 50 staff members and stakeholders to host internal and external engagements. A spacious and comfortable canteen area was finalised to provide catering facilities for both internal and external stakeholders.

5.4.2. PREVENTATIVE MAINTENANCE PLAN

The Facilities Unit developed a preventative maintenance plan for the prevention of major failures by correcting and detecting minor problems within unit systems. The purpose of the plan is to provide scheduled activities that will be executed during the financial year. This ensures that, as a unit, it remains committed towards continuous delivery of quality services in facilities administration, maintenance and operations. Included in the maintenance plan are critical units such as the heating, ventilation and air-conditioning (HVAC), generator, uninterrupted power supply (UPS) and fire suppression, to name a few.

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.

The MQA has the responsibility to provide a safe and healthy work environment for its employees, stakeholders and suppliers. As part of the commitment to achieving the principles of health and safety in the workplace, the unit recognises the moral and legal responsibility to provide this safe and healthy work environment. This commitment also extends to ensuring that MQA operations and activities do not place the local community or environment at risk of injury, illness or damage.

In order to maintain compliance with the standards of the Occupational Health and Safety Act No. 85 of 1993, Section 16 (2), the MQA appointed health and safety representatives to ensure the functioning of the Health and Safety Committee, and the overall responsibility to provide a safe workplace and promote environmental sustainability.

5.4.4. UNIT CONTRACTS/SLA MANAGEMENT

Contracts/Service Level Agreement Management within the Facilities Unit refers to the management of the various suppliers that provide services with the focus on the general improvement of the MQA service facilities. The Facilities Unit monitors and co-ordinates contractual activities such as cleaning and hygiene services, document management, travel management and courier services.

SECTION 6

MONITORING, EVALUATION AND RISK



The MQA strategy is inextricably intertwined with the function of monitoring and evaluation. The Unit was established with seven permanent staff members 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 Unit is an integral part of the MQA's value chain and its contribution towards organisational strategy, planning, monitoring, impact assessment and evaluation will enable the organisation to track the impact of skills development in the sector.

6.1 MONITORED PROGRAMMES

Monitoring is an ongoing process that is focused on the assessment of projects, programmes and those day to-day activities and deliverables required for achievement and performance. The Unit conducted learner verification visits at 389 training sites to ascertain whether learners that are eligible for grants and are receiving training as per training plans and memoranda of agreements (MoAs) signed with the MQA are actually benefitting. The said visits and programme implementation translates into 389% target achievement for the Unit. The table below reflects the number of learners and monitored programmes – and performance in relation thereto – which the Monitoring and Evaluation Unit committed itself to rolling out over the period under review:

Monitored Programmes	Number of Learners	Percentage of Monitored Programmes
Artisan Development	971	11%
Artisans	746	9%
Artisans: Goldsmith	120	1%
Candidacy	8	0%
Coaches	31	0%
Internships	681	8%
Management Development Programmes	160	2%
Maths and Science	1 576	19%
Mine Community	787	9%
National Certificate Vocational (NCV)	222	3%
Non Artisan	2 291	27%
Non-Artisans - Disability	58	1%
Work Experience	837	10%
Total	8 488	100%

6.2 EVALUATION

In the 2016-2017 reporting period, the Monitoring and Evaluation Unit conducted an impact assessment on the bursaries and diamond processing and jewellery manufacturing qualification. Both pathways are funded by the MQA. The impact study aimed at exploring and investigating the level of the MQA's contribution in terms of the skills development impact in the mining sector and the return on investment (ROI) on funded project, including beneficiaries supported by the MQA. This is done in order to determine the extent to which the NSDS III set targets were achieved by the MQA, including the impact they have made on beneficiaries. Two impact assessments (value for money) were conducted. A total of 4 367 learners were certified during the financial years between 2004 to 2016 in the diamond processing and/or jewellery manufacturing qualification. A total of 2 708 bursars were certified during the financial years between 2011 to 2016.

6.3 AUDIT TRACKING

During the year under review, the internal and external tracking registers were developed and monitored. Subsequent to the presentation of both the internal and the external audit report to management and the Audit and Risk Committee (ARC), the Unit populated findings together with recommendations, and tracked progress on the implementation with responsible persons noted on the report. The results of the implementation were presented to management, ARC and MQA Board.

6.4 PERFORMANCE MANAGEMENT

The MQA's strategic objectives are implemented and tracked through the Annual Performance Plan (APP) in five different programmes. The Monitoring and Evaluation Unit provided assurance on the performance against predetermined objectives and analysed data for all programmes in the year under review. The gap analysis, in relation to the MQA's strategic planning process, and the Strategic Plan were conducted together with the performance validation and verification for all quarters.

6.5 COMBINED ASSURANCE STRATEGY

In order to ensure that the risk exposure is appropriately mitigated, a combined assurance strategy had been fully implemented to ensure proper allocation of responsibilities and accountabilities for the risks to the Executive Management, External Auditors, Internal Auditors, or a combination thereof. Due to the nature of risk management, the Executive Management is ultimately responsible for all risks within the MQA, and hence assumes 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 risks registers were compiled subsequent to the risk assessment workshops. These registers were approved by the Board during the 2016-2017 financial year. Risk assessment exercises are conducted once a year and updated regularly with the impact, likelihood and new action plans. The monitored and new risks are presented to the Audit and Risk Committee (ARC) and Board on a quarterly basis.

During the year under review, two strategic risks materialised resulting in management developing compensating controls such as the turnaround strategy, review and amendment of key policies as mitigating strategy which was followed by robust engagements with the Accounting Authority in an attempt to minimise or eliminate the impact of the identified risks

6.7 FRAUD PREVENTION ACTIVITIES

The MQA has adopted a zero tolerance level towards any fraudulent activities. To this extent a fraud hotline is operational and fraud hotline reports are provided on a continuous basis to the MQA Audit and Risk Committee by an external service provider. Substantial investment in fraud awareness via the MQA's fraud prevention policy was concluded with the MQA staff and stakeholders. The MQA has also implemented a Fraud Prevention Policy as a mitigating control that is monitored and reported on to MQA governance structures.

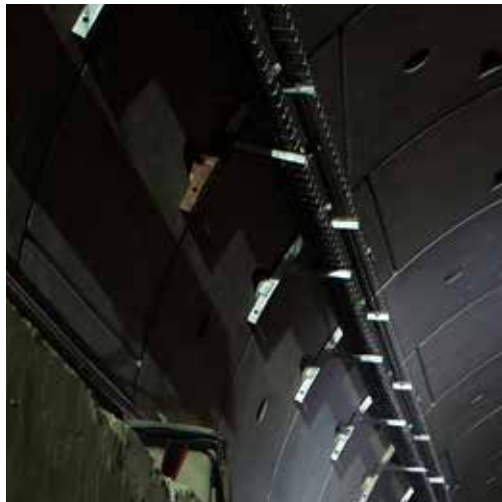
6.8 POLICIES AND FRAMEWORKS

The following approved policies and strategies are being implemented:

- Monitoring and Evaluation Policy Framework;
- Risk Management Policy and Strategy;
- Fraud Prevention Policy;
- Risk Management Activities;
- Compliance Policy; and
- Combined assurance Policy and Strategy.

SECTION 7

REPORT OF THE AUDIT AND RISK COMMITTEE



We present our report for the financial year ended 31 March 2017.

Audit and Risk Committee Responsibility

The Audit and Risk Committee 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 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, that is the state, organised labour and organised employers. Membership consisted of the following members for the year ending 31 March 2017:

The Effectiveness of Internal Control

The Mining Qualifications Authority (MQA) has a system of internal control to 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 III 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 of Internal Audit, 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 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 III Report on Corporate Governance requirements, Internal Audit attempts to provide the Audit and Risk Committee and management with reasonable assurance that the internal controls are adequate and effective.

MEMBER	CONSTITUENCY	MEETINGS ATTENDED	FEES RECEIVED
Dr. L. Konar	Independent *	8	R69 344
G. Taylor	Independent	7	R47 360
X. Khumalo	Independent	7	R47 360
J. Hugo	Organised labour	3	-
A. Teteme	Organised labour	8	R28 672
S. Mokgothu	Organised labour	1	-
J. Masha	Organised labour	2	-
H. Groenewald	Organised employers	2	-
V. Mabena	MQA Board representative	3	
M. Ally	MQA Board representative**	5	-
J. Broderick	Organised employers	5	-
I. Singo	State representative	3	

* Chairperson

** M Ally replaced V Mabena

This is achieved by a risk-based internal audit plan, 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 not satisfied with the achievement of the annual audit plan by internal audit.

From our review of the report of the Internal Auditors, we note that:

- The internal controls are not adequate and certain significant improvements are required; and
- The Internal Auditors are operating objectively and independently, though ineffectively.

