ANNUAL REPORT 2015-2016

MQA

MINING QUALIFICATIONS AUTHORITY

Employability made possible through portable skills

MINING QUALIFICATIONS AUTHORITY (MQA)

ANNUAL REPORT

2015–2016

HONOURABLE MINISTERS

WE PRESENT THE ANNUAL REPORT OF THE
MINING QUALIFICATIONS AUTHORITY FOR THE
FINANCIAL YEAR 1 APRIL 2015 TO 31 MARCH 2016

Advocate Ngoako Ramatlhodi
Former Minister of Mineral Resources

Mr Mosebenzi Zwane
Minister of Mineral Resources

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

Mr David Msiza
Chairperson

Mr Mthokozisi Zondi
Acting Chairperson

"Digging with Skills and Knowledge"

VISION

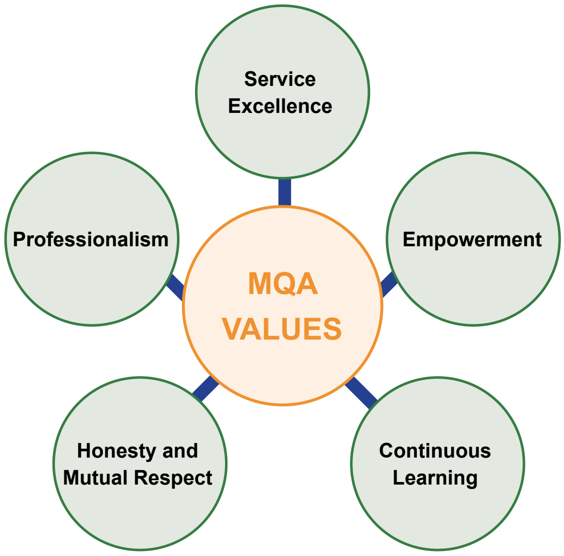
A competent health and safety-oriented mining and minerals workforce.

MISSION

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

VALUES

The MQA subscribes to the following values:



STRATEGIC OBJECTIVES

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

LEGISLATIVE AND OTHER MANDATES

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

<table>
<tr><th colspan="3">THE MQA LEGISLATIVE MANDATE</th></tr>
<tr><th colspan="3">Department of Mineral Resources (DMR)
Department of Higher Education and Training (DHET)
Department of Finance (DoF)</th></tr>
<tr>
<td>• Mine Health and Safety Act (MHSA) of 1996
• Minerals and Petroleum Resources Development Act (MPRDA) of 2002
• Social and Labour Plan</td>
<td>• 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 Basic Education and Training Colleges Act of 2006
• Further Education and Training Colleges Act of 2006
• National Qualifications Framework Act of 2008</td>
<td>• Skills Development Levies Act 9 of 1999
• Tax Act, Section 12H Learnership Allowances
• Public Finance Management Act (PFMA) of 1999</td>
</tr>
<tr><td>Relevant Regulations</td><td>Relevant Regulations</td><td>Relevant Regulations</td></tr>
</table>

In addition to the legislation listed above, national policy documents guide the development of skills in the sector; namely the National Skills Development Strategy III, the New Growth Path–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.

Contents

Learners at work

SECTION 1: GENERAL INFORMATION

1.1 STRATEGIC OVERVIEW BY THE CHAIRPERSON

Mr Mthokozisi Zondi - *Acting Chairperson*

On behalf of the governing Board of the Mining Qualifications Authority (MQA), I present the 01 April 2015 to 31 March 2016 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 MQA is a public entity and is guided by National Treasury in terms of the Public Finance Management Act (No. 1 of 1999 as amended by Act 29 of 1999) as well as the corporate governance principles and outlined in the King 3 report. The MQA Board and supporting Committees are fully functional and support the strategic mandate of the MQA in their respective operational and technical capabilities.

During the year under review, the Board exercised sufficient oversight over the core and support functions of the MQA. The members of the Board carried themselves in a professional manner in their focus of addressing the national and strategic issues.

Regrettably, the MQA achieved a qualified audit opinion from the Auditor General as highlighted in the Auditor General report on pages 65 to 70. A more focused proactive strategy is required going forward to ensure that the MQA reverts to a clean audit opinion.

The Board also expressed their concern on the issue of addressing performance as the agreed targets were not met with the MQA only achieving 68% as opposed to the 80% annual performance report target agreed upon. A more calculated approach was suggested with regards to the management of commitments by the MQA as well as the timely disbursement of discretionary funds. Concerted efforts need to be ensured going forward to seek resolutions to these key areas of concern.

Pertaining to good corporate governance principles and in the pursuit of sound financial management practices, the Audit and Risk Committee of the MQA noted that there were material internal control inadequacies in the system for the period under review. The MQA's risk strategy needs more dedicated monitoring to mitigate all future risks.

Extension of NSDS 111

During the year under review, the DHET extended the functions of NSDS 111 that should have come to an end on 31 March 2016 for a further two years to 31 March 2018. The term and functions of the current MQA Board have also been extended for the same period. This demonstrates continued confidence in the strategic objectives of the MQA as an organisation propelling skills development training.

PERFORMANCE

The various projects that the MQA embarked on, 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.

Target Achievement

As aforementioned, the MQA was unable to achieve its set target of 80% achieving only 68% on 28 of the 41 targets agreed in the annual performance report. This was largely due amongst others, to the harsh economic climate that affected the mining sector, retrenchments as well as some mine closures. The Board has reflected on this achievement, and engagements are ongoing to seek ways of regaining the skills development momentum and participation of mining companies in the sector. Notwithstanding this however, the Board continues to acknowledge the exceptional effort made by MQA employees and urges the organisation to find creative ways of ensuring the sector's involvement.

Youth Development

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 target the youth.

Learners studying grade 10, 11 and 12 mathematics and physical science were provided with extra curricula tuition to improve their progress in these subjects in order to access mining related careers at universities, universities of technology and TVET colleges.

The MQA further supported an increased number of previously disadvantaged learners with bursaries to pursue mining related professions at Universities and artisan trades Technical Vocational Education and Training (TVET) colleges.

In an effort to bridge the gap between the workplace and the world of work, 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 due to the positive support shown by employers in the sector, who heeded the call to offer their work places as learning spaces to allow graduates to improve their prospects of gaining employment within the sector and thus contributing to the reality of a transformed mining and minerals sector.

Artisan Development and Support

The Department of Higher Education and Training (DHET) has declared the period from 2014 to 2024 as the "Decade of the Artisan". This ambitious programme aims to encourage individuals, and the youth especially, 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. A total of 414 artisan aides were also supported through the Recognition of Prior Learning (RPL) process.

Technical Vocational Education and Training (TVET) College Support

The MQA prides itself in forging partnerships with various stakeholders that share the 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, to advance their skills in their chosen artisan and non-artisan trades.

Occupational Health and Safety

Safety at work within the mining and minerals sector, is of paramount importance and the MQA remains committed to the "Zero Harm" policy supported by the sector. The number of reported mining related fatalities continues to decrease, from ninety-three (93) in 2013, eighty-four (84) in 2014 and seventy-seven (77) in 2015.

The decrease in fatalities is encouraging; and the measures that are continually 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 there are continued learning opportunities for employees in the mining and minerals sector. In the year under review, the continued engagements between the MQA and employers in the sector resulted in a positive response that led to the support for the Adult Education and Training (AET), and Foundational Learning Competency (FLC) programmes. This will ensure that all employees in the sector are afforded ample opportunities that will improve their skills levels and their growth within the mining and minerals sector.

EXPENDITURE AND GRANTS

Revenue and Administration Expenditure

The MQA's income continues to be stable. The organisation received an qualified report from the Auditor General during the 2015-2016 financial year. In the year under review, the total revenue was R1,071 billion (2014-15: R1,017 billion) increasing by R54 million, in spite of the challenges that were experienced in the mines.

The administration expenditure increased from R108 million in 2014-2015 to R122 million in the year under review.

Mandatory and Discretionary Grants

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

The MQA disbursements reached a total of R1,147 billion (2014-15: R1,028 billion) for mandatory, discretionary grants and special projects with discretionary grant and project allocations increasing to R812 million compared to R714 in the previous financial year.

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

These projects are established with a focus of addressing the skills gaps identified in the Sector Skills Plan, to fulfil the strategic goals of the MQA that are informed by the deliverables outlined in the National Skills Strategy 111. The projects include various artisan (to support the increasing need for artisan trades) and non-artisan learning programmes, the occupational health and safety skills programme, mathematics and physical science extra curricula support, bursaries, work experience, internships as well as projects to support historically disadvantaged individuals in their career progression within the sector.

TRANSFORMATION

Mining Charter

The MQA continues to endorse the priorities outlined in the Mining Charter, and in the year under review implemented programmes that saw an increase in the number of qualified historically disadvantaged individuals in the sector, and supported the creation of employment opportunities for people with disabilities within the mining and minerals sector.

The challenges experienced in this section have resulted in the MQA placing more emphasis on portable skills training programmes that are aimed at assisting retrenched mining employees, and unemployed individuals in mining communities to gain employment.

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

Mining companies were encouraged to apply for discretionary grant allocations during the 2015-2016 financial year to increase learner intakes on different programmes. The majority of employers participated positively in this strategy and this has contributed greatly to the successful disbursement of the discretionary grants that were allocated for the various learning programmes.

Challenges

The harsh economic climate experienced during the year under review led to unplanned retrenchments and in some instances mine closures. This uncertainty in turn resulted in a low enrolment of learners onto 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 MQA also received a qualified audit report for the financial year under review as highlighted in the Auditor General's report on pages 65 to 70. This means that more attention should be focused on accuracy of financial reporting, increased attention to detail in terms of financial information as well as increasing the monitoring of performance of the entity.

Appreciation

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

I would also like to extend my gratitude to the MQA Board, the Audit and Risk Committee, the Remuneration Committee, Internal and External Auditors for their support during a challenging year. It is indeed an honour to serve

as a member of the Board together with committed Board members.

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

I also extend my gratitude, on behalf of the MQA Governing Board, to the MQA employees for the stellar performance and support during in which the MQA's mandate was executed over the past year in spite of some 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 2016

1.2 OPERATIONAL OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

Mr Sam Seepei - *Chief Executive Officer*

Honourable Minister of Higher Education and Training, Dr Blade Nzimande, Honourable Minister of Mineral Resources, Mr Mosebenzi Zwane, the Chairperson of the MQA Board, Mr David Msiza, Acting Chairperson Mr Mthokozisi Zondi, I present the Annual Report for the Mining Qualification Authority for the year financial year 01 April 2015 to 31 March 2016. I remain honoured to be at the helm of an organisation that continues to deliver on its mandate of transforming the mining and minerals sector through skills development.

During the year under review, the MQA obtained a qualified audit opinion from the Auditor General. This is a low point for the MQA and measures are in place to ensure increased attention to detail and improved administration as well as leadership development efforts for a more positive audit result in future audits.

The 2015-2016 financial year, saw a slump in South Africa's economy due in part to amongst others, the unprecedented drought that fell on the country, as well as the low demand for minerals that affected commodity prices and this in turn led to a spate of unplanned mine closures and retrenchments. This resulted in a decrease in the demand for training opportunities within the mining and minerals sector.

Inspite the many challenges presented, the MQA engaged the sector extensively to prioritise training. This, and the concerted efforts of the MQA management and staff under the tutelage of the MQA Board's steadfast leadership and guidance, contributed to the MQA achieving sixty eight percent (68%) of the annual performance report set targets. These were measured against the targets outlined in the Service Level Agreement (SLA) between the MQA and the Department of Higher Education and Training (DHET), and the requirements outlined in the Mining Charter to ensure the optimum use of South Africa's rich minerals, and achieve equity within the sector.

South Africa has been ranked low globally in terms of its delivery of quality education to all of its citizens. Skills development training was identified as a solution for bridging the gap between the availability of education and creating access to quality learning opportunities. It was under the direction of the National Skills Development Strategy (NSDS) 111 that Sector Education and Training Authorities (SETAs) were formed as vehicles to drive the skills development revolution for over fifteen years. In 2015 the DHET conducted an extensive consultative process with SETAs, to discuss the tenure of the NSDS 111, which was to reach its conclusion on 31 March 2016.

I am honoured that the licence of the MQA has been extended for a further two years beginning from 01 April 2016 until 31 March 2018. This resulted in the extension of the oversight roles and responsibilities of the MQA Board.

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

PERFORMANCE

The following presents a summary of our most notable achievements during the 2015-2016 financial year, inspite obtaining a qualified audit finding:

Research in the sector

Research in the mining and minerals sector continues to provide the basis for learning interventions in the sector. We once again exceeded our target of 600 set for the submission of workplace skills plans (WSPs) and annual training reports (ATRs). A total of **609** workplace skills plans (WSPs) and annual training reports (ATRs) were received, with **564** being approved.

The MQA conducts ongoing research based on the WSP and ATR inputs. In addition, a total of **eleven (11)** research projects in the sector were conducted against a target of **nine (9)**. The increase was due to the introduction of the Regional Sector Skills Plans (RSSPs), which were conducted in addition to the annual research that informs the mining and minerals sector skills plan (SSP).

Youth and learner development

Career guidance education remains an avenue through which mining and minerals career opportunities are made available to young learners.

In the year under review, a total of **13 971** delegates attended career guidance workshops and **1 010** learners in grades 10, 11 and 12 were supported with extra curricula tuition in mathematics and physical science. The MQA also supported a total of **1 310** learners with financial assistance through the MQA Bursary Scheme.

A total of **723** undergraduate learners, against the set target of 650, were placed with host employer companies for work place experience training, with a total of **338** undergraduates completing the training, against the set target of 325. The MQA also supported a total of **454** graduates, against the set target of 450, who were placed with host employer companies for work experience. A total of **275** graduates completed their training for work experience, against the set target of 225. This continued support for our young learners will assist in ensuring an increased number of high school learners, pursuing maths and science, and thus accessing mining related careers.

Additionally in 2015, the MQA concluded a partnership with the Department of Higher Education and Training (DHET) and the National Skills Fund (NSF), to support a total of twenty-five (25) young learners, to participate in a two-year jewellery and watch-making internship programme in collaboration with the IL Tari Design School in Italy.

Occupational Health and Safety Skills Programme

The incidence of mining related fatalities and health issues related to mining activity is beginning to decrease as a result of occupational health and safety (OHS) representatives training in the sector. A total of **4 694** employees against a target of 5 500, enrolled for the OHS skills programme, with a total of **4 519** completing the programme, against the set target of 5 500.

Artisan and non-artisan development

The number of learners who entered and completed on various artisan programmes was not met due to the harsh economic climate experienced by the sector as well as retrenchments and a number of mine closures. Support was provided to retrenched employees, to prepare them for new employment opportunities. Training on artisan trades and portable skills as part of the mine community development programme was increased.

TVET college support

The MQA cemented its partnership with various Technical Vocational Education and Training (TVET) colleges as part of the programme to improve the infrastructure of these establishments as well as the skills of its personnel. A total of **20** historically disadvantaged lecturers at TVET colleges were supported with work exposure experience.

Stakeholder development

The MQA invests in the skills capacity of stakeholders who furnish the organisation with information relating to the training needs and successes of employers in the sector. During the 2015-2016 financial year, the MQA trained a total of **1 288** skills development facilitators (SDFs) and skills development committee members, against the target of **600.**

Support for literacy in the sector

The MQA also invests in the provision of adult literacy programmes to benefit employees without prior access to learning opportunities. During the year under review, **2 364** learners completed their training on the Adult Education and Training (AET) learning programmes, against the set target of **2 350**. In support of the Foundational Learning Competence programme**, 274** learners completed their learning programmes against a set target of **250.**

Challenges

During the period under review, there were a number of challenges that had a direct impact on the MQA's ability to provide adequate learning delivery to the sector. Whilst there were a host of challenges, we also managed to overcome others.

There was a decrease in the number of learners who had been registered on artisan programmes, completing their training during the 2015-2016 financial year. This was due to the economic downturn that faced South Africa during 2015 that led to several mine closures, and retrenchments that occurred across different occupational levels in the sector.

Appreciation

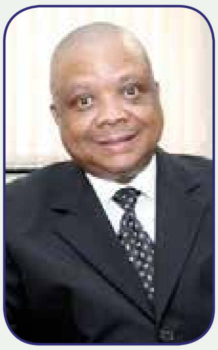
I would like to extend my gratitude to the various stakeholders in the mining and minerals sector who contributed to the successes of the MQA's achievements during the previous financial year. I wholeheartedly appreciate the continued support shown to facilitate the vision and objectives of the MQA. I value the constant feedback provided during our various engagements. This will benefit the MQA by improving the organisation's performance and promote accelerated learning.

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

Sam Seepei
Chief Executive Officer
31 May 2016

1.3 ORGANISATIONAL STRUCTURE

EXECUTIVE TEAM



Sam Seepei
Chief Executive Officer
*3 January 2011

Gugu Mkhize
Executive Manager
Corporate Services
*1 October 2012

Yunus Omar
Chief Financial Officer
*9 May 2005

Mfundo Mdingi
Chief Risk, Monitoring and Evaluation Officer
*1 April 2013

Carol Maila
Executive Manager
Stakeholder Relations
*1 August 2013

Tebogo Mmotla
Chief Operating Officer
*9 April 2014

MANAGEMENT STRUCTURE

Gugu Mkhize:
- Corporate Governance
- Customer Service and Communication
- Human Resources
- Legal Services
- Office Management and Facilities

Yunus Omar:
- Financial Administration
- Information Technology
- Supply Chain Management

Mfundo Mdingi:
- Monitoring and Evaluation
- Risk and Fraud Administration

Carol Maila:
- Regional Support Eastern Cape
- Regional Support Limpopo
- Regional Support Mpumalanga
- Regional Support Northern Cape

Tebogo Mmotla:
- Strategic Planning
- Skills Development and Research
- Operational Learning Programmes
- Strategic Learning Programmes
- Quality Assurance
- Regional Support Free State
- Regional Support North West

Sam Seepei (direct):
- Bursary Administration

*Commencement in current position

SECTION 2: CORPORATE GOVERNANCE INFORMATION

2.1 CORPORATE GOVERNANCE

The MQA is established in terms of two pieces of legislation, namely, the Mine Health and Safety Act (MHSA) of 1996 and the Skills Development Act (SDA) of 1998. In addition to this, Regulation 30 of the National Treasury Regulations prescribes that a Service Level Agreement must be concluded annually between the MQA and the Executive Authority, namely, the Department of Higher Education and Training. The SLA contains strategic objectives and the targets that are expected to be achieved by the MQA. The governance framework of the MQA is aligned to the Governance Protocols of 2002 and it has a constitution which serves as the guide for its operations and protocols. The Accounting Authority serves as the highest internal structure which plays an oversight role by providing strategic direction, leadership, determines goals and objectives of the MQA, and approves key policies, financial objectives, plans, goals and strategies.