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 is concerned with 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 a fraud hotline. However, the end-to-end risk management process requires improvement. The Audit and Risk Committee has reviewed the strategic risk register. The Audit and Risk Committee is provided with the quarterly progress reports from risk management.

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

During the year, discretionary grants were allocated to a training provider in contravention of the MQA policies and procedures. A forensic investigation into the allocation of grants was instituted and 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 with appreciation, 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 not been able to give reasonable assurance of the effectiveness of the internal control environment.

The ARC has identified capacity constraints within the finance function of MQA as one of the key areas of focus in the coming year.

The internal auditor and the 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.

- Reviewed the quarterly and timelines of financial information availed to the Audit and Risk Committee for oversight purposes; and
- Reviewed material adjustments resulting from the audit of the MQA.

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;

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 weaknesses and lapses in the internal control environment.



Dr Len Konar

Chairperson of the Audit and Risk Committee

SECTION 8

REPORT OF THE AUDITOR-GENERAL



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Mining Qualifications Authority (MQA) set out on pages 80 to 130, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget information with actual information 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 MQA as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the 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 financial statements section of my 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) together with 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 29 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2017.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA 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 MQA'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 there is an intention either to liquidate the public entity or to cease operations, or there are 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 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 the 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 the 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 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 programmes presented in the annual performance report of the public entity for the year ended 31 March 2017

Programmes	Pages in the annual performance report
Programme 3 – Support objective decision making for skills development through research in the sector	30
Programme 4 – Facilitate and support core sector skills and develop programmes aligned to the qualifications framework	31 - 34

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 the following programmes:
 - Programme 3 – Support objective decision making for skills development through research in the sector
 - Programme 4 – Facilitate and support core sector skills and develop programmes aligned to the qualifications framework

OTHER MATTERS

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on page 29 to 35; for information on the achievement of planned targets for the year and explanations provided for the under / overachievement of a number of targets.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 4 – Facilitate and support core sector skills and develop programmes aligned to the qualifications framework. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

20. 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.

The material findings in respect of the compliance criteria for the applicable subject matters 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 on prior period error note, commitments and grant transfer payables identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

EXPENDITURE MANAGEMENT

22. Effective steps were not taken to prevent irregular expenditure amounting to R15 569 000 as disclosed

in note 25 to the annual financial statements, in contravention of section 51(1)(b)(ii) of the PFMA.

23. Other information

24. The MQA accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
25. 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.
26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. 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. I have nothing to report in this regard

INTERNAL CONTROL DEFICIENCIES

28. 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 thereon. 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

29. The implementation of action plans to address internal control deficiencies reported in the previous year was not monitored. This resulted in a recurrence of material audit findings on accruals and commitments.
30. The accounting authority did not ensure that internal procedures and internal control measures were in place for the preparation, processing and reporting of discretionary projects, expenditure, payables and commitments.

FINANCIAL AND PERFORMANCE MANAGEMENT

31. There was inadequate project governance with regard to managing and monitoring discretionary grant commitment contracts. Management did not implement controls over project management to ensure that all valid discretionary grant commitments were accurately accounted for in the financial statements and are supported by valid memorandums of agreements. This resulted in discretionary grant commitments and accruals being materially misstated and corrected through audit process.
32. The MQA did not implement proper record-keeping controls to ensure that complete, relevant and accurate information was accessible and available to support annual financial statements.
33. Management did not adequately review the financial statements prior to submission for audit, resulting in misstatements being identified by the auditors and subsequently been corrected by management.

OTHER REPORTS

34. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

- Independent consultants are investigating allegations of possible misappropriation of the entity's assets at the request of the entity. These investigations are still in progress.
- Special Investigation Unit of the South African Police Service is investigating a tender awarded by the entity.

Auditor-General

Pretoria

31 July 2017



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 the 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 the auditor's report. However, future events or conditions may cause a public entity to cease to continue 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.

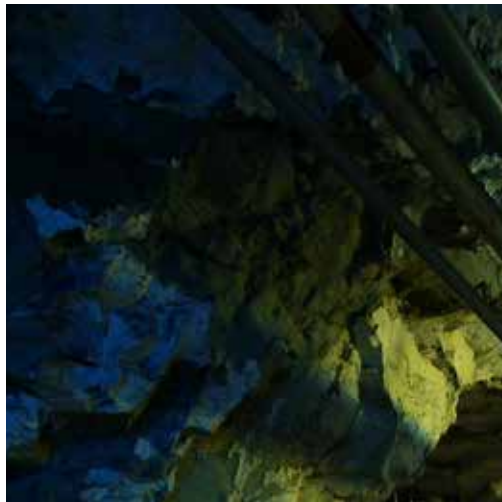
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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 here applicable, related safeguards.

SECTION 9

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017



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9.1 ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Board is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Board to ensure that the Annual Financial Statements fairly present the state of affairs of the MQA as at the end of the financial year and the results of its operations and cash flows. The external auditors are engaged to express an independent opinion on the 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 77 to 130, which have been prepared on the going concern basis, were approved by the Board on 30 June 2017 and were signed on its behalf by:



M Zondi

Board Chairperson



T Mmotla

Chief Executive Officer

9.2 ACCOUNTING AUTHORITY'S REPORT

1. RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY

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

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

Further responsibilities of the Accounting Authority include:

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

2. GENERAL REVIEW OF THE STATE OF AFFAIRS

Total revenue for the MQA for the 2017 financial year, including donor income, amounted to R1 089 million (2016: R1 072 million). The effect was an increase of R17 million. The increase was mainly due to payroll increases in the mining industry.

The administration income allocated from levies received was R133 million (2016: R130 million). The actual administrative expenditure for the year amounted to R133 million (2016: R122 million).

The MQA recorded a deficit of R115 million for the current financial year (2016: R101 million deficit - as restated). Total reserves at year-end amounted to R302 million (2016: R416 million). Future commitments in respect of discretionary funds amount to R1 325 million (2016: R1 215 million) and thus exceed our reserves by R1 023 million. We are confident that this shortfall will be covered by our projected future levy income of approximately R1 billion over the next year.

During the year, the MQA spent R1 029 million (2016: R1 025 million) on mandatory and discretionary grants and special projects, excluding donor funding expenditure of R42 million (2016: R26 million).

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

9.2 ACCOUNTING AUTHORITY'S REPORT (CONTINUED)

	2017 R'millions	2016 R'millions
TVET College Support	13	44
Bursaries	101	93
Standard Setting Grant (TRGs)	1	1
Work Experience	78	126
Learning Material	4	4
Internships (GDP)	125	124
Learnerships	112	79
AET	24	30
OHS Representatives Development	15	14
FLC Project	3	2
UIF Artisan Development Partnership	2	1
Employed and Unemployed Artisan Development	263	244
Maths & Science	7	8
Skills Development Facilitator Support	1	1
Youth Development Project	-	11
Mine Community Development Project	45	22
Mpumalanga FET Artisan Development	1	5
Management Development Project	4	4
Lecturer Support Project	11	12
Workplace Coach Development	6	10
Employed Artisan Aides	3	3
NSF Funded Projects - Artisan Development	42	26
Total	861	864

3. UTILISATION OF DONOR FUNDS

The Unemployment Insurance Fund (UIF) transferred R42 million (2016: R38 million) and the National Skills Fund (NSF) transferred R12 million 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

The Candidacy Project was introduced in the current year.

9.2 ACCOUNTING AUTHORITY'S REPORT (CONTINUED)

6. EXECUTIVE MANAGERS EMOLUMENTS

NAME & TITLE	Basic salaries R'000	Non- Pensionable Allowances R'000	Acting Allowance R'000	Pension Contribution R'000	2017 R'000	2016 R'000
S. Seepei (CEO)	393	921	-	50	1 364	2 317
T.G. Mmotla (COO)(ACEO)	414	1 040	259	57	1 770	1 581
Y. Omar (CFO)	21	185	-	-	206	1 726
M. Mdingi (CRM&EO)(ACFO)(CFO)	752	517	222	108	1 599	1 484
M. Palale (ACOO)	-	-	197	-	197	-
I.G. Mkhize (EMCS)	883	338	-	127	1 348	1 629
C. Maila (EMSR)	832	379	-	119	1 330	1 507
P.J. Moasa (ACRM&EO)	-	-	300	-	300	-
	3 295	3 380	978	461	8 114	10 244

Notes to 2016/17

S.Seepei (CEO) terminated 30 September 2016.

Y.A.M Omar (CFO) terminated 31 March 2016 - Annual Bonus and leave pay.

T.G Mmotla (COO) appointed Acting CEO 12 September 2016.

M.Mdingi (CRM&EO) appointed Acting CFO 1 April 2016 and appointed CFO 1 December 2016.

M.Palale (SPM) appointed Acting COO 12 September 2016.

P.J. Moasa (M&EM) appointed Acting CRM&EO 1 April 2016.

NON-EXECUTIVE MEMBERS	Organisation	Constituency	Attendance	Total Fees Received R'000
M. Zondi *	DMR	State**	5	-
T. Tshozana	Ministerial appointee	Ministerial appointee	-	-
N. Kubheka	Ministerial appointee	Ministerial appointee	5	18
A. Tshangase	NUM Head Office	Labour	11	44
F. Letlala	NUM Head Office	Labour	-	-
F. Van Straten	UASA	Labour	8	30
Z. Tantsi	NUM Head Office	Labour	-	-
A. Teteme**	NUM Head Office	Labour	43	263
D. Shikati	NUM Head Office	Labour	11	57
V. Mabena	Chamber of Mines	Employers	3	-
L. Mogaki	Anglo Platinum	Employers	4	-
M. Ally	Chamber of Mines	Employers	1	-
J. Venter	Colliery Training College	Employers	4	-
M. Mashego	Harmony	Employers	2	-
S. Rogers	Petra Diamonds	Employers	1	-
P. Gamede	Department of Mineral Resources	State	5	-
H. Mbiko	Department of Mineral Resources	State	3	-
M. Kobe	Department of Mineral Resources	State	3	-
	* Chairperson	**not entitled to fees	-	412

* Chairperson

Some Board members receive meeting attendance fees and are reimbursed for travel expenses. The total fees relate to fees paid for attending Board meetings, EXCO, Audit and Risk, Fraud and Risk Management, Finance, Education Training Quality Assurance (ETQA), Learning Programmes (LP) and Skills Research Planning committee (SRP) meetings.

**Mr A Teteme's fees are in respect of attendance of EXCO and Board meetings, as well as Audit and Risk, Fraud and Risk Management, Finance, ETQA and LP committee meetings.

9.2 ACCOUNTING AUTHORITY'S REPORT (CONTINUED)

7. GOING CONCERN

The MQA is dependent on skills development levies receivable from the mining and minerals sector. Members of the Board are of the opinion that the MQA will be a going concern in the foreseeable future. Moreover, the MQA is also established in terms of the Mine Health and Safety Act, hence the MQA continues to adopt a going concern basis in preparing the Annual Financial Statements.

8. 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.

9. RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The Board is responsible for the Annual Financial Statements.

9.3 STATEMENT OF FINANCIAL PERFORMANCE

	NOTES	2017 R'000	2016 Restated* R'000
Revenue			
Revenue from non-exchange transactions			
Skills development levy income	3	956 618	972 972
Skills development levy interest and penalties	3	27 595	23 090
Government grants and donor funding income	20	42 099	26 018
NSF artisan project admininstartion income	20.1	5 401	500
Total revenue from non-exchange transactions		1 031 713	1 022 580
Revenue from exchange transactions			
Investment income	4	56 889	49 541
Other income	5	830	298
Total revenue from exchange transactions		57 719	49 839
Total revenue	3	1 089 432	1 072 419
Expenditure			
Employer grants and projects expenditure	6	(1 029 047)	(1 025 491)
Administration expenditure	7	(130 843)	(121 863)
Finance costs	8	(7)	(30)
Government grants and donor funding	20	(42 099)	(26 018)
NSF artisan project administration costs	20.1	(1 790)	(254)
Total expenditure		(1 203 786)	(1 173 656)
Loss on disposal of assets and liabilities		(201)	(212)
Deficit for the year		(114 555)	(101 449)

9.4 STATEMENT OF FINANCIAL POSITION

	NOTES	2017 R'000	2016 Restated* R'000
Assets			
Current Assets			
Inventories	13	361	302
Receivables from non-exchange transactions	14	26 432	26 199
Trade and other receivables from exchange transactions	12	2 070	1 750
Cash and cash equivalents	15	752 685	775 876
		781 548	804 127
Non-Current Assets			
Property, plant and equipment	10	63 594	64 813
Intangible assets	11	1 311	1 114
		64 905	65 927
Total Assets		846 453	870 054
Liabilities			
Current Liabilities			
Grants and transfers payable	18	519 065	433 808
Trade and other payables from exchange transactions	19	15 156	8 690
Finance lease obligations	16	-	166
Provisions	21	10 437	11 006
Total Liabilities		544 658	453 670
Net Assets		301 795	416 384
Reserves			
Administration reserves		64 906	65 928
Mandatory grant reserves		301	376
Discretionary reserves		236 589	350 080
Total Net Assets		301 796	416 384

9.5 STATEMENT OF CHANGES IN NET ASSETS

	Administration reserve R'000	Mandatory grant reserves R'000	Discretionary reserves R'000	Total reserves R'000	Accumulated surplus R'000	Total net assets R'000
Balance at 1 April 2015	62 334	1 229	409 390	472 953	-	472 953
Changes in net assets						
Restates Surplus for the year	-	-	-	-	(101 449)	(101 449)
Prior year Adjustment	(55)	-	44 935	44 880	-	44 880
Allocation of unappropriated deficit	7 525	54 613	(163 587)	(101 449)	101 449	-
Transfer to discretionary reserves	(3 876)	(55 466)	59 342	-	-	-
Total changes	3 594	(853)	(59 310)	(56 569)	-	(56 569)
Restated* Balance at 1 April 2016	65 928	376	350 080	416 384	-	416 384
Changes in net assets						
Surplus for the year	-	-	-	-	(114 555)	114 555
Allocation of unappropriated deficit	358	33 744	(148 657)	(114 555)	114 555	-
Transfer to discretionary reserves	(1 380)	(33 819)	35 166	(33)	-	(33)
Total changes	(1 022)	(75)	(113 491)	(114 588)	-	(114 588)
Balance at 31 March 2017	64 906	301	236 589	301 796	-	301 796

9.6 CASH FLOW STATEMENT

	NOTES	2017 R'000	2016 Restated* R'000
Cash flows from operating activities			
Receipts			
Levies, interest and penalties		982 760	994 609
Government grants and donor funding		44 595	21 321
Interest income		56 922	49 541
Other cash receipts from stakeholders		830	298
		1 085 107	1 065 769
Payments			
Grant and projects		(941 225)	(858 684)
Special projects		(44 159)	(25 550)
Finance costs		(7)	(30)
Compensation of employees		(75 330)	(69 119)
Payments to suppliers and others		(42 519)	(48 044)
		(1 103 240)	(1 001 427)
Net cash flows from operating activities	22	(18 133)	64 381
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(4 029)	(7 620)
Purchase of other intangible assets	11	(863)	(665)
Net cash flows from investing activities		(4 892)	(8 285)
Cash flows from financing activities			
Finance lease payments		(166)	(234)
Net increase/(decrease) in cash and cash equivalents		(23 191)	55 862
Cash and cash equivalents at the beginning of the year		775 876	720 014
Cash and cash equivalents at the end of the year	15	752 685	775 876

9.7 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget R'000	Adjustments R'000	Final budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income - (rollup)	-	-	-	830	830	
Interest received - investment	50,572	1,665	52,237	56,889	4,652	
Total revenue from exchange transactions	50,572	1,665	52,237	57,719	5,482	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	-	-	-	42,099	42,099	
NSF Artisan Project Admin:						
Income	-	-	-	5,401	5,401	
Skills Development Levy: Income	1,016,425	-	1,016,425	956,618	(59,807)	
Skills Development Levy: Interest and penalties	-	-	-	27,595	27,595	
Total revenue from non-exchange transactions	1,016,425	-	1,016,425	1,031,713	15,288	
Total revenue	1,066,997	1,665	1,068,662	1,089,432	20,770	
Expenditure						
Personnel	(72,914)	(571)	(73,485)	(75,253)	(1,768)	9
NSF Artisan project administration costs	-	-	-	(1,790)	(1,790)	
Transfer to QCTO	(6,607)	-	-	(5,265)	-	
Depreciation and amortisation	(4,432)	(1,001)	(5,433)	(5,648)	(215)	9
Finance costs	-	-	-	(7)	(7)	
Repairs and maintenance	(2,281)	600	(1,681)	(1,516)	165	9
Employer grant and project expenditure	(1,380,046)	-	(1,380,046)	(1,029,047)	350,999	9
Government grants and donor fund expenditure	-	-	-	(42,099)	(42,099)	
General Expenses	(50,435)	571	(49,864)	(43,161)	6,703	9
Total expenditure	(1,516,715)	941	(1,515,774)	(1,203,786)	311,988	
Operating surplus / (deficit)	(449,718)	2,606	(447,112)	(114,354)	332,758	
Loss on disposal of assets and liabilities	-	-	-	(201)	(201)	
Surplus / (Deficit) for the year	(449,718)	2,606	(447,112)	(114,555)	332,557	
Capital Expenditure Budget	5,896	12,435	18,331	4,863	(13,468)	

9.8 ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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

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

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

1.1 CURRENCY

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

1.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Skills Development Levy (SDL) income

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

Eighty percent (80%) of skills development levy contributions by companies in the mining and minerals sector is transferred to the MQA, and 20% to the National Skills Fund (NSF), by the Department of Higher Education and Training.