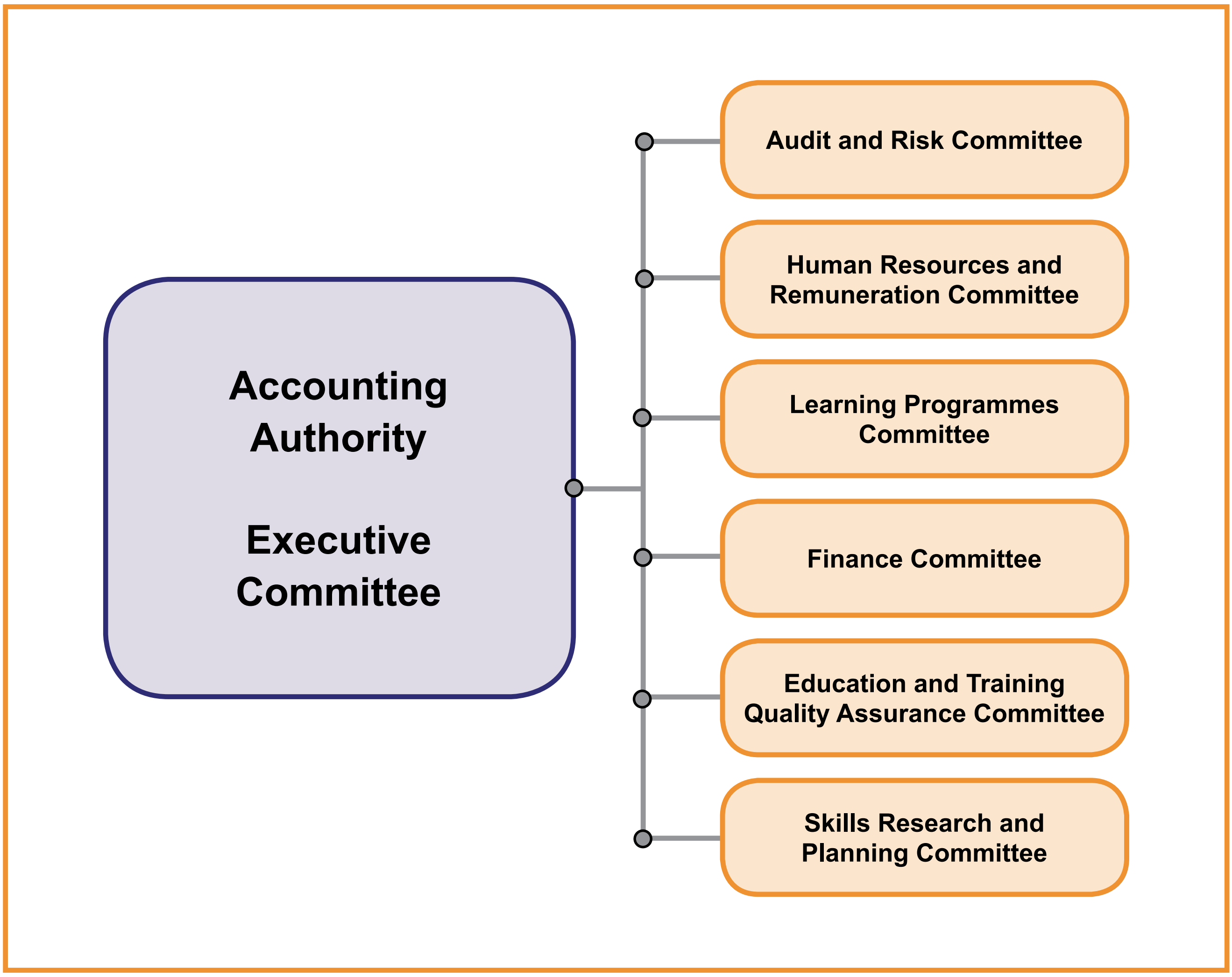
The MQA Constitution, the Code of Conduct, the Board Charter and the Terms of Reference for each of the legislated and standing committees, are aligned to the principles incorporated in the Code of Corporate Practices and Conduct in the King III report. The Board's legislated and standing committees support the Accounting Authority in executing its fiduciary responsibilities.

The maturity of the MQA's Corporate Governance framework is displayed through its world class policies and procedures, standards and practices as well as the effectiveness of its internal controls. Year on year, the MQA continued to produce outstanding financial results. This could not have been achieved without the MQA's sound governance structures both at strategic and operational levels.

Governance Structures

The Accounting Authority is supported by seven committees, two of which are legislated and five are established in terms of its approved constitution. The Accounting Authority is a multi-stakeholder structure which consists of the State, Organised Labour and the Employers. The governance structure is depicted below:

MQA Governance Structure



Strategic Planning Session

Annually, the Accounting Authority sets aside time to plan, prioritise and set new targets. Organisational planning is critical for any organisation and it is a strategic enabler for the achievement of planned strategic objectives. The Accounting Authority held its strategic session on 20 August 2015. The purpose of the session was to review the strategic direction of the organisation, assessing internal and external challenges, providing direction and reviewing the Annual Performance Plan (APP). Furthermore, the Accounting Authority deliberated on the new SETA landscape and its implications for the MQA. Several inputs were made by the stakeholders and these were forwarded to the DHET for consideration.

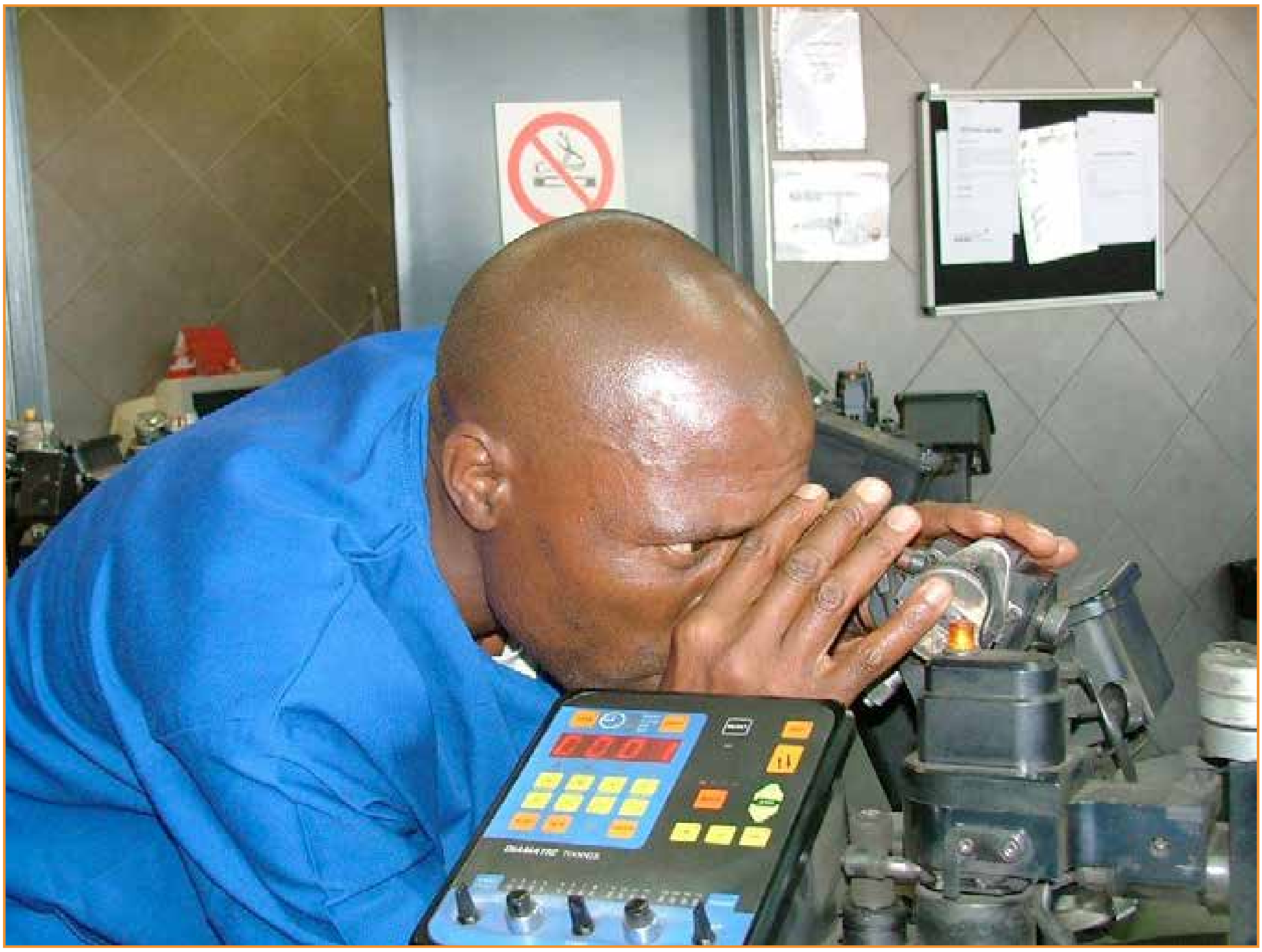
At an operational level, the MQA held two planning sessions in July and August 2015 for Executives, Senior Managers and Specialists in preparation for the Accounting Authority's strategic planning session. Such planning is key for ensuring that at all levels of the organisation, deliberate time is accorded for planning the performance objectives and deliverables.

Stakeholder Capacity Building

Providing capacity to stakeholders is critical in ensuring common understanding, stakeholder support for the MQA mandate, creating awareness of the MQA as a brand and sharing of information about the MQA business that generates interest to its stakeholders. On an annual basis, the MQA schedules stakeholder engagement sessions with the intention of sharing relevant and accurate sector information which pertains to skills development. This included presentations by various MQA Units on the overall financial, performance targets, achievements and organisational capacity.

The Organised Labour Workshop was coordinated and facilitated by the MQA on 02 & 03 December 2015 and again on 29 & 30 March 2016 for the newly appointed stakeholder representatives. Information presented to the stakeholders included the mandate, vision, mission and strategic objectives of the MQA with the attendees present.

Risk Management Training was arranged for the Board and the Audit & Risk Committee on 12 August 2015.



A learner examining the quality of diamonds

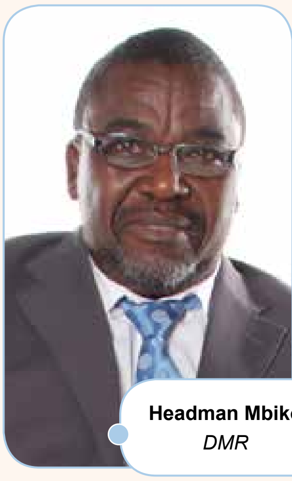
2.2 OVERVIEW OF THE BOARD AND STANDING COMMITTEES ROLES AND RESPONSIBILITIES

	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 & 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	Advices on the effectiveness of financial management systems and controls in terms of the PFMA	Three external representatives, one representative per stakeholder group, representative from internal auditors, one representative from external auditors, 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 & grants, 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 & implementation of the Sector Skills Plan, administration of workplace skills plan & annual training report & grants, unit projects & 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 (ETQA)	Advise on quality assurance, accreditation, MoUs with SETAs, Monitoring of learning provision, unit projects & grants implementation	Two Representatives per stakeholder group	Two Stakeholder Groups present	Board Member	External Service Provider	Quarterly
8.	Human Resources and Remunerations Committee (HRREMCO)	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 Group & one External Representative present	External Representative	External Service Provider	Quarterly

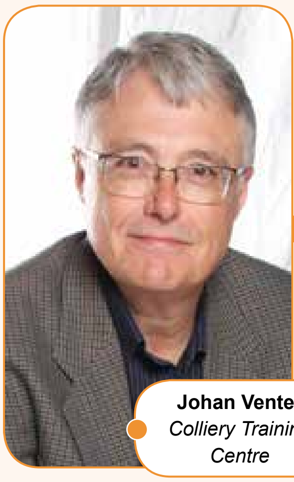
2.3 BOARD MEMBERS

ACTING CHAIRPERSON

Mthokozisi Zondi
Acting Chairperson



Headman Mbiko
DMR



Johan Venter
Colliery Training Centre

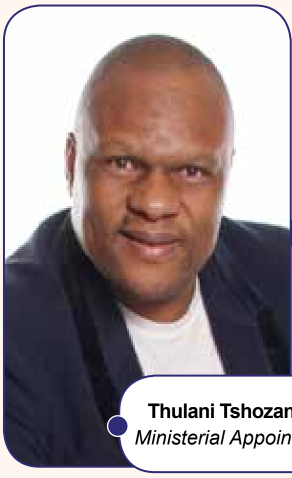
Lorato Mogaki
Anglo platinum

Amon Teteme
NUM

Azaria Tshangase
NUM

*DMR - Department of Mineral Resources
*NUM - National Union of Mineworkers

MINISTERIAL



Thulani Tshozana
Ministerial Appointee

Nomathemba Kubheka
Ministerial Appointee

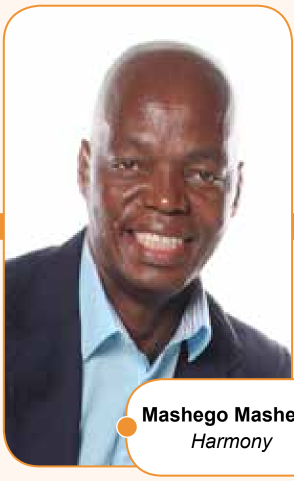
STATE

Motlatso Kobe
DMR

Mthokozisi Zondi
DMR

Patricia Gamede
DMR

EMPLOYERS



Mashego Mashego
Harmony

Sheridan Rogers
Petra Diamonds

Vusi Mabena
Chamber of Mines

LABOUR

Faith Letlala
NUM

Zwelitsha Tantsi
NUM

Richard Samuel
UASA

2.4 BOARD MEETING ATTENDANCE 2015 - 2016

	Chairperson	Organisation	Constituency	Meeting Dates				
				28 May 2015	30 July 2015	19 November 2015	23 February 2016	Total
1	***D. Msiza	DMR - Pretoria	State	x	√	√	x	2
	Members	**Organisation**	**Constituency**					
2	^T. Tshozana	Ministerial Appointee	Ministerial Appointee	√	x	x	x	1
3	^N. Kubheka	Ministerial Appointee	Ministerial Appointee	√	√	√	√	4
4	A. Tshangase	NUM – Head Office	Labour	√	√	x	√	3
5	F. Letlala	NUM – Head Office	Labour	x	x	x	x	0
6	R. Samuel	UASA	Labour	x	x	x	x	0
7	Z. Tantsi	NUM – Head Office	Labour	x	x	x	x	0
9	*A.Teteme	NUM – Head Office	Labour	√	√	√	√	4
10	*V.Mabena	Chamber of Mines	Employers	x	√	x	x	1
12	**L. Mogaki	Anglo platinum	Employers	x	√	√	√	3
13	**J. Venter	CTC	Employers	√	x	√	x	2
14	**M. Mashego	Harmony	Employers	√	√	√	x	3
15	**S. Rogers	Petra Diamonds	Employers	√	x	x	√	2
16	**P. Gamede	DMR	State	√	√	√	x	3
17	**H. Mbiko	DMR	State	√	√	√	√	4
18	**M. Kobe	DMR	State	x	x	√	x	1
19	**M. Zondi	DMR	State	√	√	√	√	4

***Chief Inspector of Mines

* Convenor of stakeholder delegation

** Members

^Ministerial Appointees

Future electrical engineers in the workshop

SECTION 3: PERFORMANCE INFORMATION

3.1 STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2016

The Chief Executive Officer (CEO) is responsible for the preparation of the MQA performance information and for the judgements made on this information.

The Chief Executive Officer is 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.

In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the Strategic and Annual Performance Plan of the MQA for the financial year ended 31 March 2016.

The MQA performance information for the year ended 31 March 2016 has been examined by the external auditors and their report is presented on page 62 to 64.