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

	2017
Administration costs (including 0.5% transfer to QCTO)	10.50 %
Mandatory grants	20.00 %
Discretionary grants and projects	49.50 %
	80.00 %

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

9.8 ACCOUNTING POLICIES (CONTINUED)

InterSETA 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 InterSETA transfers. The amount of InterSETA adjustments is calculated according to the most recent Standard Operating Procedure as issued by the DHET from November 2009.

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

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

Recognition

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

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

Previously, this provision was accumulated indefinitely, but with effect from the 25 August 2013, the Department of Higher Education and Training 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 moneys back after 5 years.

Measurement

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

Government grants and donor funding income

Conditional government grants and other conditional donor funding are recognised as a liability when they become receivable and are recognised as 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.

9.8 ACCOUNTING POLICIES (CONTINUED)

1.3 REVENUE FROM EXCHANGE TRANSACTIONS

Investment income

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

Other income

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

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

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.

9.8 ACCOUNTING POLICIES (CONTINUED)

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

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

Discretionary grants and project expenditure

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

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

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

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

Project expenditure comprises:

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

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

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

9.8 ACCOUNTING POLICIES (CONTINUED)

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; and
- 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's 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 non-compliance cases are reported.

1.7 PROPERTY, PLANT AND EQUIPMENT

Recognition

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

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

9.8 ACCOUNTING POLICIES (CONTINUED)

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, or for a nominal cost, 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 revalued amount, being its fair value at the date of the revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

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

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

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

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

Impairment

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

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

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

An impairment loss recognised in prior periods is reversed if there 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:

9.8 ACCOUNTING POLICIES (CONTINUED)

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

Revaluation basis

Where the fair value of assets can be measured reliably, they may be carried at a revalued amount, being 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 revalued, the entire class of property, plant and equipment to which that item belongs, is revalued.

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

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

Derecognition

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

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

Key accounting judgements

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

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

9.8 ACCOUNTING POLICIES (CONTINUED)

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

Key sources of estimation uncertainty

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

The MQA is currently established as a SETA until 31 March 2020.

In the light of the extension of MQA's establishment until 31 March 2020, management is required to consider how it impacts on the period over which assets are expected to be available for use by the MQA.

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

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

The MQA has reviewed the estimated useful lives and residual values of property, plant and equipment used for the purpose of depreciation calculations in light of the definition of residual value.

The review did not highlight any requirement for significant adjustment to the residual values used in the current or prior periods. Estimated useful lives and residual values will continue to be reviewed annually in future.

1.8 INTANGIBLE ASSETS

Recognition

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

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

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

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

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, for a nominal cost which is measured at its fair value as at the date of acquisition.

9.8 ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement

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

Amortisation

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

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

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

Impairment

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

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

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

Different intangible assets may be tested for impairment at different times. However, if 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 revalued amount and an impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

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

9.8 ACCOUNTING POLICIES (CONTINUED)

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:

Computer software	2-3 years
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Revaluation basis

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

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

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

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

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

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

Derecognition

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

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

1.9 INVENTORIES

Recognition

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

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

9.8 ACCOUNTING POLICIES (CONTINUED)

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 a 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.

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. 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.

9.8 ACCOUNTING POLICIES (CONTINUED)

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.

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

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

9.8 ACCOUNTING POLICIES (CONTINUED)

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.

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

Measurement

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

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

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

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

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.

9.8 ACCOUNTING POLICIES (CONTINUED)

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).

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, unless another requires or permits the inclusion of the benefits in the cost of an asset.

Termination benefits

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

Obligation 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.

9.8 ACCOUNTING POLICIES (CONTINUED)

A provision is recognised when, and only when:

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

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

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

Measurement

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

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

Effects of the time value of money

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

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

Future events and gains

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

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

Reimbursements

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

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

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

9.8 ACCOUNTING POLICIES (CONTINUED)

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.

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.

9.8 ACCOUNTING POLICIES (CONTINUED)

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

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

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

The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition. All financial assets of the MQA are categorised as loans and receivables.

Loans and receivables

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

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

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

Effective interest rate method

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

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

Impairment of financial assets

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

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

9.8 ACCOUNTING POLICIES (CONTINUED)

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 at FVTPL

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

Gains and losses on subsequent measurement

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

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

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

Other financial liabilities

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

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

9.8 ACCOUNTING POLICIES (CONTINUED)

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the Grant Regulations (Note 1.3), issued from time to time by the Department of Higher Education and Training in terms of the Skills Development Act, Act No. 97 of 1998.

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. Where it is associated with project activities, it is utilised for discretionary grants and projects purposes.

The items of revenue and expenditure are recognised on the accrual basis of accounting in the Annual Financial Statements.

Consequently, the reserves disclosed in the statement of changes in net assets and movements disclosed in Note 2, do not represent cash reserves or fund monies as implied in the Grants Regulations.

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

1.18 RELATED PARTIES

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

Management is 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 Department of Higher Education and Training, or which had a nominated or appointed representative serving on the MQA accounting authority.

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

1.19 COMPARATIVES

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

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES

	Total per Statement of financial performance R'000	Administration funds R'000	Mandatory grant funds R'000	Discretionary grants funds R'000	Special projects funds R'000
2017					
Total revenue	1 089 432	133 200	243 419	670 714	42 099
Skills development levy: income	984 214	126 970	243 419	613 825	-
Admin levy income (10.5%)	125 254	125 254	-	-	-
Public sector levies	1 716	1 716	-	-	-
Grant levy income (69.5%)	829 649	-	243 419	586 230	-
NSF artisan project administration income	5 401	5 401	-	-	-
Skills development levy penalties and interest	27 595	-	-	27 595	-
Donations for special projects	42 099	-	-	-	42 099
Investment income	56 889	-	-	56 889	-
Other income	829	829	-	-	-
Total expenditure	(1 203 987)	(132 842)	(209 675)	(819 371)	(42 099)
Administration expenditure	(130 844)	(130 844)	-	-	-
Finance costs	(7)	(7)	-	-	-
Employer grants and project expenditure	(1 071 145)	-	(209 675)	(819 371)	(42 099)
NSF artisan project administration costs	(1 790)	(1 790)	-	-	-
Gain/(loss) on disposal of property, plant and equipment	(201)	(201)	-	-	-
Surplus/(Deficit) allocated	(114 555)	358	33 744	(148 657)	-
2016					
Total revenue	1 072 418	129 883	242 360	674 157	26 018
Skills development levy: income	996 062	129 086	242 360	624 616	-
Admin levy income (10%)	127 501	127 501	-	-	-
Grant levy income (70%)	843 886	-	242 360	601 526	-
Public sector levies	1 585	1 585	-	-	-
NSF artisan project administration income	500	500	-	-	-
Skills development levy penalties and interest	23 090	-	-	23 090	-
Donations for special projects	26 018	-	-	-	26 018
Investment income	49 541	-	-	49 541	-
Other income	297	297	-	-	-
Total expenditure	(1 173 870)	(122 361)	(187 747)	(837 744)	(26 018)
Administration expenditure	(121 862)	(121 862)	-	-	-
Finance costs	(30)	(30)	-	-	-
Employer grants and project expenditure	(1 051 509)	-	(187 747)	(837 744)	(26 018)
NSF artisan project administration costs	(254)	(254)	-	-	-
Gain/(loss) on disposal of property, plant and equipment	(212)	(212)	-	-	-
Surplus/(Deficit) allocated	(101 449)	7 525	54 613	(163 587)	-

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. REVENUE	2017 R'000	2016 R'000
Skills development levy income		
Levy income: Administration		
Levies received	126 945	129 098
Levies received from SARS	125 229	127 522
Levies received from DMR	1 716	1 585
InterSETA transfers in	29	(9)
Movement in levies accrued	(6)	(12)
	126 968	129 086
Levy income: Employer Grants		
Levies received	243 143	242 216
Levies received from SARS	243 088	242 262
InterSETA transfers in	55	(46)
Movement in levies accrued	276	144
	243 419	242 360
Levy income: Discretionary Grants		
Levies received	586 515	601 716
Levies received from SARS	586 376	601 735
InterSETA transfers in	139	(19)
InterSETA transfers out	(2)	-
Movement in levies accrued	(283)	(190)
	586 230	601 526
Total levy income	956 617	972 972
Interest and penalties: Skills development levy income		
Levy interest	6 729	7 338
Levy penalties	20 866	15 752
	27 595	23 090
4. INVESTMENT REVENUE		
Interest revenue		
Interest received	56 451	49 123
Movement in interest accrued	438	418
	56 889	49 541
5. OTHER INCOME		
Insurance recoveries	124	91
SDL recoveries	137	72
Learning materials and other recoveries	568	134
	829	297

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2017 R'000	2016 R'000
6. EMPLOYER GRANTS AND PROJECTS EXPENDITURE		
Mandatory grants expenditure	209 675	187 747
Disbursed	206 320	202 946
Movement in liabilities and accruals	3 355	(15 199)
Discretionary grants expenditure	748 700	786 285
Disbursed	664 147	599 939
Movement in liabilities and accruals	84 553	186 346
Project expenditure	70 671	51 459
Disbursed	71 891	50 627
Movement in liabilities and accruals	(1 220)	832
Total employer grants and projects expenditure	1 029 047	1 025 491
Project expenditure consisting of:		
Direct project costs	69 690	51 255
Administration costs	981	204
Total projects expenditure	70 671	51 459
6.1. ADMINISTRATION COSTS		
Salaries and wages		
Temporary staff	982	204
	982	204
Average number of employees	11	10
7. ADMINISTRATION EXPENDITURE		
Transfer to QCTO	5 265	3 627
Depreciation, amortisation and impairments	5 659	4 440
Maintenance repairs and running costs	1 516	1 750
Property and buildings	1 090	1 193
Machinery and equipment	426	557
Advertising, marketing, promotions and communications	3 698	3 671
Entertainment	61	196
Consulting and professional fees	6 792	8 014
Legal fees	1 819	875
Cost of employment	75 253	68 941
Travel and accommodation	9 556	11 887
Staff training and development	1 770	916
Remuneration Board and committee members	647	434
Internal audit fees	313	948
External audit fees	3 219	1 705
Printing and stationery	3 755	4 291
Conferences and seminars	2 966	3 477
Insurance	1 048	656
Rates & taxes, water & electricity and security	3 124	2 976
Donations and sponsorships	871	326
Rental- operating lease	588	501
IT expenses	2 445	1 974
Subscriptions and membership fees	90	94
Other expenses	400	166
Total administration expenditure	130 844	121 865

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

7. ADMINISTRATION EXPENDITURE (CONTINUED)	2017 R'000	2016 R'000
7.1. COST OF EMPLOYMENT		
Salaries and wages		
Basic salaries	32 845	28 388
Performance awards	5 668	7 784
Other non-pensionable allowances	26 738	23 747
Temporary staff	2 007	3 123
Leave payments	2 147	648
SDL	685	570
	70 090	64 260
Social contributions		
Pension contributions	4 267	3 897
UIF	230	206
Other salary related costs	666	577
	5 163	4 680
	75 253	68 940
Average number of employees	141	127

Refer to the report by the Accounting Authority for disclosure concerning the emoluments of members of the Accounting Authority and the executive management of the MQA.

8. FINANCE COSTS	2017 R'000	2016 R'000
Obligations under finance leases	7	30

9. COMPARISON OF BUDGETS AND ACTUALS

2017	Approved Budget R'000	Actual R'000	Variance R'000
Administration funds income	132 135	133 200	(1 065)
Mandatory funds income	254 106	243 419	10 687
Discretionary funds income	630 184	613 825	16 359
Investment income	52 237	56 889	(4 652)
Total income	1 068 662	1 047 333	21 329
Administration funds expenditure	135 728	132 842	2 886
Mandatory funds expenditure	228 696	209 675	19 021
Discretionary funds expenditure	1 151 350	819 371	331 979
Total expenditure	1 515 774	1 161 888	353 886
(Deficit)/Surplus	(447 112)	(114 555)	(332 557)
Capex	18 331	4 863	13 468

BASIS OF BUDGET PREPARATION AND REVISION OF APPROVED BUDGET

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

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

The approved budget includes only the activities of the MQA and is for the period 1 April 2016 to 31 March 2017.

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

9. COMPARISON OF BUDGETS AND ACTUALS (CONTINUED)

The approved budget was revised in October 2016 to adjust for revenue trends observed during the first 9 months of the financial year.

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

MATERIAL DIFFERENCES BETWEEN THE REVISED BUDGET AND ACTUAL AMOUNTS

Skills Development Levy income

The actual levy income is less than the approved revised budget by 3.2%, which can be attributable to the effect of SARS reversals referred to in accounting policy note 1.4.

Investment income

The MQA invests excess funds in various interest-bearing portfolios with major reputable banks. The interest received is more or less within the projected budget.

Administration expenditure

Actual expenditure is below the budget and this can be attributable to strict budget monitoring controls in place to prevent spending beyond approved limit. In addition to this, the MQA embraced and responded positively to the call by the Minister of Finance to the public sector to implement cost-cutting measures.

Mandatory grants expenditure

The shortfall of actual expenditure over the revised budget is attributed to an unprecedented number of employers that submitted incomplete WSP and ATR and their mandatory grants applications were declined.

Discretionary grants expenditure

Discretionary grants expenditure exceeds the budget due to prior year adjustments in accrual and provisions as a result of reconstruction of commitment in line with the turnaround strategy.

Capital expenditure

The variance mainly relates to delays in the procurement of capex-related goods.

10. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Office furniture	4 497	(1 794)	2 703	3 311	(1 526)	1 785
Motor vehicles	878	(575)	303	878	(493)	385
Office equipment	4 797	(2 088)	2 709	3 615	(1 505)	2 110
Computer equipment	3 967	(2 681)	1 286	3 808	(2 052)	1 756
Fixtures and fittings	12 449	(2 969)	9 480	11 820	(1 884)	9 936
Office building	52 851	(6 014)	46 837	52 851	(4 253)	48 598
Cellphones	585	(309)	276	622	(379)	243
Total	80 024	(16 430)	63 594	76 905	(12 092)	64 813

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment - 2017

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Total R'000
Office furniture	1 785	1 254	(68)	(338)	70	2 703
Motor vehicles	385	-	-	(81)	-	304
Office equipment	2 111	1 368	(50)	(714)	(6)	2 709
Computer equipment	1 756	409	(109)	(461)	(308)	1 287
Fixtures and fittings	9 936	629	-	(1 085)	-	9 480
Office building	48 598	-	-	(1 761)	-	46 837
Cellphones	243	369	(22)	(314)	-	276
Total	64 814	4 029	(249)	(4 754)	(244)	63 596

Reconciliation of property, plant and equipment - 2016

	Opening balance R'000	Additions R'000	Disposals R'000	Other adjustments R'000	Depreciation R'000	Impairment R'000	Total R'000
Office furniture	1 603	446	(61)	-	(278)	75	1 785
Motor vehicles	497	-	-	-	(112)	-	385
Office equipment	1 294	1 335	(2)	-	(536)	20	2 111
Computer equipment	1 857	508	(108)	-	(501)	-	1 756
Fixtures and fittings	4 344	5 085	-	1 196	(689)	-	9 936
Office building	51 581	-	-	(1 225)	(1 758)	-	48 598
Cellphones	314	246	(50)	-	(267)	-	243
Total	61 490	7 620	(221)	(29)	(4 141)	95	64 814

Assets subject to finance lease (Net carrying amount)

	2017 R'000	2016 R'000
Office equipment	-	145

Details of properties

Building details

The building is situated on ERF 917, 7 Anerley Road, Parktown, Johannesburg

- Purchase price: 1 December 2008
- Additions since purchase or valuation

	2017 R'000	2016 R'000
	51 794	51 794
	1 057	1 057
	52 851	52 851

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

The MQA has reviewed the residual values and useful lives of all the items of property, plant and equipment. The review of the useful lives and residual values highlighted the need for adjustments to the useful lives and residual values of property, plant and equipment items which were conducted and effected accordingly.

The impairment of all classes of property, plant and equipment were considered at year end and impairment adjustments have been taken into account.

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

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

11. INTANGIBLE ASSETS

	2017			2016		
	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000
Computer software	2 681	(1 370)	1 311	1 980	(866)	1 114

Reconciliation of intangible assets - 2017

	Opening balance R'000	Additions R'000	Disposals R'000	Amortisation R'000	Impairment R'000	Total R'000
Computer software	1 114	863	(21)	(642)	(4)	1 310

Reconciliation of intangible assets - 2016

	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Computer software	845	665	(396)	1 114

12. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2017 R'000	2016 R'000
Staff advances	323	284
Prepayments	352	476
Deposits	1	1
Other receivables	19	52
Interest receivable	1 375	938
	2 070	1 751

13. INVENTORIES

Consumable stores	361	302
Inventories recognised as an expense during the year	875	1 105

14. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Donor funding receivable	17 038	14 133
Administration	1 615	1 585
Employer grants	55	-
Mandatory grants receivables	7 585	9 967
Discretionary grants	139	514
	26 432	26 199

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

14. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)	2017 R'000	2016 R'000
MANDATORY GRANTS RECEIVABLES		
Overpayment of mandatory grants to registered employers		
Overpayments to employers	8 746	10 287
Provision for doubtful debts	(1 303)	(476)
Net effect of SARS retrospective adjustments	7 443	9 811
Mandatory grants receivable from other SETAs	142	156
	7 585	9 967

R8 million (2016 : R10 million) 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 provided the permission is issued by that company.