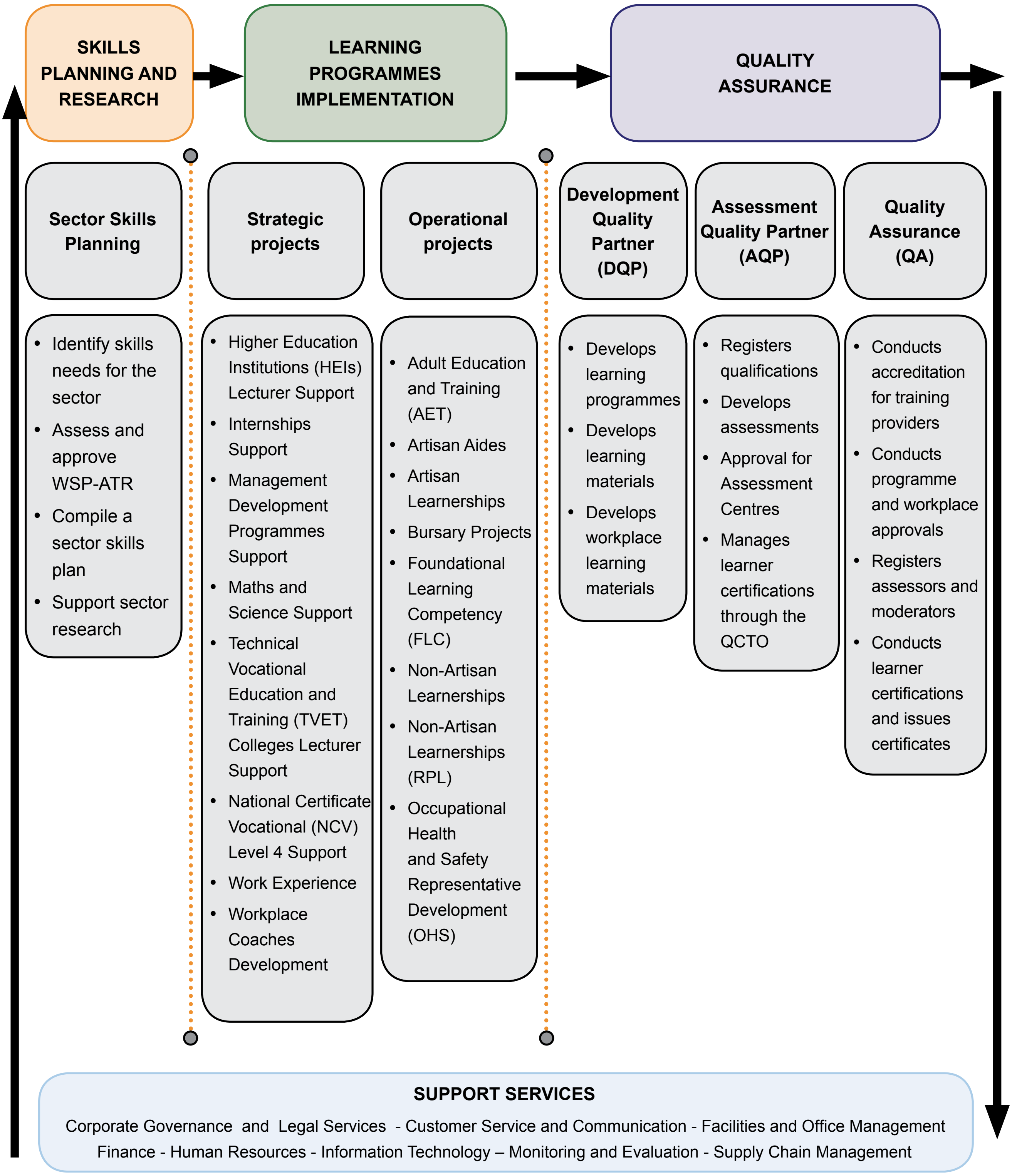
The performance information of the MQA as set out on pages 17 to 35 and has been approved by the MQA Board.

Sam Seepei
Chief Executive Officer
31 May 2016

3.2 ANNUAL PERFORMANCE PLAN REPORT

Sector Skills Development Value Chain

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



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

3.3 THE MINING CHARTER DECLARATION, COMMITMENTS AND SCORECARD FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

During the 2015–2016 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 to all the people of South Africa;

b) To substantially and meaningfully expand opportunities for historically disadvantaged South Africans (HDSAs) to enter the mining and minerals industry and to benefit from exploration of the nation's mineral resources;

c) To utilise and expand the existing skills base for the empowerment of HDSAs and to serve the community;

d) To promote employment and advance the social and economic welfare of mine communities and major labour sending areas;

e) To promote beneficiation of South Africa's mineral commodities;

f) Promote sustainable development and growth of the mining industry.

In addition the Mining Charter has the following elements:

a) Ownership;

b) Procurement and enterprise development;

c) Beneficiation;

d) Employment equity;

e) Human resource development;

f) Mine community development;

g) Housing and living conditions;

h) Sustainable development and growth of the mining industry;

i) Reporting (monitoring and evaluation).

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

Beneficiation Support

The MQA continued to support the training of learners in diamond processing and jewellery manufacturing, funding a total of 801 learners, 189 of these were learners with disability. Since 2010, a total of 1 916 learners have been trained.

Twenty five learners have also been supported on a jewellery design and watch making project at the IL Tari Academy in Italy. This is an initiative made possible by the National Skills Fund and the Mining Qualifications Authority. The students from all nine provinces will get an opportunity to study at one of the most renowned academies specialising in jewellery design and watch making.

The objective of the project is to increase the talent and skills of South African youth in mineral beneficiation by learning from one of the international leading markets. The total amount that has been spent on this project, so far is R11 million.

In addition, the MQA embarked on the curriculum development for diamond and jewellery programmes. The beneficiation process operator, diamond polisher (diamond cutter and polisher) and diamond and gemstone setter qualifications were finalised and have been submitted to the Quality Council for Trades and Occupations (QCTO).

Human Resource Development

The MQA provided capacity building workshops for a total of 765 Skills Development Facilitators and 523 Skills Development Committee members. Participants were made up of old and new SDFs from within the sector as well as members from organised labour groups.

The participants are kept informed of the WSP/ATR process, MQA and government requirements to encourage participation in the process. The workshops also create awareness around human resource best practices, skills development and the need for a harmonious relationship between employers and labour.

A total of R1 million was spent on 35 events 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 sending areas, with skills development initiatives. These programmes were not restricted to mining skills but also included training for retrenches in portable skills such as carpentry, bricklaying, agri-skills and road construction. A total of R32 million was disbursed for mine community support and 1 562 learners were trained.

In addition 783 community learners were supported with entrepreneurial skills in the OR Tambo municipality in the Eastern Cape at a cost of R15 million for the entire project. The MQA also offered maths and science extracurricular classes to 1 010 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 27 HDSA lecturers at universities. Twenty TVET lecturers were placed in mines to gain practical exposure to the workplace. Another 75 black managers were supported to complete their management development training. The MQA also funded 1 310 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 Black Economic Empowerment (BEE) level 1–4 spend to 92.75% 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 resource development.

A gemologist assessing the clarity of diamonds

3.4 THE MQA ANNUAL PERFORMANCE PLAN FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

Performance against targets agreed with the Department of Higher Education and Training

Summary performance achievement

Number of targets agreed upon	Number of targets not met	Number of targets achieved
41	13	28
100%	32%	68%

Programme	
Skills Development Priority	
MQA Strategic Objective	
NSDS Goal 4.7	
Priority Focus	

No. Ref	Strategic Objective	Programme Performance Indicator	
1.1	Support lecturer development programmes for HDSA HET Lecturers (Entered).	Number of HDSA lecturers at HETs supported in different fields relevant to the MMS - (Entered).	
1.2	Support artisan aides to access qualification and support recognition of prior learning (RPL) (Entered).	Number of artisan aides supported on artisan aide programmes. Recognition of Prior Learning. (RPL)	
1.3	Support rural development projects on maths science	Number of grade 10,11 and 12 learners supported to complete maths and science subjects	
1.4a	Support workers on management development skills programmes (Entered).	Number of employees supported on management development in the MMS (Entered).	
1.4b	Support workers on management development skills programmes (Completed).	Number of employees supported on management development in the MMS (Completed).	

Summary budget achievement

Annual budget	Budget not spent	Total expenditure	Percentage expenditure
R 857 273	**R 26 567**	**R 812 117**	**97%**

1
One
To support the transformation of the sector through skills development
To increase public sector capacity for improved service delivery and support the building of a developmental state
Interventions related to this strategic objective will focus on HDSA lecturer support, people with disabilities and recognition of prior learning in the mining and minerals sector.

	Annual Target	Annual Achievement	Variance against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
		SETA Funded				
	27	27	0	100%		**SETA Target met.**
	400	414	14	104%		**SETA Target exceeded.** This is due to overwhelming participation by the sector on artisan aide training.
	1000	1010	10	101%		**SETA Target exceeded.** The demand for maths and science at rural schools contributed to the over achievement.
	150	150	0	100%		**SETA Target met.**
	150	75	-75	50%		**SETA Target not met.** This is due to the MQA not having a pipeline of learners because this was a new programme. However, the target is exceeded when you include sector funded learners.

Programme
Skills Development Priority
MQA Strategic Objective
NSDS Goal 4.1
Priority Focus

No. Ref	Strategic Objective	Programme Performance Indicator	
2.1	Build capacity of skills development facilitators and skills development committee members.	(a) Number of skills development facilitators capacitated.	
		(b) Number of skills development committee members capacitated.	
2.2	Conduct relevant research into skills development related issues in the MMS as per the annual research agenda.	Number of research projects conducted.	
2.3a	Large Firms Evaluate workplace skills plans (WSPs) and annual training reports. (ATRs)	Number of submitted WSPs/ATRs evaluated. Large Firms	
2.3b	Medium Firms Evaluate workplace skills plans (WSPs) and annual training reports. (ATRs)	Number of submitted WSPs/ATRs evaluated. Medium Firms	
2.3c	Small Levy Paying Firms Evaluate workplace skills plans (WSPs) and annual training reports. (ATRs)	Number of submitted WSPs/ATRs evaluated. Small Levy Paying Firms	
2.4	Collaborate with higher education institutions regarding skills development research in the MMS.	Number of research partnerships entered into with higher education institutions. (HEIs)	

	2
	Two
	To support objective decision making for skills development through research in the sector.
	To establish a credible institutional mechanism for skills planning.
	The specific interventions that will address this strategic objective include, support and capacity building for skills development facilitators, skills development research, impact analysis, support for skills audits at organisational level and contributing to the body of knowledge in skills development within the sector as well as nationally.

	Annual Target	Annual Achievement	Variance against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
		SETA Funded				
	400	765	365	191%		**SETA Target exceeded.** This is due to a number of new SDFs participating in the WSP-ATR workshops.
	200	523	323	262%		**SETA Target exceeded.** This is due to increased capacity workshops conducted by the Regional Offices.
	9	11	2	122%		**SETA Target exceeded.** This is due to the introduction of Regional Sector Skills Plan research in addition to the annual research agenda.
	230	238	8	103%		**SETA Target exceeded.** This was as a result of an increased number of larger organistions applying for mandatory grants than anticipated.
	150	150	0	100%		**SETA Target met.**
	220	221	1	100%		**SETA Target met.**
	3	3	0	100%		**SETA Target met.**

Programme
Skills Development Priority
MQA Strategic Objective
NSDS Goal 4.1
Priority Focus

No. Ref	Strategic Objective	Programme Performance Indicator	
3.1	Implementation of an integrated, fully- functional management information system. (MIS)	Management information system implementation.	

	3
	Three
	To enhance knowledge management for skills development in the sector
	To establish a credible institutional mechanism for skills planning.
	The specific intervention that will address this strategic objective is the design and development of a fully integrated Management Information System (MIS) to manage, monitor and analyse skills development information to support decision making within the sector as well as nationally.

	Annual Target	Annual Achievement	Variance against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
		SETA Funded				
	Full implementation of MIS (100%)	25%	75%	-25%		**SETA Target not met.** This due to the many challenges still being experienced with the MIS. The procurement of a new Management Information System (MIS) is underway.

Programme
Skills Development Priority
MQA Strategic Objective
NSDS Goal 4.2
Priority Focus

No. Ref	Strategic Objective	Programme Performance Indicator	
4.1	Increase awareness of MMS related careers.	Number of delegates that attend career guidance workshops.	
4.2a	Support AET programmes (Entered).	Number of learners that enter AET programmes.	
4.2b	Support AET programmes (Completed).	Number of learners that successfully complete AET programmes.	
4.2c	Support foundational learning competence	Number of learners that successfully complete FLC programme.	
4.3a	Support workers on occupational health & safety (OHS) representatives skills programmes (Entered).	Number of employees that enter OHS Representatives programmes.	
4.3b	Support workers on occupational health & safety (OHS) representatives skills programmes (Completed).	Number of employees that successfully complete OHS Representatives programmes.	
4.4a	Support student placements at Universities of Technology (UoTs) on practical work experience (Entered).	Number of P1 and P2 undergraduates assisted with work place experience. Entered	
4.4b	Support university student placement and University of Technology (UoTs) practical work experience (Completed).	Number of P1 and P2 undergraduates assisted with work place experience. Completed	
4.4c	Support university student placement on internships (Entered).	Number of graduates placed for work exposure opportunities (Entered).	

	4
	Four
	To facilitate and support the implementation of core sector skills and develop programmes aligned to the sector qualifications framework.
	To increase access to occupationally-directed programmes
	The specific interventions that will address this strategic objective include supporting learners to complete learning in MMS disciplines, ensuring learners are exposed work place experiential learning, artisan development, MMS HEI and TVET bursaries and career guidance.

	Annual Target	Annual Achievement	Variance against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
		SETA Funded				
	10000	13971	3971	140%		**SETA Target exceeded.** A total of 13 971 learner signatures were obtained based on signed attendance registers. The attendance registers however were not audited as the performance indicator and target were not seen to be useful.
	4500	0	4500	0%		**SETA 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.
	2350	2364	14	101%		**SETA Target exceeded.** This is due to comprehensive capturing and recording of AET programme completion documents by both the MQA and the sector.
	250	274	24	110%		**SETA Target exceeded.** This is due to increased advocacy and overwhelming participation on the FLC project by the sector.
	5500	4694	-806	85%		**SETA Target not met.** This is due to the sector only reporting OHS training upon completion.
	5500	4519	-981	82%		**SETA Target not met.** This is due to the sector funding the OHS programme and not claiming grants upon completion.
	650	723	73	111%		**SETA Target exceeded.** The demand in the sector necessitated that the MQA approved additional undergraduate development.
	325	338	13	104%		**SETA Target exceeded.** This was due to the pipeline from the previous year.
	450	454	4	101%		**SETA Target exceeded.** The demand for work readiness for graduates has increased. This was based on a decision by the MQA to support additional graduates.

No. Ref	Strategic Objective	Programme Performance Indicator	
4.4d	Support university student placement internships (Completed).	Number of graduates placed for work exposure opportunities (Completed).	
4.4e	Support SETA/TVET college partnerships. (TVET lecturers).	Number of TVET lecturers placed for work place exposure.	
4.4f	Support TVET student placement (Entered).	Number of TVET NCV learners placed with host employers (Entered).	
4.4g	Support TVET student placement (Completed).	Number of TVET NCV learners placed with host employers (Completed).	
4.5a	Support artisans (Entered).	Numbers of learners registered on the system by MQA on artisan programmes. (Irrespective of when the agreement was signed).	
4.5b	Support artisans (Completed).	Numbers of learners that successfully complete artisan programmes.	
4.6a	Support unemployed bursaries (Entered).	Number of bursaries supported. (Entered).	
4.6b	Support unemployed bursaries (Completed).	Number of bursaries supported. (Completed).	
4.7	Place coaches within workplaces to support employers with on-the-job mentoring and coaching activities. (WIL learning)	Number of coaches.	

	Annual Target	Annual Achievement	Variance against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
		SETA Funded				
	225	275	50	122%		**SETA Target exceeded.** This was due to the extended pipeline from previous years.
	20	20	0	100%		**SETA Target met.**
	500	529	29	106%		**SETA Target exceeded.** The demand from additional NCV graduates necessitated the support from the MQA.
	100	60	-40	60%		**SETA Target not met.** This is due to the sector concerns about the poor quality of TVET graduates.
	2654	1235	-1419	47%		**SETA Target not met.** This due to the harsh economic climate in the sector. Mining companies did not implement the programme fully after allocations were made due to retrenchments and mine closures.
	2000	1267	-733	63%		**SETA Target not met.** This due to the harsh economic climate in the sector. Mining companies did not implement the programme fully after allocations were made due to retrenchments and mine closures.
	1000	1310	310	131%		**SETA Target exceeded.** The applications window was longer as most bursars were able to submit applications even during the course of the academic year. Suspended bursars were accepted back into the scheme after fulfilling policy requirements. The number of continuing bursars was high due to above average performance of our bursars.
	150	228	78	152%		**SETA Target exceeded.** There was a higher intake of TVET college learners whose completions are reported per trimester. The number entered at all levels of study, including the final year students, was higher than planned therefore leading to a higher completion rate.
	50	51	1	102%		**SETA Target exceeded.** This was due to the demand in the mining sector. A motivation for exceeding the target was approved by the MQA.

No. Ref	Strategic Objective	Programme Performance Indicator	
4.8a	Support unemployed learners on learnerships. (Entered)	Number of learners supported. unemployed (Entered).	
4.8b	Support unemployed learners on learnerships. (Completed)	Number of learners supported. unemployed (Completed).	
4.8c	Support workers on learnerships (Entered).	Number of learners supported. Workers (Entered).	
4.8d	Support workers on learnerships (Completed).	Number of learners supported. Workers (Completed)	
4.8e	Support recognition of prior learning (RPL) on learnerships.	Recognition of prior learning (RPL) learnerships	
4.9	Promote the annual International Literacy week in the MMS	Promote the event to learners as well as general stakeholders in the MMS	
4.10	Review and develop learning programmes for the MMS	Number of learning programmes	
4.11a	Support rural development projects for mine community development. (Retrenched and training-layoff type learners).	Number of learners supported in mining communities	
4.11b	Support rural development projects for mine community development. (Retrenched and training-layoff type learners).	Number of laid-off learners supported	
4.11c	Support rural development projects for mine community development. (Retrenched and training-layoff type learners).	Number of retrenched employees supported in programmes	

Annual Target	Annual Achievement	Variance against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
	SETA Funded				
2200	671	-1529	31%		**SETA Target Not met.** This is due to the uncertainty regarding the Rock Breaker Qualification and the harsh economic climate within the mining sector. Many mining companies did not implement the programme fully after allocations were made due to retrenchments and mine closures.
1000	186	-814	19%		**SETA Target Not met.** This is due to the harsh economic climate within the sector not conducive for the implementation of learning programmes. Retrenchment were high, including retrenchment of learners. Change of Management within the Mines also affected learner uptake.
3000	1241	-1759	41%		**SETA Target Not met.** This is due to the harsh economic climate in the mining sector, including the uncertainty on the rockbreaking qualification.
1440	331	-1109	23%		**SETA Target Not met.** This is due to the harsh economic climate in the mining sector, including the uncertainty on the rockbreaking qualification.
100	23	-77	23%		**SETA Target not met.** This is due to the sector opting to train unemployed learners instead of conducting RPL.
800	1024	224	128%		**SETA Target exceeded.** This was due to increased advocacy resulting in increased attendance.
90	142	52	158%		**SETA Target exceeded.** This is due to development of qualifications as per QCTO specifics and regulatory requirements for the mining and minerals sector.
1000	1028	28	103%		**SETA Target exceeded.** This was due to an increased number of community learners accessing training. Interest also increased because of retrenchments that took place in the sector.
N/A	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
500	534	34	107%		**SETA Target exceeded.** This was due to an increased number of community learners accessing training. Interest also increased because of retrenchments that took place in the sector.

Programme
Skills Development Priority
MQA Strategic Objective
NSDS Goal 4.2
Priority Focus

No. Ref	Strategic Objective	Programme Performance Indicator	
5.1	To ensure the delivery of quality programmes in the MMS	Number of accredited/programme approved training providers quality assured	

	5
	Five
	To implement the monitoring, evaluation and review of the delivery, capacity and quality of training and development in the sector
	To increase access to occupationally-directed programmes
	The specific interventions that will address this strategic objective include: - Ensuring that 10% of all learner achievements for all qualifications are externally moderated by the MQA; - Ensure that facilitator to learner and assessor to learner ratios are acceptable (i.e. no larger than 20:1 for theory and no larger than 5:1 for practical and workplace learning); - Monitor and evaluate the quality of the delivery and assessment of learning within the MMS. The aim is to ensure that 100% of accredited providers and approved workplaces maintain the required standards.; - Ensure that the monitoring and evaluation of all programmes are aligned to the QCTO monitoring framework. Indicators and impact measures will be built into all projects and grants and will be monitored and evaluated accordingly; - Support the sector to develop sufficient training and development capacity and continuously improve the delivery of quality programmes.

	Annual Target	Annual Achievement	Variance against Annual Target	Annual Achievement %	Dashboard	Comments on Deviation
		SETA Funded				
	145	157	12	108%		**SETA Target exceeded.** This was due to the increased sector demand.

3.5 SKILLS DEVELOPMENT AND RESEARCH

The MQA is mandated to develop the Sector Skills Plan 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, plan interventions to fulfil the needs of the 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.
- Producing 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 Inter-SETA transfers) and Skills Development Facilitator registration.
- Support and capacity building for Skills Development Facilitators and Skills Development Committees within the sector.
- 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.

Research Agenda

Through our depth of research and engagement with stakeholders, we remain 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. During the year under review, the MQA invested over R4 million in a variety of research projects in both quantitative and qualitative analysis in order to implement the research agenda.

Proposed Research Projects

Project Title	Research Objective
SSP 2016 Annual Update	To update the Sector Skills Plan annually as per the Skills Development Act of 1998 and in the context of the National Skills Development Strategy III.
WSP/ATR Analysis 2015	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 2015/16 financial year. The report shall profile MMS workforce as well as the training priorities identified in the WSP/ATR submissions in 2015/16.
Trends Analysis 2015	To provide an updated trends and analysis 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.
Regional SSP	This project aims to develop a Regional Sector Skills Plan (RSSP) for each region/province or cluster thereof, which will serve to identify and map key skills development features, trends forecasts and legislative initiatives at the regional level.
Green Skills within MMS	The research aims to explore the ‘green skills’ needs within the entire mining value chain. The research will focus on essential ‘green skills’ those considered to be scarce as well as the supply pipeline and challenges within the sector?
Support to retrenched workers through skills development	The research aims to look at the efficacy of the skills development and training of retrenched workers.

Project Title	Research Objective
Collaboration with HEIs in regarding skills development research in the MMS	To enter into partnerships with Higher Education Institutions in support HDSA post-graduate students interested in presenting their research paper at a conference or publish it in an accredited peer reviewed mining journal.
OFO Update	To update the sector specific Organising Framework of Occupation Code and submit changes to the DHET.

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 quarter 2 after the submission cut-off date in preparation for disbursement. There was a notable increase of 609 submissions compared to the 2014-2015 submission of 573 Mandatory grants disbursement totalled R36,842,278.00 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	600
WSP-ATR submissions	609
WSP-ATR approved	564

Figure 1: WSP-ATR submission

Levy paying companies and WSP-ATR submissions 2015-2016

The below table illustrates the number of MQA registered entities versus Workplace Skills Plans and Annual Training Report in the 2015-2016 financial year. There are 1 773 entities registered with the MQA, which shows 91 entities more than the previous year.

Province	MQA Registered Entities	2015 WSP-ATR Submissions
Eastern Cape	38	12
Free State	46	16
Gauteng	842	279
Kwa-Zulu Natal	74	28
Limpopo	62	38
Mpumalanga	272	92
North West	151	73
Northern Cape	101	27
Western Cape	187	44
Total	**1 773**	**609**

Figure 2: Levy paying 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
Skills Development Facilitator capacitation	400	765
Skills Development Committee Members capacitation	200	523

Partnerships

The MQA, as a skills development driven organisation, collaborated with Higher Education Institutions to enhance skills development research in the sector and also support post-graduate students who have undertaken mining and minerals sector (MMS) related research. The partnership will produce relevant research outputs which will contribute to skills development related issues in the mining and minerals sector as per the annual research agenda. The MQA collaborated with the following Higher Education Institutions:

- Fort Hare University
- Rhodes University
- University of Zululand

3.6 LEARNING PROGRAMMES - STRATEGIC PROJECTS

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

These projects are:

1.1. Higher Education Institutions Lecturer Support

1.2. Work Experience

1.3. Internships Support

1.4. Technical Vocational Education and Training Colleges Lecturer Support

1.5. TVET Colleges Support - National Certificate Vocational (NCV) Level 4 Support

1.6. Maths and Science Support to grade 10,11 and12 learners

1.7. Workplace Coaches Development

1.8. Management Development Programmes Support

Lecturer Support

This programme focused on assisting the geology and mining and minerals faculties of nine universities to achieve employment equity and transformation by supporting the development of historically disadvantaged lectures. A total of 27 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	1
University of Witwatersrand	7
University of Johannesburg	7
University of Venda	2
University of Fort Hare	2
Rhodes University	3
University of Pretoria	1
University of Limpopo	2
University of Cape Town	2
Total	**27**

Work Experience

The MQA supports learners to obtain their university of technology qualifications by enabling them to gain the required practical work experience. University learners were also assisted with vacation work placement. During the reporting year, a total number of 723 out of a set annual target of 650 students were placed within mining companies for workplace experiential training. The MQA supported students to obtain their university and universities of technology qualifications by enabling them to gain the practical work experience which is a required component of the national diploma.

A learner at a TVET college during a practical session

For the year under review, 338 learners completed their work experience programme.

Internships

The project provides structured work experience for young unemployed graduates from HEI institutions to complement the scarce and/or critical skills qualifications required by the mining and minerals sector. During the reporting period, **454** graduates out of a target of 450 graduates were placed at different mining companies to gain work experience. 275 graduates completed their internship programmes in the 2015-2016 financial year.

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 mineral sector. The MQA managed to place 20 TVET lecturers out of a set annual target of 20 lecturers.

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 does include 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 **500** graduates entered on the programme, 529 were supported. 60 NCV graduates qualified as artisans in the year under review.

Maths and Science

The project targeted historically disadvantaged learners from rural communities in mining related areas and accommodated a total of **1 000** learners from eight provinces during the year under review. MQA managed to assist **1 010** learners in maths and science from grade 10, 11 and 12 in historically disadvantaged areas in eight provinces which were selected.

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 learners requiring work integrated learning.

The MQA managed to placed 51 coaches with different employers out of a target of 50 coaches.

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. The target set of 150 was met.

In addition, the MQA reports that 156 learners completed their MDP programmes within the mining and minerals sector, the MQA supported 75 of these 156 learners, 81 of these learners were sector funded.

3.7 LEARNING PROGRAMMES – OPERATIONS

The core function of the Learning Programmes Operations Unit is to facilitate and support skills delivery, and ensure that the placement and registration of learners takes place. The LP Unit assists the MQA entities by allocating and disbursing discretionary grants, for the following key learning programmes:

- Non-Artisan Learnerships
- Non-Artisan Learnerships (RPL)
- Artisan Learnerships
- Artisan Aides
- Adult Education and Training
- Foundational Learning Competency
- Occupational Health and Safety Representative Development

Targets And Achievements Of Operations Programmes

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

Project Name	Annual Targets	Quantitative Achievements (Inclusive of sector funded)	% Achievements
Non-Artisan Learnerships Entered/Registered	5 200	2 805	54%
Non-Artisan Learnership: Unemployed Completing Learnerships	1 000	775	78%
Non-Artisan Learnership: Employed Completing Learnerships	1 440	1 907	133%
Artisan Entered/Registered	2 654	1 692	64%
Artisan Completed	2 000	1 710	86%
Recognition of Prior Learning	100	105	105%
Occupational Health and Safety Representative Development	5 500	8 007	146%
Artisan Aides	400	414	104%
Adult Education and Training (AET) Entered	4 500	6 000	133%
Adult Education and Training (AET) Completed	2 350	3 267	139%
Foundational Learning Competency (FLC)	250	274	110%

Highlights for the Year

During the period under review, the MQA implemented requisite skill needs and evolved strategies to ensure increased access to occupationally-directed training related to them through implementation of Programme 4, as outlined in the Strategic Plan/Annual Performance Plan. The programmes aimed to facilitate and support core sector programmes aligned to the qualifications framework.

The mining industry remains an important contributor to the economy in South Africa, and the MQA equally remains a key strategic partner in facilitating skills development for the sector. Thus, productivity in the sector and skills development are inextricably intertwined with employment creation, which should be used to measure outcome and output contributing to the transformative and developmental agenda for government.

Skills Delivery Challenges

In the period 2015-2016, while being more quality conscious of our Funding Policy, we exceeded on a quantity of programmes and could not meet other targets on core programmes due to the following two key challenges:

Reverting back to blasting

Rock breaking qualifications (Level 2 and 3) are key and core qualifications for the mining and mineral sector. During the year under review, the uncertainty on reverting back to blasting, unfavourably affected sector participation on registering learners with the MQA. It is in this climate of uncertainty that learners were not taken into these core qualifications, due to the instruction that was issued by the Regulator.

Economic climate

The economic climate which affected the mining sector resulted in operational reorganisation. Most of the mines have had to restructure their staff complement and some had to rationalise their operations. The majority of learners that were affected were employed by most of the mines. This affected planned and uptake on community/unemployed learners into the MQA funded programmes for the period under review. However, a contingent commitment that had been made is to the mine community and youth development to benefit learners on portable skills.

Non-Artisans Learnerships

The objective is to enrol learners in Non-Artisan Learnerships within the mining and minerals sector. This includes the following programmes:

- Core Learnerships
- Learnerships for People with Disabilities
- Non-Artisan Learnerships - RPL

In meeting our commitment, the MQA registered learners on the above pathways, and we have met the target on completions, principally for employed learners.

Adult Education and Training programme (AET)

After seven successive financial years, the MQA is finally seeing dividends on the Adult Education and Training programme. During the year under review, the target was exceeded by 139% with an over achievement of 130% on AET registrations.

Artisan Development

The MQA allocated discretionary grants to entities within the sector to implement the artisan programme. This is in response to the Minister of Higher Education's call to train and produce more artisans for the country. Allocations were made to entities in the sector to train more artisans during the year under review. Employers were committed to make their workplaces a training space to develop artisans, however, the economic climate resulted in most of the entities returning their allocations due to retrenchments.

Occupational Health and Safety Representative Development

The MQA had a target of 5 500 learners to be trained on OHS during the year under review. Our performance in relation to targets and addressing safety in the sector through the programme above has been successful. In the pursuit of addressing health and safety challenges in the sector, we exceeded the OHS target achieving 146%.

3.8 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 students who are pursuing careers within the mining and minerals sector.

Challenges

The MQA in collaboration with universities and universities of technology is addressing the challenges of attracting students from the rural areas to ensure far-reaching participation and support of students.

Bursary intake and achievements

- During the financial year under review, the set annual target of 1 000 for bursar intake was exceeded, and 1 310 bursars from universities, universities of technology and TVET colleges benefited.
- Planned bursar intake for 2016/17 is 700. The application process began in October 2015. The awarding process began in February 2016, for both new and continuing bursars.
- A new electronic Bursaries Management System (BMS) has been commissioned to streamline and bring efficiency into the application and payment processes.
- MQA Bursary Unit entered into Service Level Agreements with institutions complementing 60% of the MQA total bursars, to streamline payment processes to institutions and avoid random transfer of funds.
- There are 1 659 existing beneficiaries, representing all nine provinces. Sixty one percent were awarded bursaries for the first time in 2015 academic year while the remaining 39% were also funded in the 2014 academic year. Beneficiaries are spread across 32 institutions, 20 Higher Education and Training institutions and 12 Technical and Vocational Education and Training institutions. Twenty one percent of the beneficiary population is enrolled for Mining Engineering, followed by Mechanical Engineering at 14%, Electrical Engineering at 12%, Metallurgical Engineering and Chemical Engineering at 11% respectively, while Geology is not far off at 9%.

3.9 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 and programme approval
- Assessors and moderators registration
- Learner certifications

Development of qualifications through the Quality Council for Trades and Occupations

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 MQA for designated functions.

Reviewed and developed learning programmes

Registered on the NQF (13)	Submitted to QCTO for Registration (32)	Qualifications developed (38)
Strata Control Observer: Underground Hardrock	Rock Drill Operator	Diamond and Gemstone Setter
Strata Control Practitioner: Underground Hardrock	Driller	Occupational Health and Safety Practitioner
Strata Control Practitioner (Coal)	Directional Driller	Occupational Health and safety Representative
Mine Ventilation Observer	Exploration Driller	Full Time Representative/OHS Assistant
Mining Surveyor	Onsetter	Diamond Cutter and Polisher
Mining Sampler: Hardrock	Winding Engine Driver	Lamproom Supervisor
Mines Rescue Services Worker	Small Winder Operator	Lamproom Assistant
Goldsmith	Scraper Winch Operator	Watch and Clock Maker + Repairer
Boilermaker	Hydraulic Rock Breaker Operator	Watch and Clock Servicer
Electrician	Loader Operator	Clock Maker and Repairer
Instrument Mechanician	Skid Steer Loader Operator	Watch Maker and Repairer
Fitter and Turner	Dragline Operator	Laboratory Assistant
Welder	Dump Truck Operator	Fire Assayer
	Geological Technician Surface Mining	Mineral Processing Plant Operator
	Geological Technician Underground Mining	Crushing Plant Operator
	Geological Technician Marine Mining	Screening Plant Operator
	Mobile Mining Equipment Operator	Conveying Plant Operator
	Roofbolter	Milling Plant Operator
	Coal Cutter	Crushing Plant Operator
	Continuous Miner	Pumping Plant Operator
	Drill Rig Operator	Material Handling Plant Operator
	Hauler Operator	Separation Plant Operator
	Loader Operator	Flotation Plant Operator
	Mineral Beneficiation: Process Controller	Thickening Plant Operator
	Mineral Beneficiation: Materials Handler	Chemical Control Plant Operator
	Mineral Beneficiation: Materials Preparer	Tailings Plant Operator
	Mineral Beneficiation: Smelting	Leaching Plant Operator
	Mineral Beneficiation: Calcining	Recovery Plant Operator
	Automotive Motor Mechanic	Electrometallurgical Plant Operator
	Diesel Mechanic	Smelting Plant Operator
	Heavy Equipment Mechanic	Converting Plant Operator
	Metal Machinist	Calcining Plant Operator
		Metal Manufacturing Process Controller: Rolling Process Controller
		Metal Manufacturing Process Controller: Casting Process Controller

Registered on the NQF (13)	Submitted to QCTO for Registration (32)	Qualifications developed (38)
		Metal Manufacturing Process Controller: Electrolysis Process Controller
		Metal Manufacturing Process Controller: Finishing Process Controller
		Metal Manufacturing Process Controller: Material Process Controller
		Metal Manufacturing Process Controller: Melting and Refinery Process

The challenges that were experienced with the qualifications development process included:

- QCTO SLA amendments which caused a delay once qualifications were submitted.
- Continuously re-submission of information already submitted.

Various skill programmes in the Metallurgical and Artisan areas have been revised. Nine learnerships have also been developed.

Learning Material Development

- Thirty two learning materials for SAQA registered qualifications and 55 QCTO learning material packs were developed and/or reviewed.

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

- QCTO: 74
- Unit Standard Based: 1 760

Assessment Quality Partner functions

The commencement of assessment development is done once the Service Level Agreement is signed between QCTO and MQA for the approved and granted qualification. The MQA has been approved by the QCTO for the following nine qualifications:

Registered Qualifications

	Occupation title	Qualification Title
1	Mine Rescue Services	OC: Emergency Service & Rescue Official: Mines
2	*Mining Technician*	*Mine Ventilation Observer*
3	*Mining Technician*	*Surveyor Mining*
4	*Mining Technician*	*Mine Sampler*
5.	*Mining Technician*	*Ventilation Officer*
6.	*Mining Technician*	*Strata Control Observer*
7.	*Mining Technician*	*Strata Control Practitioner: Underground Hard Rock*
8.	*Mining Technician*	*Strata Control Practitioner: Coal*
9.	*Mining Technician*	*Mine Planning & Design*

Rigger ropesman learners preparing equipment for transportation

Developed Assessments

The external assessment blue print was submitted to QCTO for the following two registered qualifications (Ventilation Observer and Mines Rescue Services), the blue print for other six registered qualifications is in progress and will be completed during the 2016/2017 financial year and submitted to QCTO for approval.

Quality Assurance (QA) Functions

The ETQA 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 ETQA is required to perform the following activities:

- Accredit 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.
- Certify learners for skills programmes or qualifications achieved.

Below is a report on the activities conducted in the financial year 2015-2016

Accreditation and Programme Approval

In order for this function to be conducted it requires collaborations of all stakeholders through an appointed and delegated audit team, including subject matter experts that performs function as an ETQA Sub committee endorsed by a standing ETQA committee.

An approved recruitment strategy for audit team members including subject matter experts is in place which specifies criteria, roles and responsibilities. Continuous capacitating for the new subject matter experts through various interventions has been conducted.