A provision for bad debts of R1 303 thousand (2016 : R476 thousand) has been raised.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises:		
Cash at bank and in hand	742 356	766 194
Cash at bank	742 348	766 192
Cash on hand	8	2
Short-term investments/instruments	10 330	9 682
	752 686	775 876

Included in cash at bank is a current account with a balance of R1 million (2016: R22 million) in respect of donor funds for refund on National Skills Fund (NSF) and Unemployment Insurance Funds (UIF) projects expenditure.

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

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

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

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

BORROWINGS/LOANS

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

In terms of Treasury Regulation 32.1.1 the MQA, as a 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.

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

16. FINANCE LEASE OBLIGATION	2017 R'000	2016 R'000
Current finance lease obligation (recoverable within 12 months)	-	166
Reconciliation between the total of the minimum lease payments and the present value: Up to 1 Year		
Future minimum lease payments	-	173
Finance cost	-	(7)
Present value	-	166

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

The lease agreements were entered into in February 2014 for a period of 2 years and the interest rate in the agreements is linked to the prime lending rate.

17. EMPLOYEE BENEFIT OBLIGATIONS

The MQA operates a defined contribution umbrella pension fund. Employees contribute 8% and the MQA 16%. The employee's future benefits depend on the operating efficiency and investment earnings of the fund.

18. GRANTS AND TRANSFERS PAYABLE	2017 R'000	2016 R'000
Skills development grants payable - mandatory	29 175	28 202
Skills development grants payable - discretionary	489 580	405 026
Donor payables	310	580
	519 065	433 808

19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	8 804	2 360
Project creditors	45	1 265
Trade creditors accruals	1 530	884
Cellphone contracts obligation	267	215
Payroll creditors and accruals	4 510	3 966
	15 156	8 690

20. GOVERNMENT GRANTS AND DONOR FUNDING

Donor Funding Project Cost

Balance at the beginning of the year	14 133	10 465
Donor funds received and interest received	(39 198)	(22 350)
Donor funds received	(38 255)	(22 350)
Interest received	(943)	-
Utilised	42 099	26 018
Donor funding receivable	17 034	14 133

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

20. GOVERNMENT GRANTS AND DONOR FUNDING (CONTINUED)	2017 R'000	2016 R'000
20.1. DONOR FUNDING ADMIN COST		
NSF Artisan project administration income	5 401	500
NSF Artisan project administration expenditure	(1 790)	(254)
Donor fund administration surplus	3 611	246

During the current year, R39 million (2016: R22 million) was received from donor funds in respect of the development of artisans and jewellery design projects in partnership with the MQA.

R42 million (2016: R26 million) was utilised and recognised as revenue as conditions for recognition as revenue were met.

21. PROVISIONS

Reconciliation of provisions - 2017

	Opening Balance R'000	Utilised during the year R'000	Change in estimates R'000	Addition R'000	Total R'000
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
	11 006	(6 250)	12	5 668	10 436

Reconciliation of provisions - 2016

	Opening Balance R'000	Utilised during the year R'000	Change in estimates R'000	Addition R'000	Total R'000
SARS Creditors - Administration	277	-	11	-	288
SARS Creditors - Mandatory	981	-	(144)	-	837
SARS Creditors - Discretionary	915	-	191	-	1 106
Administration provisions	6 757	(5 766)	-	7 784	8 775
Discretionary and projects	134 940	-	(134 940)	-	-
	143 870	(5 766)	(134 882)	7 784	11 006

The provision for SARS creditors relates to levy contributions received during the year from employers that are exempted from SDL contributions as they are under the legislated threshold.

ADMINISTRATION PROVISION

Provisions mainly consisting of provision for performance bonus for the financial year. Bonuses are finalised and are payable subsequent to year-end.

DISCRETIONARY AND PROJECTS PROVISION

The MQA pays discretionary grants in tranches, depending on the duration of the programme. These provisions are as a result of grant claims which were due before 31 March 2017.

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

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

22. CASH (USED IN) GENERATED FROM OPERATIONS

	2017 R'000	2016 R'000
Deficit	(114 555)	(101 449)
Adjustments for:		
Depreciation and amortisation	5 648	4 440
Gain on sale of assets and liabilities	201	212
Movements in provisions	(569)	(132 865)
Other non cash items	30	44 880
Other movements	-	39
Changes in working capital:		
Inventories	(59)	126
Receivables from exchange transactions	(320)	(846)
Other receivables from non-exchange transactions	(232)	(9 452)
Payables from exchange transactions	6 465	(577)
Taxes and transfers payable (non exchange)	85 258	259 873
	(18 133)	64 381

23. CONTINGENCIES

MANDATORY GRANT RESERVE

A balance of R301 thousands (2016 - Restated: R376 thousands) has been set aside in terms of the accounting policy.

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

The employers have until 30 September 2017 to claim the mandatory grants after which they expire and will be credited to the discretionary funds in terms of the grants regulations.

DISCRETIONARY GRANTS

Between 2012 - 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 as they fell due as the service and/or training by the employers could not be confirmed. The present obligations created by the contracts and the time that has elapsed since they were due, has resulted in the related obligations not being recognised as the outflow of economic benefits is not probable. Monies due under such contracts have been disclosed as contingent liabilities as detailed below. In the 2017-2018 financial year, the MQA will engage with affected employers and evaluate if services were indeed rendered and/or training took place under those contracts and either write off the contingent liability where the delivery of the service cannot be ascertained, or settle the obligation where evidence of the delivery of the service is ascertained.

The probable obligations per programme can be summarised as follows:

Artisan	R41 245 400
Non-Artisan	R49 889 000
Workplace Training	R14 676 500
Graduate Development Programme	R33 890 999

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

LITIGATIONS

Contractual disputes with training providers resulted in claims lodged with the courts against the MQA for an amount of R114 million.

24. COMMITMENTS

Administration reserve

A balance of R65 million (2016: R66 million) has been set aside in terms of the accounting policy as follows.

	2017 R'000	2016 R'000
Net assets	64 905	65 927

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

24. COMMITMENTS (CONTINUED)

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses.

Discretionary reserve

PROGRAMMES	Opening balance 2016 R'000	Reallocations approved by Accounting Authority R'000	Utilised R'000	Opening balance 2017 R'000	Reallocations approved by Accounting Authority R'000	Utilised R'000	Total R'000
TVET College Support	540	96 208	(44 134)	52 614	27 645	(12 456)	67 803
Bursaries	153 683	69 665	(93 497)	129 851	145 154	(100 947)	174 058
Standard Setting Grant (TRGs)	-	521	(521)	-	839	(839)	-
Work Experience	74 017	100 511	(126 012)	48 516	71 148	(77 904)	41 760
Learning Material	13	3 784	(3 797)	-	3 992	(3 992)	-
Internships (GDP)	231 371	137 391	(123 526)	245 236	107 441	(125 426)	227 251
Learnerships	95 645	109 852	(78 691)	126 806	146 188	(111 286)	161 708
AET	-	29 805	(29 805)	-	24 008	(24 008)	-
OHS Representative Development	-	14 343	(14 343)	-	15 258	(15 258)	-
FLC Project	-	2 013	(2 013)	-	2 953	(2 953)	-
UIF Artisan Development Partnership	5 785	1	(1 580)	4 206	(3 991)	(216)	-
Employed and Unemployed Artisan Development	495 390	237 744	(243 469)	489 665	233 532	(263 411)	459 786
Maths & Science	2 608	9 988	(7 659)	4 937	8 342	(7 022)	6 257
Skills Development Facilitator Support	-	1 089	(1 089)	-	1 028	(1 028)	-
Youth Development Project	8 591	2 765	(11 356)	-	-	-	-
Mine Community Development Project	12 410	45 801	(21 884)	36 327	117 388	(45 392)	108 322
Mpumalanga FET Artisan Development	7 314	-	(4 470)	2 844	(1 897)	(946)	-
Management Development Project	-	5 920	(3 492)	2 428	8 040	(3 888)	6 580
Lecturer Support Project	4 338	7 112	(11 450)	-	11 373	(11 373)	-
Workplace Coach Development	1 458	11 550	(9 583)	3 425	10 500	(5 985)	7 940
HDSA ATP Support	-	-	-	-	400	(400)	-
Employed Artisan Aides	-	2 855	(2 855)	-	3 020	(3 020)	-
HDSA Development	-	-	-	-	18 600	-	18 600
NSF Funded Projects - Artisan Development	-	87 279	(19 523)	67 756	16 720	(39 737)	44 739
Standard Setting HET	462	490	(813)	139	-	(40)	99
	1 093 625	976 687	(855 562)	1 214 750	967 681	(857 527)	1 324 903

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

25. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

NON-COMPLIANCE WITH SCM PROCESSES

Opening balance

38,561

-

Add: Irregular Expenditure

Administration expenditure

5,266

4,539

Internship programme

-

12,881

Artisan programme

10,303

12,550

Youth development programme

-

8,591

Less: Amount condoned

Internship programme

(12,881)

-

Administration expenditure

(5,805)

-

Artisan programme

(22,853)

-

Youth development programme

(8,591)

-

Irregular Expenditure awaiting condonation

4,000

38,561

IRREGULAR EXPENDITURE

During the financial year under review, irregular expenditure has been incurred as a result of non-compliance with the PPPFA as disclosed hereunder.

MATERIAL LOSSES THROUGH FRAUD

There are no material losses within the period under review.

FRUITLESS AND WASTEFUL EXPENDITURE

None.

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 2017.

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS

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

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

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

YEAR ENDED 31 MARCH 2017	Floating rate		Non-interest bearing		Total R'000
	Amount R'000	Effective interest rate %	Amount R'000	Weighted average period until maturity R'000	
Assets					
Cash	752 686	5.00 %	8	-	752 694
Accounts receivable	-	0 %	2 070		2 070
Total financial assets	752 686	5.00 %	2 078		754 764
Liabilities					
Accounts payable	-	0 %	(15 156)	0.5 years	(15 156)
Total financial liabilities	-	0 %	(15 156)		(15 156)
	752 686		(13 078)		739 608

YEAR ENDED 31 MARCH 2016	Floating rate		Non-interest bearing		Total R'000
	Amount R'000	Effective interest rate %	Amount R'000	Weighted average period until maturity R'000	
Assets					
Cash	775 876	5.00 %	2	-	775 878
Accounts receivable	-	0 %	1 750	1 year	1 750
Total financial assets	775 876	5.00 %	1 752		777 628
Liabilities					
Accounts payable	-	0 %	(8 690)	0.5 years	(8 690)
Total financial liabilities	-	0 %	(8 690)		(8 690)
	775 876		(6 938)		768 938

CREDIT RISK

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

The MQA limits its counter-party exposure by only dealing with well established financial 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.

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

Ageing of trade and other receivables from non exchange transactions	2017		2016	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Past due 31 - 120 days	26 432	-	26 199	-

Cash & cash equivalents	2017		2016	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Not past due	752 685	-	775 876	-

Liquidity risk

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

At 31 March 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	15 156	-	-	-

At 31 March 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	8 690	-	-	-

MARKET RISK

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

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.

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.

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

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); or
- 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.

27. NEW STANDARDS AND INTERPRETATIONS

27.1 NEW ACCOUNTING PRONOUNCEMENTS

At the date of authorisation of these financial statements, there are standards and interpretations 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 to 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.

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.

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

27. 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.

28. RELATED PARTIES

	2017		2016	
	Amount receivable/ (payable) R'000	Transfers in/ (out) during the year R'000	Amount receivable/ (payable) R'000	Transfers in/ (out) during the year R'000
SETAs				
MERSETA	61	-	-	-
SERVICES SETA	6	-	-	-
TETA	1	-	-	-
CETA	146	-	-	-
SETA99	9	-	-	-
CETA	(2)	-	-	-
	221	-	-	-

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

	2017		2016	
	Amount receivable/ (payable) R'000	Amount received/(paid) R'000	Amount receivable/ (payable) R'000	Amount received/(paid) R'000
Other transactions with other public entities				
Unemployment Insurance Fund	815	1 210	2 505	9 495
National Skills Fund	13 847	42 445	12 392	12 327
ETDP SETA	142	107	156	72
	14 804	43 762	15 053	21 894

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28. RELATED PARTIES (CONTINUED)

RELATED PARTY TRANSACTIONS

Related party: 2017	Board member	Levies Received R'000	Payments R'000	Grants / Amounts Payable R'000	Grants overpaid (Receivables) R'000
Harmony Gold Mine	M Mashego	40 946	25 125	12 362	-
Colliery Training College	J Venter	435	8 900	1 745	-
Chamber of Mines	V Mabena	404	7 996	11	-
Anglo Platinum	L Mogaki	52 084	43 496	25 103	-
Petra Diamonds	S Rogers	2 710	70	311	-
NUM	Teteme, Shikati, Tshangase, Van Straten	-	429	-	-
State	NC Kubheka	-	18	-	-
		96 579	86 034	39 532	-

Related party: 2016	Board member	Levies Received R'000	Payments R'000	Grants / Amounts Payable R'000	Grants overpaid (Receivables) R'000
Harmony Gold Mine	M Mashego	43 285	19 840	1 173	-
Teba Development	J Mathebula	476	4 966	9	-
Chamber of Mines	V Mabena	514	4 676	10	-
Isithebe Mining	M Madolo	57 206	44 758	2 139	-
Other		2 525	130	-	-
		104 006	74 370	3 331	-

29. PRIOR PERIOD ERRORS

The Annual Financial Statements has been restated in respect of the following:

	2017 R'000	2016 R'000
Restatements		
Government grants and donor funding income		
Amount previously disclosed	-	(25 460)
Decrease in UIF provision	-	280
Decrease in UIF accruals	-	10
Reallocation of NSF administration cost	-	254
Reallocation of NSF utilised	-	(73)
Correction of NSF utilised	-	1
Reversal of UIF provision	-	(1 030)
Restated amount		(26 018)

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

29. PRIOR PERIOD ERRORS (CONTINUED)

	2017 R'000	2016 R'000
During the current year, errors were discovered in the calculation of the provisions and accruals and the review of the contract indicated that Project Administration income and costs need to be separately recognised.		
Employer grants and projects expenditure		
Amount previously disclosed	-	999 861
Reversal of provisions previously raised	-	(174 561)
Reversal of accruals previously raised	-	(164 071)
Raising of corrected accruals	-	302 448
Discretionary grants expenditure previously omitted	-	9 788
Correction of provisions reversed in incorrect period	-	52 024
Restated amount	-	1 025 489
Administration expenditure		
Amount previously disclosed	-	121 786
Advertising expenditure in respect of NSF project	-	(73)
Raising compensation fund expenditure previously omitted	-	125
Reversal of depreciation on fixtures and fittings incorrectly classified	-	(45)
Recognition of depreciation on asset incorrectly classified	-	134
Reversal of depreciation on software erroneously recognised	-	(64)
Restated amount	-	121 863
Government grants and donor funding expenditure		
Amount previously disclosed	-	25 460
Decrease in UIF provision	-	(280)
Reversal of overstated UIF accruals	-	(10)
Reallocation of NSF administration cost	-	(254)
Reallocation of NSF utilised	-	73
Correction of NSF utilised	-	(1)
Reversal of UIF provision	-	1 030
Restated amount	-	26 018
NSF artisan project administration costs		
Recognising project administration expenditure previously omitted	-	254
Receivables from non exchange transactions		
Amount previously disclosed	-	26 170
Project administration income separately classified	-	500
Project administration costs separately disclosed	-	(254)
Reallocation of NSF funds utilised	-	73
Reversal of UIF funds provision	-	(280)
Reversal of overstated UIF accruals	-	(10)
Restated amount	-	26 199

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

29. PRIOR PERIOD ERRORS (CONTINUED)

	2017 R'000	2016 R'000
Property plant and equipment		
Amount previously disclosed	-	64 933
Reclassification of fixtures and fittings incorrectly classified as office buildings	-	(1 225)
Reclassification of fixtures and fittings incorrectly classified as office buildings	-	1 225
Reduction of cost of fixtures and fittings previously recognised	-	(29)
Depreciation on incorrect classification	-	44
Excess depreciation from reclassification	-	(134)
Restated amount	-	64 814
Trade and other payables from exchange transactions		
Amount previously disclosed	-	(9 291)
Reversal of cost inaccurately capitalised	-	569
Reduction of cost of fixtures and fittings previously recognised	-	29
System rounding error	-	3
Restated amount	-	(8 690)
Cash flow statement - Cash flow from operating activities		
Amount previously disclosed	-	64 940
Increase in deficit	-	(25 457)
Increase in depreciation	-	25
Decrease in movement in provisions	-	(174 716)
Other movements	-	39
Other non cash items	-	44 880
Decrease in movement of other receivables from non exchange transactions	-	(29)
Decrease in movement of payables from exchange transactions	-	(599)
Decrease in movement of taxes and transfer payable	-	155 298
	-	64 381
Intangible assets		
Amount previously disclosed	-	1 620
Reversal of cost inaccurately capitalised	-	(569)
Reversal of accumulated depreciation on reversed asset cost	-	63
Restated amount	-	1 114
Grants and transfers payable		
Amount previously disclosed	-	(278 510)
Discretionary grants expenditure previously omitted	-	(9 788)
Prior year discretionary grants expenditure previously omitted	-	(7 143)
Reversal of accruals previously raised	-	164 071
Reversal of UIF funds accrual amount	-	10
Recognition of revised accruals	-	(302 448)
Restated amount	-	(433 808)