A total of 183 providers were visited for accreditation, programme approval, sites/scope extensions, follow ups, monitoring audits and management engagements. Below is a breakdown of audits conducted for the financial year:

A further 308 Workplace Approvals were granted and deemed conducive environments for learners placement.

Assessor and Moderator Registration

There were 487 registrations, consisting of 333 assessors and 154 moderators. A further 268 assessors were granted scope extension, 350 assessors moved from one provider to another on various MQA qualifications, skills programmes and unit standards. During the period under review, the ETQA unit scanned all applications and supporting documentation for filing on the MQA I-Share. The ETQA 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 2015 To March 2016)
Skills Programmes Statement of Attainments	35 770
The MQA Level 1 Qualification	285
Non-Artisan Learnership Qualifications	2 682
*Artisan Qualifications Certificates issued	1 598
*Artisan Qualifications Certificates requested	174

* Artisan Trades certifications are issued by QCTO through the National Artisan Moderation Body, whilst the MQA continued with the trade test allocations for only 10 trades and its associated administration.

- 3 394 Learner certificates were also verified.
- Requests for 1 182 re-issues of learner certificates were handled.
- 37 Provider accreditation certificates were issued.

Government Certificate of Competency (GCC) Analysis

The research report has been approved by the MQA Board. There is a GCC Task Team assigned to report to the MQA Board on the best way to ensure that the recommendations are implemented.

Observations regarding capacity for sectoral provisioning

- There was an increase in providers migrating to the sector which also increased workplace approvals through the accreditation process.
- There is a continuous challenge to the HDSA in the increase in the numbers of accredited training providers within the mining and minerals sector.
- For the Jewellery Manufacturing and Diamond Processing fields, the following seems to be the case:
  - Learners that have achieved the first qualification may be targeted for moving up the learning path: hence the goldsmith qualification has been successfully registered through QCTO process.
  - Related workplace environment tracer studies should be conducted. There is a need to identify employers for learner placements so that the learners obtain the goldsmith competence.
- Continued improvements in the quality assurance process in focusing learners' achievements that are aligned to quality and needs within the workplace.

MQA Upload of Data to the National Learners Record Database

The MQA uploaded its data to the National Learners' Record Database for the financial year 2015-2016, quality requirement were met, thus a green status was confirmed.

A graduation event

SECTION 4: STAKEHOLDER RELATIONS

4.1 WSP/ATR FUNCTION

The regional offices continued in the engagement of employers on the WSP submissions. In Limpopo and the Northern Cape, the non-levy paying employers were assisted with both internal transfers and payments of levies for those not linked to the SETA. The Northern Cape has five new levy payers, whilst Limpopo gained two new levy payers.

The placement of NCV learners from the TVET colleges that are in partnership with the MQA has been a challenge. In this reporting period, 28 learners were placed in the Northern Cape, 22 in Limpopo and 8 in Mpumalanga. A new strategy was developed where both employers and TVET colleges will be brought together to identify the gaps that led to only a few learners being absorbed.

4.2 ACCREDITED SERVICE PROVIDERS

There is a general shortage of accredited providers in a number of fields, including: welders, strata control officers and riggers. The regions have been assisting a few services providers with accreditation.

4.3 CAREER EXHIBITIONS

The regions have hosted a number of career exhibitions in the various provinces. The following areas formed the focus of the exhibitions:

- Subject choices
- Maths and Science
- Bursaries opportunities
- Artisan an non-artisan career advice

4.4 TVET SUPPORT

The TVET lecture support programme has seen 10 lecturers placed for experiential learning at three mines.

4.5 WORKPLACE COACHES

The regions facilitated the placement of 22 workplace coaches in four regions.

4.6 SDC CAPACITY BUILDING WORKSHOPS

The regions facilitate all the SDC workshops as indicated per province, the focus of which is information sharing on the WSPs and other related core business of the MQA.

4.7 BURSARIES

The regions facilitated the allocation of 97 bursaries to TVET students. On a monthly basis, the bursars are coached and mentored on the challenges encountered. This has led to the colleges agreeing to support the students with additional maths and science tutoring to assist them to pass their examinations.

4.8 PARTICIPATION AND PARTNERSHIPS

The regional managers participated in a number of forums which included the Premier Skills Development forums, Inter-SETA forums and TVET College Councils amongst others. The Limpopo regional manager participated in the Mining Phakisa Task Team as well as the Department of Planning Monitoring and Evaluation (DPME) Skills Development forum.

The common factors of these forums are:

- Artisan development programmes by the DHET
- Career exhibition by Department of Education (DoE)
- Progress reports by TVET colleges (urban & rural)
- Revision of the HRD landscape by the Office of the Premier and meeting schedule
- Progress report on the local government sector
- SETA's progress reports (Inter-SETA)
- Presentation by provincial departments

4.9 MINE COMMUNITY DEVELOPMENT PROGRAMME

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 programme has so far allocated R75 million to programmes in a number of provinces. These programmes are aimed at reskilling a targeted 2 500 people. On conclusion of the actual training of the beneficiaries, the programmes have indicated a clear exit strategy to place beneficiaries in jobs as well as skill them in enterprise development.

The highlight of the programme is the number of strategic partnerships that were established to ensure that the objectives of the programme are realised.

The following are some of the projects:

Programme Name	Field of training	Province
1.Sekhukhune Automotive Skills Programme	Spray-painting and panel beating	Limpopo
2.Gasegonyana Local Municipality	Portable skills, agricultural skills	Northern Cape
3. Artisan Development	Artisan training	Northern Cape and Western Cape
4. Small Scale Mining	Small Scale Mining	Mpumalanga
5. Ndebele Kingdom	Portable skills	Mpumalanga
6. OR Tambo Skills Programme	Portable skills and entrepreneurship	Eastern Cape
7. Bakgatla Ba Kgafela	Portable skills and jewellery making	North West

A learner electrician

SECTION 5: CORPORATE SERVICES

5.1 CORPORATE SERVICES

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

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, as summarised below:

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

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

The contract tracking schedule was also introduced for the first time to track all contracts and obligations of the service providers and the MQA. On a quarterly basis, the unit produces the contingent liabilities report which is tabled at the Audit and Risk Committee meetings.

Contracts administered during 2015-2016

Unit	Number	Value
Skills Development and Research	4	2 109 147.25
Learning Programmes: Operations	4	125 489 000.00
Learning Programmes: Strategic	10	24 438 990.18
Quality Assurance	11	4 225 735.00
Stakeholder Relations	10	127 063 225.05
IT Unit	9	246 321.42*
Strategic Planning	3	596 963.99 *
Finance and SCM	1	1 104 766
Monitoring and Evaluation	3	571 447.80*
Corporate Services	2	13 330 103.46**
Office Management	8	4 156 901.11*
Customer Relations and Communication	7	71 450.64 *
Human Resources	4	935 141.58*
Total	**76**	**304 339 193.48**

Legal Services

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

The unit also started a process to appoint a panel of attorneys to assist the MQA in the provision of expert legal opinions and litigation support. This is an important step in ensuring that the MQA receives the best and most up to date external legal support.

Compliance and Governance

The Legal and Governance Unit is responsible for ensuring that the MQA complies with its legislative and regulatory obligations. Corporate Governance is looked at widely here and refers to the rules, practices and processes which directs and controls the MQA. The unit further looks at the interests of the all the stakeholders in the MQA. This view informs how the unit performs its functions in all respects.

The unit has been reviewing and aligning the current MQA constitution to the gazetted SETA constitution. This alignment will be key ensuring that the MQA is line and complies with best corporate governance practices.

5.2 CUSTOMER SERVICE AND COMMUNICATION

The five-year Board approved Communication Strategy, annual Communication Operations Plan both 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 blue print that ensures a planned communication approach.

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 remains 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, improved performance and service delivery.

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 MQA also celebrated International Literacy Day on 12 September 2015 at Mahwelereng Stadium in Mokopane, attended by more than 1 000 delegates. The 2014-2015 Annual Report was produced timeously in compliance with the Auditor-General requirements and was tabled by the CEO at the Annual Consultative Conference held on 20 November 2015 at the Birchwood Hotel and 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 2015.

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 further encourages the pursuit of mining and technical careers. A number of scheduled and adhoc career guidance sessions were held throughout the year to encourage both rural and urban learners at school, that have passed mathematics and physics with a bachelor pass, to pursue mining related careers.

QUARTER ONE							
No	**Date**	**Name of Event**	**Area**	**Municipality**	**No. of Schools**	**No. of Days**	**No. of Learners**
1	11 April 2015	Glencore / MQA Career Expo	North West	Madibeng	12	1	250
2	21 April 2015	AngloGold Ashanti Career Expo	Matlosana	Dr Kenneth Kaunda District Municipality	17	1	238
3	22-23 April 2015	Richards Bay Career Expo	Richards Bay	uMhlathuze Municipality	9	2	270
4	24 April 2015	AngloGold Ashanti Career Expo	Carltonville	Merafong City Local Municipality	4	1	88
5	24 April 2015	Career Guidance Session	Free State	Motjhabeng	1	1	135
6	24 April 2015	Rearagoga Career Expo	Limpopo	Capricorn	6	1	165
7	24 April 2015	Khayakhulu Artisinal Development Initiatve	North West	Moses Kotane District	2	1	100
8	29 April 2015	Motheo Career Expo	Free State	Manguang Metropolitan	1	1	114
9	30 April 2015	Diamond Beneficiation Expo	Limpopo	Vhembe	1	1	73
10	5 May 2015	MYP Career Expo	Limpopo	Sekhukhune	16	1	366
11	07 May 2015	AngloGold Ashanti Career Expo	Umtata	OR Tambo District Municipality	11	1	425
12	08 May 2015	Career Guidance Expo	Free State	Motjhabeng	1	1	65
13	08 May 2015	Career Guidance Session	Free State	Motjhabeng	1	1	136
14	07-08 May 2015	Moses Kotane LO Teachers Indaba	North West	Moses Kotane District	50	1	90
15	11 May 2015	Bakgatla in & out School Career Expo	North West	Moses Kotane Municipality	20	1	100
16	13 May 2015	Batswana High Career Day	North West	Moses Kotane District	1	1	200
17	11-13 May 2015	JB Marks Career Expo	Mpumalanga	Mkhondo Local Municipality	38	3	814
18	20 May 2015	Office of Deputy Speaker Career Expo	Free State	Mokhaka Manicipalty	1	1	45
19	21 May 2015	Career Guidance for Maths & Science	Eastern Cape	Mnquma Municipality	1	1	90
20	21 May 2015	TETA Awareness Expo	Northern Cape	Pixley Ka Seme Municipality	8	1	817
21	22 May 2015	Office of Deputy Speaker Career Expo	Free State	Tokologo Manicipality	0	0	0
22	22 May 2015	Career Guidance for Maths & Science	Eastern Cape	OR Tambo Region	1	1	47
23	27 May 2015	Career Guidance for Maths & Science	Eastern Cape	OR Tambo Region	1	1	122
24	28 May 2015	Career Guidance for Maths & Science	Eastern Cape	Mnquma Municipality	1	1	27
25	06 June 2015	TETA Awareness Expo	Free State	Manguang Metropolitan	13	1	260
26	09 June 2015	Youth Outreach Career Expo	Limpopo	Vhembe	1	1	156
27	09-10 June 2015	Seotlong and Mphahlele Career Expo	Alberton	Ekurhuleni Metropolitan Municipality	10	2	329
28	23 June 2015	TUT Monitoring and Evaluation Event	Tshwane	Dr J.S Moroka Municipality	1	1	101
29	24-26 June 2015	2015 Mpumalanga Provincial EDU Career Expo	Mpumalanga	Mkhondo Local Municipality	74	3	678
			Quarter 1	**Sub Total**	**553**	**34**	**6301**

QUARTER TWO							
No	**Date**	**Name of Event**	**Area**	**Municipality**	**No. of Schools**	**No. of Days**	**No. of Learners**
30	02 July 2015	Presbyterian Church Annual Youth General Assembly	Free State	Fezile Dabi District	9	1	61
31	04 July 2015	ZCC: SF Motivational Talk	Free State	Lejweleputswa District Municipality	13	1	102
32	05-08 July 2015	Learner Focus Week	Castle Gateway Inn Camps - Cullinan	Gamagara Local Municipality	15	4	213
33	22-24 July 2015	NMBM Career Expo	Uitenhage, Northern Cape	Nelson Mandela Bay Municipality	6	3	167
34	29-30 July 2015	DMR Career Day	Motheo District	Motheo District	1	2	66
35	31 July 2015	DMR Career Day	Motheo District	Manguang Metropolitan Municipality	1	1	19
36	31 July 2015	Mandela Day Event	Baiteredi High School Career Expo, Kuruman	John Taolo District Municipality	1	1	113
37	05 August 2015	2nd National Energy Mining Career Expo and Job Summit	Limpopo	Capricorn Municipality	6	1	194
38	05 August 2015	Skills Development Summit	Pretoria	Tshwane Municipality	4	1	14
39	04-06 August	DUT World of Work	Durban	eThekwini Municipality	1	3	254
40	06-07 August 2014	Sasol Techno Exhibition	Mpumalanga	Govan Mbeki Municipality	38	5	1 684
41	18 August 2015	DOL Career Expo	Ermelo	Sibande District Municipality	11	1	192
42	27-28 August 2015	SMMEs Conference	Richards Bay		1	2	180
43	31 August 2015	Skills Development Provider and Trade Test	Kathu	Namaqualand District	1	1	66
44	08-11 September 2015	Dipontsho tsa Maluti-a-Phofung	Free State	Maluti A Phofung Municipality	5	4	122
45	11 September 2015	Career Guidance Session	Free State	Maluti A Phofung Municipality	1	1	154
			Quarter 2	**Sub Total**	**114**	**32**	**3 601**

QUARTER THREE							
No	**Date**	**Name of Event**	**Area**	**Municipality**	**No. of Schools**	**No. of Days**	**No. of Learners**
46	07 October 2015	Maputle Career Expo	Limpopo	Greater Tubatse Local Municipality	5	1	36
47	15 October 2015	CUT/ SETA Career Fair	Free State	Lejwelelputswa District	1	1	78
48	21-23 October 2015	Samancor Eastern Chrome Mines Career Expo	Limpopo	Greater Tubatse Local Municipality	20	3	1 327
49	22 October 2015	Ledig- Ditumeleng Career Expo	North West	Thabo Mofutsanyane	1	1	65
50	05 November 2015	MQA & Kathu TVET Career Expo Initiative - Baiteredi High	Northern Cape	Sol Plaatjie Municipality	1	1	81
51	24 November 2015	Career Guidance Session -Reikealetse Secondary School	Free State	Xhariep District Municipality	1	1	49
52	30 November 2015	MQA & Kathu TVET Career Expo Initiative – Kimberley High School	Northern Cape	John Taolo Municipality	1	1	9

QUARTER THREE							
No	**Date**	**Name of Event**	**Area**	**Municipality**	**No. of Schools**	**No. of Days**	**No. of Learners**
53	30 November 2015	MQA & Kathu TVET Career Expo Initiative - Baiteredi High	Northern Cape	Sol Plaatjie Municipality	1	1	28
54	30 November 2015	MQA & Kathu TVET Career Expo Initiative - K.S Shuping High School	Northern Cape	Sol Plaatjie Municipality	1	1	6
			Quarter 3	**Sub Total**	**32**	**11**	**1 679**

QUARTER FOUR							
No	**Date**	**Name of Event**	**Area**	**Municipality**	**No. of Schools**	**No. of Days**	**No. of Learners**
55	09-11 February 2016	KZN Provincial Public Service Career Expo	Kwazulu - Natal	Ugu District	5	1	64
56	24-26 February 2016	Bojanala Career Expo	North West	Bojanala District Municipality	1	3	299
57	24 February 2016	Bahananwa Science & Career Expo	Limpopo	Bahananwa District	8	1	240
58	25-26 February 2016	Lejweleputswa Grade 12 Career Expo	Free State	Matjihabeng Municipality	17	2	479
59	03 March 2016	Motheo Career Expo	Free State	Manguang Metropolitan Municipality	3	1	487
60	09-11 March 2016	Madibeng DOE Career Expo	North West	Madibeng Local Municipality	1	3	545
61	17 March 2016	State Diamond Trader Career Expo	Northern Cape	John Taolo Municipality	1	1	34
62	17 March 2016	Seotlong & Mphahlele Maths & Science Expo	Limpopo	Lepelle-Nkumpi Local Municipality	8	1	142
			Quarter 4	**Sub Total**	**44**	**13**	**2 290**
				Total	**743**	**90**	**13 971**

A learner welder

Media and Advertising

A number of articles were published and close to 40 advertisements were placed in various national newspapers and magazines. The newspapers and magazines where the MQA promoted its services included, amongst others, the *Sunday Times; Independent Group of Newspapers including The Star, Pretoria News, Diamond Field Advisers, Mercury, Cape Times, Daily News and Cape Argus; Pan African Parliament's One Africa, One Voice; and Post Matric*. 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.

Events Management

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

Exhibitions, Career Expos and Information Sessions

Corporate Events

International Literacy Day

The MQA hosted a successful annual International Literacy Day in partnership with the National Union of Mineworkers and Mogalakwena Mining Company to celebrate AET achievers and encourage new entrants. The event was held on 12 September 2015 at Mahwelereng Stadium, in Mokopane and attracted more than 1 000 AET learners from the mining and minerals sector. The theme of the event was "***Through Education, We Transform Lives***".

Annual Consultative Conference

In accordance with the annual planning cycle, the MQA hosted a successful Annual Consultative Conference at the Birchwood Hotel and Conference Centre in Johannesburg on 20 November 2015. Over 250 stakeholders from the mining and minerals sector attended the event. The Deputy Minister of Higher Education and Training, Mr Mduduzi Manana, attended and delivered a key note address. The theme for the 2016 ACC was "***Empowering Our Youth Through Skills***". The theme was inspired by the growing need in our country to give more focus to the empowerment of our unemployed youth.

My World

As per the Customer Service and Communication Operational Plan, the unit hosted a successful My World Event on 29 January 2016. 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 the best 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.