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

29. PRIOR PERIOD ERRORS (CONTINUED)

	2017 R'000	2016 R'000
Provisions		
Amount previously disclosed	-	(185 721)
Reversal of provisions for reclassification as accruals	-	174 561
Reversal of UIF provisions for reclassification as accruals	-	280
Recognition of compensation fund previously omitted	-	(125)
Restated amount	-	(11 005)
Reserves		
Amount previously disclosed	-	(396 963)
Prior year discretionary grants expenditure previously omitted	-	7 143
Correction of provisions reversed in incorrect period	-	(52 024)
Reversal of UIF provision-income	-	(1 030)
Reversal of UIF provision-expenditure	-	1 030
Movement in donor funding expenditure	-	(558)
Movement in donor funding income	-	558
Movement in NSF Artisan project income	-	(500)
Movement in NSF Artisan project expenditure	-	254
Movement in discretionary expenditure	-	25 628
Movement in administration expenditure	-	78
Restated amount	-	(416 384)
NSF Artisan project administration income		
Reallocation of project administration income from NSF debtor	-	500

Contingent liabilities - Discretionary Grants : 2015-2016

During the current year, a clean up process revealed that monies due under discretionary grants contracts had not been processed as they fell due in the previous financial years. The related contracts had expired prior to confirmation that the services under the contracts had been rendered. The contracts had created past obligations, but due to the uncertainty that the services were rendered, such monies were derecognised from accruals and classified as contingent liabilities as follows

Contingent liabilities

Artisans	-	12 428
Non-Artisans	-	5 315
GDP	-	19 987
Workplace Experience	-	5 449
	-	43 179

9.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

2017
R'0002016
R'000

Commitment balances - 2015-2016.

The 2016/2017 opening balances were qualified due to lack of supporting contracts. Hence commitments schedules have been reconstructed from the 2013-2014 financial year and the opening balances have been restated accordingly. The effect of the restatement is reflected below

Programmes	Audited AFS 2015/16	Restated balance 2015/16	Adjustment
Bursaries	61 388	129 851	68 463
Work Experience	65 052	48 516	(16 536)
Internship (GDP)	158 790	245 236	86 446
Non-Artisan Learnership	49 786	126 805	77 020
UIF Learnership Artisan 50%	8 130	4 206	(3 924)
Artisan Development	517 722	489 665	(28 057)
TVET College Support	45 994	52 614	6 620
Maths and Science	7 405	4 937	(2 468)
Mpumalanga TVET Artisan	2 035	2 844	809
Mine Community Development	35 746	36 327	581
Workplace Coach Development	2 520	3 425	905
Management Development	2 178	2 428	250
NSF2 Artisan Development	-	67 756	67 756
Standard Setting HET	-	140	140
	956 746	1 214 750	258 005

Summary

Commitment balance as previously disclosed	-	956 746
Adjustment due to recalculation of commitment balances	-	258 004
Restated opening balance	-	1 214 750

Irregular expenditure

In the 2015/2016 financial year, irregular expenditure was understated and subsequent related transactions were identified in the current yearly and the previous disclosed amount has been adjusted accordingly as follows.

Audited 2015/16 closing balance	-	15 976
Correction	-	22 585
Restated closing balance	-	38 561

ACRONYMS

AA	Affirmative Action
ACC	Annual Consultative Conference
AET	Adult Education and Training
AEL	Adult Education and Learning
AFS	Annual Financial Statements
AIDS	Acquired Immune Deficiency Syndrome
APP	Annual Performance Plan
ATR	Annual Training Report
AQP	Assessment Quality Partner
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CBO	Community-Based Organisation
CEO	Chief Executive Officer
CEP	Communities of Expert Practice / Practitioners?
CFO	Chief Financial Officer
CHE	Council for Higher Education
CLAS	Cement, Lime, Aggregates and Sand
CoMTT	Classification of Mines Task Team
CRM	Customer Relationship Management
CRMEO	Chief Risk Monitoring and Evaluation Officer
CS	Corporate Services
DEA	Department of Environmental Affairs
DHET	Department of Higher Education and Training
DMR	Department of Mineral Resources
DoBE	Department of Basic Education
DoF	Department of Finance
DoL	Department of Labour
DMR	Department of Mineral Resources
DQP	Development Quality Partner
DTI	Department of Trade and Industry
DVD	Digital Versatile Disk
ECSA	Engineering Council of South Africa
EE	Employment Equity
EMSR	Executive Manager Stakeholder Results
EPP	Executive Preparation Programme

ETD	Education, Training and Development (Practitioners)
EXCO	Executive Committee
FET	Further Education and Training
FLC	Foundational Learning Competence
FOG	Falls of Ground
H&S	Health and Safety
HDI	Historically Disadvantaged Individuals
HDSA	Historically Disadvantaged South Africans
HET	Higher Education and Training
HVAC	Heating, Ventilation and Air-conditioning
HIV	Human Immune Virus
HR	Human Resources
HRD	Human Resources Development
HRDSA	Human Resources Development Strategy for South Africa
HSRC	Human Sciences Research Council
ILD	International Literacy Day
ISDF	Independent Skills Development Facilitator
ISO	International Organisation for Standardisation
IT	Information Technology
JAC	Jewellery Apprenticeship Committee
JIPSA	Joint Initiative for Priority Skills Acquisition
LFS	Labour Force Survey
LMSC	Learning Materials Steering Committee
LP	Learning Programmes
MAC	Mining Advisory Committee
MHS	Mine Health and Safety
MHSA	Mine Health and Safety Act, 1966
MHSC	Mine Health and Safety Council
MIS	Management Information Systems
MMS	Mining and Minerals Sector
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MPRDA	Mineral and Petroleum Resources Development Act, 2002

ACRONYMS

MQA	Mining Qualifications Authority
MRAC	Mining Regulatory Advisory Committee
MTSF	Medium Term Strategic Framework
NATED	National Technical Education
NC	National Certificate
NCV	National Certificate (Vocational)
NGO	Non-governmental Organisation
NLRD	National Learners' Records Database
NPO	Non-profit Organisation
NQF	National Qualifications Framework
NRF	National Research Foundation
NSA	National Skills Authority
NSB	National Standards Body
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NUM	National Union of Mineworkers
NVC	New Venture Creation
OFO	Organising Framework for Occupations
OHS	Occupational Health and Safety
OQF	Occupational Qualification Framework
OQDF	Occupational Qualification Development Facilitator
PDI	Previously Disadvantaged Individuals
PFMA	Public Finance Management Act, 1999
PGDS	Provincial Growth Development Strategy
PGM	Platinum Group of Metals
PIVOTAL	Professional, Vocational, Technical and Academic Learning Programmes
PSDF	Provincial Skills Development Forum
PSET	Post School Education and Training
PWD	People with Disability
QCTO	Quality Council for Trades and Occupations
QA	Quality Assurance
RPL	Recognition of Prior Learning
RSSP	Regional Sector Skills Plan
SA	South Africa
SADPMR	South African Diamond and Precious Metals Regulator

SAM&MS	South African Mining and Minerals Sector
SANIRE	South African National Institute of Rock Engineering
SAQA	South African Qualifications Authority
SDA	Skills Development Act 1998 (Act 97 of 1998)
SDF	Skills Development Facilitator
SDFW	Social Development Funding Window
SDL	Skills Development Levy
SDR	Skills Development and Research
SDT	State Diamond Trader
SEE	Survey of Employment and Earnings
SETA	Sector Education and Training Authority
SGB	Standards Generating Body
SIC	Standard Industrial Classification
SLA	Service Level Agreement
SME	Small, Micro Enterprises
SMME	Small, Micro, Medium Enterprises
SOC	Standard Occupational Classification
SOPF	Sector Occupational Pathway Framework
SPR	Skills Planning and Research
SQCG	Standards and Qualifications Co-ordinating Group
SSP	Sector Skills Plan
SWOT	Strengths, Weaknesses, Opportunities and Threats
TB	Tuberculosis
TEBA	The Employment Bureau of Africa
ToR	Terms of Reference
TRG	Technical Reference Group
TVET	Technical, Vocational, Education and Training
UASA	United Association of South Africa
UNISA	University of South Africa
UPS	Uninterrupted Power Supply
VAT	Value Added Tax
WSP	Workplace Skills Plans
ZAR	South African Rand

**Physical Address**

7 Anerley Road
Parktown
Johannesburg
2193

E-mail: info@mqa.org.za

Tel: 011 547 2600

www.mqa.org.za

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