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 amongst others:

- Financial Performance 2015-2016
- Profile of the Sector
- Operation Performance 2015-2016
- Mining Charter Achievements
- Preview of the 2016-2017 Projects
- SETA Life Extension
- New SETA Landscape

The Stakeholder Engagement Forums were held as follows:

Date	Town	Province	Venue
10 February 2016	Rustenburg	North West	Kedar Conference Centre
17 February 2016	Witbank	Mpumalanga	Mystical Mansions
24 February 2016	Polokwane	Limpopo	Polokwane Royal Hotel
03 March 2016	Welkom	Free State	Au Jardine Conference Centre
09 March 2016	Kathu	Northern Cape	Northern Cape Rural TVET College

Corporate Identity

The unit procured branding material 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.

Website

The MQA uses its interactive website as a reliable source of information to capture current and accurate organisation 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 I-Share systems. These systems are used by our stakeholders to register and administer various projects and learning programmes.

Website statistics for the period January 2015 to January 2016 included

- 45,6% new visitors registered on our website
- 54,4% returning visitors

Between July 2015 and January 2016 there were 513 932 page views.

Our bounce rate seems fairly high at 35,45%.

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.

Customer Relationship Management (CRM)

The total number of email cases uploaded and resolved in 2015-2016 is as follows:

Case Breakdown Per Unit												Totals	
Number Recorded Per Unit			Learning Programmes		Regions							Captured	Resolved
SDR	Bursary	ETQA	LP-Operations	LP-Strategic	Lim	Mpu	EC	NC	NW	FS	SCM		
527	**369**	**1971**	**123**	**313**	**30**	**15**	**8**	**33**	**32**	**34**	**5**	**3460**	**3460**

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.

Total Number of Walk-ins

The total number of walk-ins at the MQA was as follows:

Number of walk-ins throughout MQA offices							Total
Head Office	Eastern Cape	Free State	Limpopo	Mpumalanga	Northern Cape	North West	All MQA Offices
7458	**70**	**473**	**248**	**30**	**719**	**108**	**9106**

5.3 HUMAN RESOURCES MANAGEMENT

Human Resources (HR) is a strategic function of the organisation and contributes to the creation, enforcement and inculcation of a high performance culture. The employee life cycle from entry to exit is managed by Human Resources. Therefore it is critical to ensure that there is value proposition for Human Resource as a service which translates to organisational performance through its employees. The Human Resource Unit delivers against annual planned objectives. Below is a list of deliverables for the 2015-2016 financial year:

DELIVERABLES	PLANNED	STATUS
Internal Reorganisation	Streamline services within the operations unit which affected staff placements and units	Internal reorganisation proposal was approved by the MQA Board and implemented with effect from the 1st May 2015. Two units inclusive of the Standard Generating Body and Projects within operations were dissolved and merged with Learning Programmes to streamline processes for effective service delivery.
Role Clarification	Review of Job profiles	All job profiles were reviewed in consultation with subject matter experts and all new positions and enlarged jobs were graded by an external service provider and salaries rectified as recommended.
Performance Management	Automation	The automated performance management module was realigned with the new structure post the internal reorganisation to ensure alignment to job families and coding. The automation was delayed due to the changes in the structure and jobs however the system is due to go live in August 2016.
Staff Recruitment	Implementation of Recruitment Plan	As at the end of March 2016, the vacancy rate was 11% as a result of resignations, retirement, promotions and new positions post the internal reorganisation.
Training and Development	Implementation of Training Plan	Staff development is critical to ensure continuous learning and development of employees. About R934 295.00 was spent on training which represents 45 percent spend.

LEVEL	PERSONNEL EXPENDITURE (R,000)	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COSTS	NO OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Top Management	8 286108.96	11.85	**6**	1 381 018.16
Senior Management	16 566 385.80	23.70	**18**	974 493.28
Professional Qualified	16 390 709.04	23.45	**29**	607 063.30
Skilled	13 145 948.76	18.81	**47**	292 132.19
Semi-Skilled and Unskilled	931 301.88	1.33	**5**	186 260.38
Interns	844 861.44	1.21	**8**	105 607.68
Other Related Costs (acting, secondments, overtime, travel reimburse, subsistence and relocation allowance)	R2 602 869.45	3.72	**94**	27 690.10
Temporary Staff	R3 255 348.50	4.66	**34**	121 481.05
Leave Payments	2 671 101.62	3.82	**82**	32 574.41

Performance Rewards

PROGRAMME	NUMBER OF BENEFICIARIES	PERSONNEL EXPENDITURE	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COSTS
Top Management	6	R 858 194.40	15%
Senior Management	17	R 2 052 671.28	34%
Professional Qualified	24	R1 778 687.65	30%
Skilled	28	R 1 107 736.09	19%
Semi-Skilled and Unskilled	4	R 94 642.70	2%
Total	**79**	**R5 891 932.12**	**100%**

TRAINING COSTS

This section highlights efforts undertaken to enhance skills development within MQA

DIRECTORATE BUSINESS UNIT	PERSONNEL EXPENDITURE (R,000)	TRAINING EXPENDITURE (R,000)	TRAINING EXPENDITURE AS A PERCENTAGE OF PERSONNEL COSTS	NUMBER OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE
Human Resource Training and Development Budget	R 2 101 980.00	R934 294.95	1.3%	37	R25 251.22

EMPLOYMENT CHANGES

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS (includes promotions)	EMPLOYMENT AT END OF THE PERIOD
Top Management	6	0	0	6
Senior Management	16	2	1	17
Professional Qualified	26	3	2	27
Skilled	36	14	5	45
Semi-Skilled and Unskilled	5	0	0	5
Total	**89**	**19**	**8**	**100**

EMPLOYMENT AND VACANCIES

PROGRAMME	2015/2016 NO. OF EMPLOYEES	2015/2016 APPROVED POSTS	2015/2016 NO. OF EMPLOYEES	2015/2016 VACANCIES	% OF VACANCIES
Executive	6	6	6	0	0%
Senior Management	17	19	17	2	2%
Professionals	27	28	27	1	1%
Administration	45	49	45	4	4%
Semi-Skilled	5	5	5	0	0%
Total	**100**	**107**	**100**	**7**	**7%**

REASONS FOR STAFF LEAVING

REASON	NUMBER	PERCENTAGE OF STAFF LEAVING
Death	1	1%
Resignation	4	4%
Dismissal	0	-
Retirement	0	-
Ill Health	0	-
Expiry of Contract	0	-
Other	-	-
Total	**5**	**5%**

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	0

WORKFORCE PROFILE AND EMPLOYMENT EQUITY STATUS

LEVELS	WORKFORCE PROFILE								
	AFRICAN		COLOURED		INDIAN		WHITE		
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	TOTAL
Top Management	3	2	0	0	1	0	0	0	6
Senior Management	11	4	0	1	0	1	0	0	17
Professional Qualified	7	16	1	0	1	1	0	1	27
Skilled	12	29	2	2	0	0	0	0	45
Semi-Skilled and unskilled	2	3	0	0	0	0	0	0	5
Total	**35**	**54**	**3**	**3**	**2**	**2**	**0**	**1**	**100**
Disability	0	0	0	0	0	0	0	0	0

5.4 FACILITIES AND OFFICE MANAGEMENT

Block B Renovations

The MQA embarked on the renovations of Block B. This was to ensure sufficient office space for MQA staff members as well as increase the number of Boardrooms. Due to the transfer of the Bursary Administration function to the MQA, the development of the Monitoring and Evaluation Unit as well as the Strategic Planning Unit was formed as a result of the internal reorganisation, the MQA staff complement increased and more office space was required.

Block B will also address the issue of boardroom space for both staff and stakeholders. The renovations commenced in March 2015 and were completed in March 2016.

Generator Installation

In the financial year under review, the Unit purchased a generator to ensure continuity of services during power outages by Eskom. This assisted in ensuring that staff members are not sent home due to power outages and also serves to be cost effective as opposed to hiring a generator from external service providers.

Glass Partitioning

In order to create a good working environment which is neat and safe for the staff members, there was glass partitioning installed to accommodate staff members that were seated in open plan areas.

Biometrics

In order to ensure access control and enhance safety of staff members within the building, a biometric system was installed in Block C and D. All staff members including regional office staff were given access rights according to the building they require access to.

Learning on the job

SECTION 6: MONITORING AND EVALUATION

6.1 MONITORING, EVALUATION AND RISK

The Monitoring and Evaluation (M&E) Unit was established to determine the impact of the MQA's investment in the mining and minerals sector training programmes against the number of people trained.

This unit is an integral part of the MQA and its contribution towards organisational planning, monitoring, impact assessment and evaluation and will enable the organisation to track the MQA's impact on skills development in the mining and minerals sector.

The MQA's strategic objectives are implemented and tracked through the Annual Performance Plan (APP) and validated by the unit. The validation of quarterly performance against the Annual Performance Plan, and analysis of data had been concluded for the year under review. The gap analysis, in respect of the MQA's strategic planning process and the Strategic Plan was conducted together with the performance validation and verification for all quarters.

Policies and Frameworks

The M&E Unit facilitates management of both strategic and operational risks together with fraud and corruption prevention. During its year of establishment, all the founding documents were developed. The following policies were reviewed and approved:

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

Risk Management Activities

The approved Rrisk Management and Fraud Prevention Policy, adopted a code of ethics and conduct which is athe first step in the implementation of its fraud and corruption prevention strategy. The management of risk in the MQA forms an integral part of effective corporate governance. The MQA Board had approved its strategic risk assessment during the 2015/2016 financial year, which has been fully implemented together with the fraud prevention plan.

The facilitated risk assessment has identified risks, which if it materialises, may have an adverse impact on the MQA as a whole. In order to ensure that this exposure is appropriately mitigated, a combined assurance strategy has been developed to allocate responsibility and accountability for the risks to the Executive Management, External Audit, Internal Audit, 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. The MQA has continuously monitored the fraud hotline and conducted investigations on all reported cases.

Future Plans

The MQA is in the process of finalising the Business Continuity Management (BCM) and Compliance Management Policies.

- **BUSINESS CONTINUITY MANAGEMENT (BCM)**

The MQA business continuity management (BCM) will incorporate management processes that are aimed at identifying risks, threats and vulnerabilities that could impact the MQA's continued operations and provides a framework for building organissational resilience and the capability for an effective response.

- **COMPLIANCE MANAGEMENT POLICIES**

The Compliance Management Policy will incorporate the Compliance Policy Statement in recognition of the highly regulated environment within which the MQA operates. Subsequent to the approval the Compliance Policy, the Monitoring and Evaluation unit will ensure that the regulatory universe is maintained and compliance therewith is monitored on an ongoing basis.

A Gemologist learner grading diamonds

SECTION 7: REPORT OF THE AUDIT AND RISK COMMITTEE

REPORT OF THE AUDIT AND RISK COMMITTEE

We present our report for the financial year ended 31 March 2016.

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 2016:

MEMBER	CONSTITUENCY	MEETINGS ATTENDED	FEES RECEIVED
			R'000
SM Radebe	Independent *	5	43
Z Qunta	Independent	4	29
M Mbonambi	Independent**	3	R40
J Hugo	Organised labour	3	-
A Teteme	Organised labour	4	R11
S Mokgothu	Organised labour	1	-
J Masha	Organised labour	1	-
H Groenewald	Organised employers	2	-
V Mabena	MQA Board representative	3	-
J Broderick	Organised employers	1	-

* Chairperson

** Also attended and chaired Risk and Fraud management committee, a sub-committee of the ARC.

Since the year-end, Mr Radebe and Mesdames Qunta and Mbonambi retired from the MQA ARC, and Dr Len Konar, Ms Gerdileen Taylor and Mr Xolani Khumalo were appointed as independent members of the ARC.

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 of 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 an effective.

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, through 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.

REPORT OF THE AUDIT AND RISK COMMITTEE

Management has provided the Audit and Risk Committee 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 to be 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 grave concern the qualified opinion issued by the AGSA, and the reasons therefore, and agreed therewith.

In the opinion of the ARC, the internal controls of the MQA are considered unsatisfactory 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, as well as cause of the qualified audit opinion rendered in the current year.

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

Evaluation of Annual Financial Statements:

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

The Audit and Risk Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the AGSA and the Accounting Authority;
- Reviewed the AGSA's Management Report and Management's response thereto;
- Reviewed changes to accounting policies and practices as reported in the audited Annual Financial Statements;
- Reviewed the MQA's processes for compliance with legal and regulatory provisions;
- Reviewed the information on predetermine objectives to be included in the Annual Report;
- Reviewed the quarterly and timelines of financial information availed to the Audit and Risk Committee for oversight purposes; and
- Reviewed material adjustments resulting from the audit of the MQA.

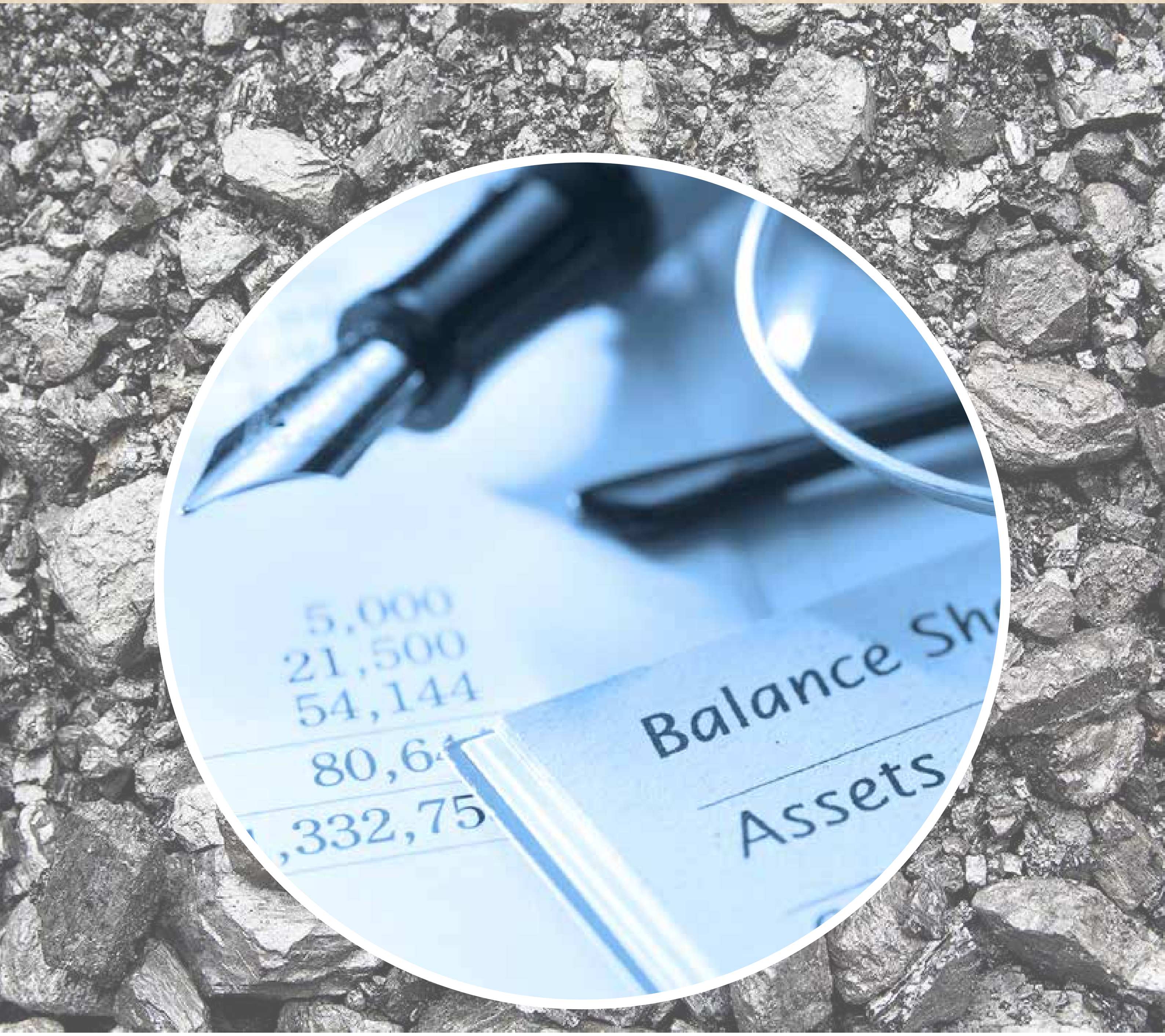
The Audit and Risk Committee concurs and accepts the AGSA's opinion regarding the Annual Financial Statement and proposes that the audited Annual Financial Statements be accepted and read together with the report of the AGSA.

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.

DKonar

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

Report on the financial statements

Introduction

1. I have audited the financial statements of the Mining Qualifications Authority (MQA) set out on pages 71 to 118, which comprises the statement of the financial position as at 31 March 2016, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the financial statements

2. The Accounting Authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA 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), and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Discretionary grant commitments

6. I was unable to obtain sufficient appropriate audit evidence regarding discretionary grant commitments as the entity did not have an adequate system in place to maintain records of discretionary commitments approved and contracted. The entity's records did not permit the application of adequate alternative auditing procedures regarding discretionary commitments. Therefore, I was unable to determine whether any adjustments were required to the discretionary grant commitments stated at R956 million.

Discretionary grant expenditure and payables

7. I was unable to obtain sufficient appropriate evidence for adjustments made by management to discretionary grant expenditure and payables amounting to R103 million. The entity's records did not permit the application of alternative audit procedures regarding discretionary grant expenditure and payables. Consequently, I was unable to determine whether any adjustments were required to discretionary grant expenditure of R999 million and discretionary grant payable of R249 million.

Qualified opinion

8. In my opinion, except for the possible effects of the matters described in the basis of qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Mining Qualifications Authority as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of GRAP and the requirements of the PFMA and the Skills Development Act.

Emphasis of matter

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

Restatement of corresponding figures

10. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 2016 in the financial statements of the MQA at, and for the year ended, 31 March 2015.

Report on other legal and regulatory requirements

11. 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 findings on the reported performance information against predetermined objectives for selected objectives presented in the Annual Performance Report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the Annual Performance Report of the MQA for the year ended 31 March 2016:

   - **Programme 2:** Support objective decision making for skills development through research in the sector on pages 24 to 25.
   - **Programme 4:** Facilitate and support the implementation of core sector skills and develop programmes aligned to the sector qualifications framework on pages 28 to 33.

13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's Annual Reporting Principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for Managing Programme Performance Information* (FMPPI).

14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

15. The material findings in respect of the selected objectives is as follows:

PROGRAMME 4: FACILITATE AND SUPPORT THE IMPLEMENTATION OF CORE SECTOR SKILLS AND DEVELOP PROGRAMMES ALIGNED TO THE SECTOR QUALIFICATIONS FRAMEWORK

Reliability of reported performance information

16. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets for 46% of the indicators.

17. I did not raise any material findings on the usefulness of the reported performance information for the following objective:

- **Programme 4:** Facilitate and support the implementation of core sector skills and develop programmes aligned to the sector qualifications framework

18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objective:

- **Programme 2:** Support objective decision making for skills development through research in the sector on pages 24 to 25.

Additional matter

19. I draw attention to the following matter:

Achievement of planned targets

20. Refer to the Annual Performance Report on pages 22 to 35 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material finding on the reliability of the reported performance information in paragraph 17 of this report.

Unaudited supplementary schedules

21. The supplementary information set out on pages 36 to 61 does not form part of the Annual Performance Report and is presented as additional information. I have not audited this schedule and, accordingly, I do not report on them.

COMPLIANCE WITH LEGISLATION

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

Annual Financial Statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements on discretionary grants expenditure and commitments disclosure notes identified by the auditors in the submitted financial statements were subsequently corrected but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

24. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.

25. Goods and services with a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulation 16A6.1. Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of Treasury Regulation 16A6.4.

26. Invitations for competitive bidding were not always advertised for the required minimum period, contrary to treasury regulation 16A6.3(c).

27. Contracts and quotations were awarded to bidders based on points given for criteria that had not been stipulated in the original invitation for bidding and quotations, in contravention of treasury regulation 16A6.3 (a) and the Preferential Procurement Regulations.

28. Contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of the Preferential Procurement Policy Framework Act of South Africa, 2000 (Act No. 5 of 2000) and the Preferential Procurement Regulations.

Irregular expenditure

29. Effective steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. The irregular expenditure disclosed in note 28 is understated by R 21 474 638. In addition, I could not verify the disclosed condoned irregular expenditure of R12 521 500.

INTERNAL CONTROL

30. I considered internal control relevant to my audit of the financial statements, Annual Performance Report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the Annual Performance Report and the findings on compliance with legislation included in this report.

Leadership

31. 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.

32. The Accounting Authority did not ensure that internal procedures and internal control measures were in place for the preparation, processing and reporting of discretionary project, expenditure, payables and commitments, which formed the basis for the qualified opinion on the financial statements.

Financial and performance management

33. 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. This resulted in discretionary grant commitments being materially misstated.

34. The MQA did not implement proper record-keeping controls to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting.

35. Management did not adequately review the financial statements prior to submission for audit, resulting in misstatements being identified by the auditors.

OTHER REPORTS

36. I draw attention to the following engagement that could potentially have an impact on the MQA's financial, performance and compliance related matters. My opinion is not modified in respect of this engagement that is in progress.

Investigations

37. An independent consulting firm performed an investigation at the request of the MQA, which commenced in the 2014 -15 financial year. The investigation was initiated based on an allegation that a service provider was not using discretionary grants for their intended purpose. The investigation is still in progress.

Auditor-General.

Pretoria

31 July 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

SECTION 9: ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

INDEX

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 financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the financial statements fairly present the state of affairs of the MQA as at the end of the financial year and the results of its operations and cash flows. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

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

The financial statements set out on pages 71 to 119, which have been prepared on the going concern basis, were approved by the board of members on 31 May 2016 and were signed on its behalf by:

M S Seepei
Chief Executive Officer

M Zondi
Acting Chairperson

ACCOUNTING AUTHORITY'S REPORT

1. Responsibilities of the Accounting Authority

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

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

Further responsibilities of the Accounting Authority include:

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

2. General review of the state of affairs

Total revenue for the MQA for the 2016 financial year including donor income amounted to R1,071 billion (2015: R1,071 billion). The effect was an increase of R55 million. The increase was mainly due to payroll increases in the mining industry.

The administration income allocated from levies received was R129 million for the financial year (2015: R124 million). The actual administrative expenditure for the year amounted to R122 million (2015: R108 million).

The MQA recorded a deficit of R76 million for the current financial year (2015: R11 million deficit - restated). Total reserves at year-end amounted to R397 million (2015: R473 million). Future commitments in respect of discretionary funds amount to R957 million (2015: R766 million) and thus exceed our reserves by R560 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 expensed R1,147 billion (2015: R1,028 billion) towards mandatory and discretionary grants and special projects, excluding donor funding expenditure of R25 million (2014: R10 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:

	2016	2015
	R' millions	R' millions
Adult Education and Training & FLC	**33**	16
Bursary Scheme and Work Experience	**197**	147
Learnerships and Skills Programes	**69**	72
Graduate Training Programme	**160**	122
Learning material development grants	**4**	4
Unit standard generation grants	**1**	2
Employment equity grant (University)	**12**	-
Maths and Science project.	**8**	3
Occupational Health & Safety programme	**14**	12
Artisan Development	**220**	266
Skills Development Research Analysis	**1**	-
Mine community	**31**	25
Mpumanlanga FET artisan development	**4**	8
Youth development support	**11**	7
Other various projects	**47**	29
Total	**812**	714

3. Services Rendered by the MQA

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

4. Capacity

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

5. Utilisation of Donor funds

The Unemployment Insurance Fund (UIF) transferred R9 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 enterd into with the two entities.

6. Public Private Partnerships

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

7. Corporate governance

Arrangements

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

8. Discontinued projects

There were no discontinued projects for the period under review.

9. New/Proposed projects

Management development was reintroduced in the current period after it was discontinued in the past.

10. Executive managers emoluments

Name and Title	Basic Salaries	Performance Bonuses	Non - Pensionable Allowances	Pension Contribution	Total 2016	Total 2015
	R'000	R'000	R'000	R'000	R'000	R'000
S. Seepei (CEO)	709	212	1 300	96	2 317	2 063
Y. Omar (CFO)	1 082	154	301	189	1 726	1 647
T.G Mmotla (COO)	357	77	1 098	49	1 581	1 285
C. Maila (EMSR)	779	139	476	113	1 507	1 330
I.G. Mkhize (EMCS)	816	139	556	118	1 629	1 397
M. Mdingi (CRM&EO)	696	139	549	100	1 484	1 399
	4 439	860	4 280	665	10 244	9 121

The members of the Accounting Authority receive meeting attendance allowances from the MQA.The names and attendance of members of the Accounting Authority are reported below.

ACCOUNTING AUTHORITY'S REPORT

Board and Committee Meetings

	Organisation	Constituency	Attendance	Total Fees Received R'000
Non-Executive Members				
D Msiza*	DMR	State**	4	-
T Tshozane	Ministerial appointee	Ministerial appointee	1	-
N Kubheka	Ministerial appointee	Ministerial appointee	6	**11**
A Ntshangase	NUM	Labour	3	**18**
Z Tantsi	NUM	Labour	-	-
D Shikati	NUM	Labour	3	**22**
A Teteme	NUM	Labour	3	**22**
V Mabena	Chamber of Mines	Employer	2	-
L Mogaki	Anglo Platinum	Employer	4	-
J Venter	CTC	Employer	2	-
M Mashego	Harmony	Employer	4	-
S Rogers	Petra Diamonds	Employer	2	-
P Gamede	DMR	State**	5	-
H Mbiko	DMR	State**	5	-
M Kobe	DMR	State**	1	-
M Zondi	DMR	State**	7	-
	-	-	-	**73**

* Chairperson **not entitled to fees

11. Going concern

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

12. SETA re-establishment

SETAs are established for a five-year period through provisions of the Skills Development Act. The MQA has been given a renewal certificate for the establishment as a SETA until 31 March 2018.

13. Responsibility for Annual Financial Statements

The members of the Accounting Authority are responsible for the Annual Financial Statements.

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2016 R' 000	2015 Restated R' 000
Revenue			
Revenue from non-exchange transactions			
Skills Development Levy: Income	3	**972 972**	938 658
Skills Development Levy: Interest and penalties	3	**23 090**	22 260
Government grants and donor funding income	20	**25 460**	10 385
		1 021 522	971 303
Revenue from exchange transactions			
Investment income	4	**49 541**	45 452
Other income	5	**297**	196
		49 838	45 648
Total revenue		**1 071 360**	1 016 951
Expenditure			
Employer grants and projects	6	**(999 864)**	(909 166)
Administration expenditure	7	**(121 786)**	(108 205)
Finance costs	8	**(30)**	(25)
Government grants and donor funing	20	**(25 460)**	(10 385)
Total expenditure		**(1 147 140)**	(1 027 781)
Loss on disposal of assets		**(212)**	(72)
Deficit for the year		**(75 992)**	(10 902)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note(s)	2016 R'000	2015 Restated R'000
Assets			
Current Assets			
Inventories	13	**302**	427
Receivables from non-exchange transactions	14	**26 170**	16 747
Trade and other receivables from exchange transactions	12	**1 751**	904
Cash and cash equivalents	15	**775 876**	720 014
		804 099	738 092
Non-Current Assets			
Property, plant and equipment	10	**64 933**	61 489
Intangible assets	11	**1 620**	845
		66 553	62 334
Total Assets		**870 652**	800 426
Liabilities			
Current Liabilities			
Grants and transfers payable	18	**278 510**	173 935
Trade and other payables from exchange transactions	19	**9 291**	9 266
Finance lease obligation	16	**166**	234
Provisions	21	**185 721**	143 870
		473 688	327 305
Non-Current Liabilities			
Finance lease obligation	16	-	165
Total Liabilities		**473 688**	327 470
Net Assets		**396 964**	472 956
Reserves			
Adminstation reserves		**66 553**	62 334
Mandatory grant reserves		**1 710**	1 348
Discretionary reserve		**328 701**	409 274
Total Net Assets		**396 964**	472 956

STATEMENT OF CHANGES IN NET ASSETS

	Administration reserve R'000	Mandatory grant reserve R'000	Discretionary reserve R'000	Total reserve R'000	Accumulate surplus R'000
Balance at 01 April 2014	59 887	292	423 669	483 848	-
Deficit for the year	-	-	-	-	(34 574)
Allocation of unappropriated deficit	12 940	34 137	(81 651)	(34 574)	34 574
Transfer to discretionary reserves	(10 493)	(33 081)	43 574	-	-
Opening balance as Previously reported	**62 334**	**1 348**	**385 592**	**449 274**	**-**
Prior period error – note 30	**-**	**-**	**23 673**	**23 673**	**-**
Prior year casting error			**9**	**9**	**-**
Balance at 01 April 2015 as restated	**62 334**	**1 348**	**409 274**	**472 956**	**-**
Deficit for the year	**-**	**-**	**-**	**-**	**(75 992)**
Allocation of unappropriated deficit	**7 355**	**54 613**	**(137 960)**	**(75 992)**	**75 992**
Transfer to discretionary reserves	**(3 136)**	**(54 251)**	**57 387**	**-**	**-**
Balance at 31 March 2016	**66 553**	**1 710**	**328 701**	**396 964**	**-**

CASH FLOW STATEMENT

	Note(s)	2016 R'000	2015 Restated R'000
Cash flows from operating activities			
Receipts			
Levies, interest and penalties received		**994 609**	960 989
Government grants and donor funding received		**21 821**	11 140
Interest received		**49 123**	45 487
Other cash receipts from stakeholders		**297**	196
		1 065 850	1 017 812
Payments			
Grant and project payments		**(858 736)**	(916 424)
Special projects		**(25 550)**	(10 385)
Finance costs		**(30)**	(25)
Compensation of employees		**(69 119)**	(50 684)
Payments to suppliers and others		**(47 475)**	(45 984)
		(1 000 910)	(1 023 502)
Net cash flows from operating activities	22	**64 940**	(5 690)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	**(7 620)**	(3 744)
Proceeds from sale of property, plant and equipment	10	**9**	133
Purchase of other intangible assets	11	**(1 234)**	(459)
Net cash flows from investing activities		**(8 845)**	(4 070)
Cash flows from financing activities			
Repayments of finance lease		**(233)**	(540)
Net increase/(decrease) in cash and cash equivalents		**55 862**	(10 300)
Cash and cash equivalents at the beginning of the year		**720 014**	730 314
Cash and cash equivalents at the end of the year	15	**775 876**	720 014

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.

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

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

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

	2016
Administration cost (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 Department of Higher Education and Training, which in turn transfers them to the MQA. The interest and penalties are disclosed separately as Skills Development Levy penalties and interest.

Inter-SETA transfers

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

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

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

ACCOUNTING POLICIES

1.2 Revenue from non-exchange transactions

Recognition

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

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

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 off in terms of a written agreement with the donors.

1.3 Revenue from exchange transactions

Investment income

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

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 the documents prescribed in terms of Grant Regulations.

In addition, registered employers that participate in skills development initiatives prescribed in the National Skills Development Strategy III (2011-2016) extended to March 2018 and the MQA's Sector Skills Plan, can apply for and be granted discretionary grants to supplement their training cost.

1.4 Grants and project expenditure

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% (2015: 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 outflow as determined in accordance with the Act and the Grant Regulations and is based on the amount of levies received.

Retrospective amendments by SARS

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

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

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

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

Discretionary grants and project expenditure

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

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

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

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

Project expenditure comprises:

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

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

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

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

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.

ACCOUNTING POLICIES

1.5 Prepayments

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

1.6 Irregular, fruitless and wasteful expenditure

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

- The PFMA,
- The Skills Development Act,
- The Skills Development Levies Act.

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

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

1.7 Property, plant and equipment

Recognition

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

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

Initial measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost and where an asset is acquired at no cost, or for a nominal cost or 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 in respect of buildings, at a revalued amount, being its fair value at the date of the revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

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

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

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

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

Impairment

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

ACCOUNTING POLICIES

1.7 Property, plant and equipment

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:

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

Revaluation basis

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

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

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

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

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

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

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

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.

ACCOUNTING POLICIES

1.7 Property, plant and equipment

Key accounting judgments

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

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

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

Key sources of estimation uncertainty

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

The MQA is currently established as a SETA until 31 March 2018.

In the light of the extension of MQA's establishment until 31 March 2018, management is required to consider how it impacts the period over which assets are expected to be available for use by the MQA.

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

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

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

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

1.8 Intangible assets

Recognition

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

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

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

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

Initial measurement

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

1.8 Intangible assets

Subsequent measurement

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

Amortisation

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

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

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

Impairment

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

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

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

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

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

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

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

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

Cost basis

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

Computer software	2 - 3 years

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.

ACCOUNTING POLICIES

1.8 Intangible assets

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

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

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

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

Derecognition

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

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

1.9 Inventories

Recognition

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

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

Initial measurement

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

Subsequent measurement

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

Recognition as an expense

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

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

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

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

ACCOUNTING POLICIES

1.10 Leases

Finance leases

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

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

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

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

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

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

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

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

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

Operating leases

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

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

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

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

Borrowing costs

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

Borrowing costs in respect of qualifying assets.

ACCOUNTING POLICIES

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.

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

Employee benefits comprise of short-term benefits and termination benefits.

Short-term employee benefits

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

The MQA awards the following short-term employee benefits:

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

1.12 Employee benefits

Short-term employee benefits

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

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

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 contibution plan.

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

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

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

1.13 Provisions

Recognition

A provision is a liability of uncertain timing or amount.

A provision is recognised when, and only when:

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

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

Provisions for deficits from future operating activities are not recognised.

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

Measurement

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

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

ACCOUNTING POLICIES

1.13 Provisions

Effects of the time value of money

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

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

Future events and gains

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

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

Reimbursements

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

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

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

Usage and review

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

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

1.14 Commitments

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

Commitments are not recognised as a liability in the statement of financial position but is disclosed in the notes to the Annual Financial Statements.

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

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 Fnancial Statements.

ACCOUNTING POLICIES

1.15 Contingent Liabilities

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 dislosure 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 disclosd.

1.16 Financial instruments

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

Financial Assets

Financial assets are cash or contractual rights to receive cash or another financial asset from another entity or exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable.
Financial assets are recognised in the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Investments and loans

The following categories of investments are measured at subsequent reporting dates at amortised cost by using the effective interest rate method if they have a fixed maturity, or at cost if there is no fixed maturity:
- Loans and receivables
- Held-to-maturity investments
- An investment that does not have a quoted market price in an active market and whose fair value cannot be measured reliably.

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

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

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

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

Loans and Receivables

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

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

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

Effective interest rate method

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

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

ACCOUNTING POLICIES

1.16 Financial instruments

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 occured after the initial recognition of the financial asset, the estimated future cashflows of the investment have been impacted.
For financial assets carried at ammortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted at the original effective interest rate.

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

When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance for doubtful debts. Changes in the carrying amounts of doubful 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 at FVTPL where the financial liability is either held for trading or is designated at FVTPL.

Gains and losses on subsequent measurement

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

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

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

Other financial liabilities

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

1.17 Reserves

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

- Administration reserve
- Employer grant reserve
- Discretionary reserve

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

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

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

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

1.17 Reserves

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

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

1.18 Related parties

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

Management are those persons responsible for planning, directing and controlling the activities of the MQA including those charged with the governance of the 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, that 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 Inter-SETA transactions arise due to the movement of employers from one SETA to another.

1.19 Comparatives

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

NOTES TO THE FINANCIAL STATEMENTS

2. Allocation of Net Surplus for the year to Reserves

2016	Total per statement of financial performance R'000	Administration funds R'000	Mandatory grant funds R'000	Discretionary grand funds R'000	Special projects funds R'000
Total revenue	**1 071 360**	**129 383**	**242 360**	**674 157**	**25 460**
Skills development levy: income	**996 062**	**129 086**	**242 360**	**624 616**	**-**
Admin levy income (10.5%)	**127 501**	**127 501**	**-**	**-**	**-**
Public sector levies	**1 585**	**1 585**	**-**	**-**	**-**
Grant levy income (69.5%)	**843 886**	**-**	**242 360**	**601 526**	**-**
Skills development levy: penalties and interest	**23 090**	**-**	**-**	**23 090**	**-**
Donations for special projects	**25 460**	**-**	**-**	**-**	**25 460**
Investment income	**49 541**	**-**	**-**	**49 541**	**-**
Other income	**297**	**297**	**-**	**-**	**-**
Total expenditure	**(1 147 352)**	**(122 028)**	**(187 747)**	**(812 117)**	**(25 460)**
Administration expenditure	**(121 786)**	**(121 786)**	**-**	**-**	**-**
Finance costs	**(30)**	**(30)**	**-**	**-**	**-**
Employer grants and project expenditure	**(1 025 324)**	**-**	**(187 747)**	**(812 117)**	**(25 460)**
Gain/(loss) on disposal of property, plant and equipment	**(212)**	**(212)**	**-**	**-**	**-**
Surplus	**(75 992)**	**7 355**	**54 613**	**(137 960)**	**-**

NOTES TO THE FINANCIAL STATEMENTS

2. Allocation of Net Surplus for the year to Reserves

2015	Total per statement of financial performance R'000	Administration funds R'000	Mandatory grant funds R'000	Discretionary grand funds R'000	Special projects funds R'000
Total revenue	1 016 951	124 196	244 098	638 272	10 385
Skills development levy: income	960 918	124 000	244 098	592 820	-
Admin levy income (10%)	122 784	122 784	-	-	-
Grant levy income (70%)	814 658	-	244 098	570 560	-
Public sector levies	1 216	1 216	-	-	-
Skills development levy: penalties and interest	22 260	-	-	22 260	-
Donations for special projects	10 385	-	-	-	10 385
Investment income	45 452	-	-	45 452	-
Other income	196	196	-	-	-
Total expenditure	(1 027 853)	(108 302)	(194 789)	(714 377)	(10 385)
Administration expenditure	(108 205)	(108 205)	-	-	-
Finance costs	(25)	(25)	-	-	-
Employer grants and project expenditure	(919 551)	-	(194 789)	(714 377)	(10 385)
Gain/(loss) on disposal of property, plant and equipment	(72)	(72)	-	-	-
Surplus allocated	(10 902)	15 894	49 309	(76 105)	-

NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
3. Revenue		
Skills development levy income		
Levy income: Administration		
Levies received	**129 098**	124 100
Levies received from SARS	**127 522**	122 880
Levies received from DMR	**1 585**	1 216
Inter-Seta transfers in	**(9)**	4
Movement in levies accrued	**(12)**	(100)
	129 086	124 000
Levy income: Employer Grants		
Levies received	**242 216**	244 315
Levies received from SARS	**242 262**	244 306
Inter-Seta transfers in	**(46)**	9
Movement in levies accrued	**144**	(217)
	242 360	244 098
Levy income: Discretionary Grants		
Levies received	**601 716**	570 345
Levies received from SARS	**601 735**	570 326
Inter-Seta transfers in	**(19)**	19
Movement in levies accrued	**(190)**	215
	601 526	570 560
Total levy	**972 972**	938 658
Interest and penalties : Skills development levy income	**7 338**	8 414
Levy interest		
Levy penalties	**15 752**	13 846
	23 090	22 260
4. Investment revenue		
Interest revenue		
Interest received	**49 123**	45 487
Movement in interest accrued	**418**	(35)
	49 541	45 452
5. Other income		
Insurance recoveries	**91**	92
SDL recoveries	**72**	-
Learning materials and other recoveries	**134**	104
	297	196

NOTES TO THE FINANCIAL STATEMENTS

6. Employer grants and projects expenditure

	Note	2016 R'000	2015 R'000
Mandatory grants expenditure		**187 747**	194 789
Disbursed		**202 946**	176 982
Movement in liabilities and accruals		**(15 199)**	17 807
Discretionary grants expenditure		**755 943**	660 167
Disbursed		**599 939**	633 777
Movement in liabilities and accruals		**156 004**	26 390
Project expenditure		**56 174**	54 210
Disbursed		**55 342**	98 403
Movement in liabilities and accruals		**832**	(44 193)
Total employer grants and projects expenditure		**999 864**	909 166
Project expenditure consist of:			
Direct project costs		**55 970**	51 448
Service provider costs		**-**	2 455
Administration costs		**204**	307
Total projects expenditure		**56 174**	54 210

7. Administration expenditure

	Note	2016 R'000	2015 R'000
Transfer to QCTO		**3 627**	2 505
Depreciation, amortisation and impairments		**4 415**	2 404
Maintenance repairs and running costs		**1 750**	1 577
Property and buildings		**1 193**	883
Machinery and equipment		**557**	694
Advetising, marketing, promotions and communications		**3 744**	2 757
Entertainment		**196**	189
Consulting and professional fees		**8 014**	5 024
Legal fees		**875**	51
Cost of employment	7.1	**68 815**	60 987
Travel - local		**11 887**	11 717
Staff training and development		**916**	2 366
Remuneration to committee members		**434**	593
Internal Audit Fees		**948**	1 318
External Audit Fees		**1 705**	2 019
Printing and stationery		**4 291**	4 184
Conferences and seminars		**3 477**	2 781
Insurance		**656**	584
Rates & Taxes, Water & Electricity and Security		**2 976**	3 428
Donations and Sponsorships		**326**	378
Rental- Operating lease		**501**	1 214
IT expenses		**1 974**	1 898
Subscriptions and membership fees		**94**	23
Other Expenditure		**165**	208
Total administration expenditure		**121 786**	108 205

NOTES TO THE FINANCIAL STATEMENTS

7.1 Cost of employment

	2016 R'000	2015 R'000
Salaries and wages		
Basic salaries	**28 388**	23 636
Performance awards	**7 784**	6 838
Other non-pensionable allowance	**23 747**	18 634
Temporary staff	**3 123**	3 509
Leave payments	**648**	3 465
SDL	**570**	414
	64 260	56 496
Social contributions		
Pension contributions	**3 897**	3 539
UIF	**206**	187
Other salary related costs	**452**	765
	4 555	4 491
	68 815	60 987
Average number of employees	**127**	100

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

	2016 R'000	2015 R'000
Obligations under finance leases	**30**	25

9. Comparison of Budgets and Actuals

2016	**Approved Budget R'000**	**Actual R'000**	**Variance R'000**
Administration funds - income	**119 778**	**129 383**	**9 605**
Mandatory funds - income	**230 343**	**242 360**	**12 017**
Discretionary funds - income	**571 251**	**650 076**	**78 825**
Investment income	**38 098**	**49 541**	**11 443**
Total income	**959 470**	**1 071 360**	**111 890**
Administration funds - expenditure	**(122 832)**	**(122 028)**	**804**
Mandatory funds - expenditure	**(207 309)**	**(187 747)**	**19 562**
Discretionary funds - expenditure	**(857 273)**	**(837 577)**	**19 696**
Total expenditure	**(1 187 414)**	**(1 147 352)**	**40 062**
(Deficit)/Surplus	**(227 944)**	**(75 992)**	**151 952**
Capex	**(15 762)**	**8 854**	**24 616**

9. Comparison of Budgets and Actuals

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 2015 to 31 March 2016.

The approved budget was revised in January 2016 to adjust for positive 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 higher than the approved revised budget by 5% which can be attributable to improved industry conditions. Moreover, this trend was observed during the 3rd and 4th quarter of financial year, hence the budget was revised again in January 2016.

Investment income

The MQA invest excess funds in various interest-bearing portfolios with major reputable banks. The interest received is more or less within the projected budget after careful monitoring of expenditure trends and accurate projections. In addition to this, the labour unrest in the entire sector resulted in more unclaimed and unpaid discretionary grants as evidenced by the increase in grants payable hence higher interest received as compared to the previous year.

Administration expenditure

Actual expenditure is below the budget and this can 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 matching of receipts and payments due to delays in mandatory grants transfer.

Discretionary grants expenditure

Discretionary grants under expenditure is this regard as compared to the budget can be attributable to revised contracting process in line with the New Grant Regulations which requires that a contract – signed by both parties – should be in place before commitment is recognised and payment be made, however, the difference is committed.

Capital expenditure

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

NOTES TO THE FINANCIAL STATEMENTS

10. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying Valuation	Cost / Valuation	Accumulated depreciation	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Office furniture	3 311	(1 526)	1 785	3 042	(1 439)	1 603
Motor vehicles	878	(493)	385	878	(382)	496
Office equipment	3 615	(1 504)	2 111	2 334	(1 040)	1 294
Computer equipment	3 808	(2 052)	1 756	3 607	(1 750)	1 857
Fixtures and fittings	10 624	(1 750)	8 874	5 539	(1 195)	4 344
Office building	54 076	(4 297)	49 779	54 076	(2 495)	51 581
Cellphones	622	(379)	243	580	(266)	314
Total	76 934	(12 001)	64 933	70 056	(8 567)	61 489

Reconciliation of property, plant and equipment - 2016

	Opening carrying amount	Additions	Disposals	Depreciation	Useful life re-assessment	Closing carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000
Office furniture	1 603	446	(61)	(278)	75	1 785
Motor vehicles	496	-	-	(111)	-	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	-	(555)	-	8 874
Office building	51 581	-	-	(1 802)	-	49 779
Cellphones	314	246	(50)	(267)	-	243
	61 489	7 620	(221)	(4 050)	95	64 933

Reconciliation of property, plant and equipment - 2015

	Opening carrying amount	Additions	Disposals	Depreciation	Useful life re-assessment	Closing carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000
Office furniture	1 139	650	(16)	(235)	65	1 603
Motor vehicles	557	-	-	(112)	51	496
Office equipment	1 070	524	(123)	(348)	171	1 294
Computer equipment	713	516	(25)	(358)	1 011	1 857
Fixtures and fittings	4 869	32	(5)	(552)	-	4 344
Office building	51 047	2 282	-	(1 748)	-	51 581
Cellphones	119	474	(36)	(243)	-	314
	59 514	4 478	(205)	(3 596)	1 298	61 489

	2016 R'000	2015 R'000

10. Property, plant and equipment

Assets subject to finance lease (Net carrying amount)

	2016 R'000	2015 R'000
Office equipment	**145**	186

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, plan and equipment items which was conducted and effected accordingly.

The impairment of all classes of property, plant and equipment was considered at year-end and impairment adjustments have been taken into account.
There are no restrictions on the title of property, plant and no items have been pledged as security for liabilities.

Building details

The building is situated on EFR 917, at 7 Anerley Road, Parktown, Johannesburg.

- Purchace Price: 25 October 2013	51 794
- Additions since purchase	2 282
	54 076

11. Intangible assets

	2016			2015		
	Cost / Valuation R'000	**Accumulated depreciation and accumulated impairment R'000**	**Carrying Valuation R'000**	Cost / Valuation R'000	Accumulated depreciation R'000	Carrying Value R'000
Computer software	**2 549**	**(929)**	**1 620**	1 315	(470)	845

Reconciliation of intangible assets - 2016

	Opening carrying amount R'000	**Additions R'000**	**Amortisation R'000**	**Closing carrying amount R'000**
Computer software	**845**	**1 234**	**(459)**	**1 620**

Reconciliation of intangible assets - 2015

	Opening carrying amount R'000	Additions R'000	Amortisation R'000	Useful life re-assessment R'000	Closing carrying amount R'000
Computer software	373	576	(169)	65	845

NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000

12. Receivables from exchange transactions

	2016 R'000	2015 R'000
Staff Advances	**284**	111
Prepayments	**476**	252
Deposits	**1**	1
Other receivables	**52**	20
Interest receivable	**938**	520
	1 751	904

13. Inventories

	2016 R'000	2015 R'000
Consumable stores	**302**	427
Inventories recognised as an expense during the year	**125**	332

14. Receivables from non-exchange transactions

	2016 R'000	2015 R'000
Donor funding receivable	**14 104**	10 465
Administration	**1 585**	9
Employer grants	**-**	48
Mandatory grants receivables	**9 967**	6 206
Discretionary grants	**514**	19
	26 170	16 747

Mandatory grants receivables

	2016 R'000	2015 R'000
Overpayment of mandatory grants to registered employers		
Overpayments to employers	**10 287**	7 293
Provision for doubtful debts	**(476)**	(1 251)
Net effect of SARS retrospective adjustments	**9 811**	6 042
Mandatory grants receivable from other SETAs	**156**	164
	9 967	6 206

R10 million (2015: R7 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.

A provision for bad debts of R500 thousand (2015: R1 million) has been raised.

15. Cash and cash equivalents

Cash and cash equivalents consist of:

	2016 R'000	2015 R'000
Cash at bank and in hand	**766 194**	670 860
Cash at bank	**766 192**	670 860
Cash on hand	**2**	-
Short-term investments/instruments	**9 682**	49 154
	775 876	720 014

15. Cash and cash equivalents

Included in cash at bank is a current account with a balance of R2 thousand (2015: R10 thousand) 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 Schedule 3A public entities may borrow money for bridging purposes with the approval of the Minister of Finance, subject to certain conditions.

No such borrowings were entered into during the year.

16. Finance lease obligation

	2016 R'000	2015 R'000
Non-current finance lease obligation (recoverable after 12 months)	**-**	165
Current finance lease obligation (recoverable within 12 months)	**166**	234
Finance lease obligation	**166**	399
Reconciliation between the total of the minimum lease payments and the present value:		
Up to 1 Year		
Future minimum lease payments	**173**	263
Finance cost	**(7)**	(29)
Present value	**166**	234
1 to 5 years		
Future minimum lease payments	**-**	172
Finance cost	**-**	(7)
	-	165

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 agreement is linked to the prime lending rate.

NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000

17. Retirement benefit obligations

Defined contribution plan

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

18. Grants and transfers payable

	2016 R'000	2015 R'000
Skills development grants payable - mandatory	**28 202**	39 640
Skills development grants payable - discretionary	**249 718**	133 615
Donor payables	**590**	680
	278 510	173 935

19. Trade and other payables from exchange transactions

	2016 R'000	2015 R'000
Trade payables	**2 958**	2 062
Project creditors	**1 265**	433
Trade creditors accruals	**884**	468
Cellphone contracts obligation	**218**	315
Payroll creditors and accruals	**3 966**	5 989
	9 291	9 267

20. Government grants and donor funding

Donor Funds

	2016 R'000	2015 R'000
Balance at the beginning of the year	**10 465**	11 220
	(21 821)	(11 140)
Donor funds received and interest received		
Donor funds received	**(21 819)**	(11 140)
Interest received	**(2)**	-
Opening balance		
Utilised	**25 460**	10 385
Donor funding received in advance (receivable)	**14 104**	10 465

During the current year R22 million(2015: R11 million) was received from donor funds in respect of the development of artisans in partnership with the MQA.

R25 million (2015: R10 milllion) was utilised and recognised as revenue as conditions for recognition as revenue were met.

21. Provisions

Reconciliation of provisions - 2016

	Opening Balance R'000	Utilised during the year R'000	Changes in estimates R'000	Additions 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**	**(5 892)**	**-**	**7 784**	**8 649**
Discretionary and projects	**134 940**	**(90 927)**	**(44 013)**	**174 841**	**174 841**
	143 870	**(96 819)**	**(43 955)**	**182 625**	**185 721**

Reconsiliation of provisions - 2015

	Opening Balance R'000	Utilised during the year R'000	Changes in estimates R'000	Additions R'000	Total R'000
SARS Creditors - Administration	261	-	16	-	277
SARS Creditors - Mandatory	1 184	-	(203)	-	981
SARS Creditors - Discretionary	627	-	288	-	915
Administration provisions	4 781	(2 534)	1 060	3 450	6 757
Discretionary and projects	72 893	(38 534)	(24 188)	124 769	134 940
	79 746	(41 068)	(23 027)	128 219	143 870

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 2016.

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

NOTES TO THE FINANCIAL STATEMENTS

22. Cash generated from (used in) operations

	2016 R'000	2015 R'000
Deficit	**(75 992)**	(10 902)
Adjustments for:		
Depreciation and amortisation	**4 415**	2 404
Loss/ (Gain) on sale of assets and liabilities	**212**	72
Bad debts written off	**14**	-
Movements in provisions	**41 851**	64 124
Changes in working capital:		
Inventories	**125**	(180)
Receivables from exchange transactions	**(847)**	429
Other movement	**(12)**	(30)
Other receivables from non-exchange transactions	**(9 423)**	2 826
Payables from exchange transactions	**22**	(47 418)
Taxes and transfers payable (non-exchange)	**104 575**	(17 015)
	64 940	(5 690)

23. Contingencies

Mandatory grant reserve

A balance of R1,7 million (2015: R1,3 million) 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 2016 to claim the mandatory grants after which they expire and will be swept to the discretionary funds in terms of the grants regulations.

Litigation

A permanent employee resigned and approached the CCMA with allegations of constructive dismissal and claimed R242 thousand. Subsequent to year end the case was dismissed.

A fixed term employment contract for an employee expired and the employee approached the CCMA for reinstatement.

Subsequent to year end, a one month salary settlement of R35 thousand was awarded against the MQA by the CCMA.

There was a contractual dispute with a training provider, an amount of 98 million was outstanding under the disputed contract. Subsequent to year end, the contract was cancelled.

24. Commitments

Administration reserve

A balance of R66,553 million (2015: R62,334 million) has been set aside in terms of the accounting policy as follows.

	2016 R'000	2015 R'000
Net assets	**66 553**	62 334

NOTES TO THE FINANCIAL STATEMENTS

24. Commitments

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

Discretionary reserve

Of the balance of R283 million (2015: R386 million) available in the discretionary reserve on 31 March 2016, R949 million (2015: R766 million) has been approved and allocated for future projects and skills priorities as set out below. Amounts for expenses that have already been contracted or incurred, and therefore included in grant expenses in the statement of financial performance, are indicated as utilised.

	Opening balance 2015	Reallocations approved by Accounting Authority	Utilised	**Opening balance 2016**	**Reallocations approved by Accounting Authority**	**Utilised**	**TOTAL**
	R'000	R'000	R'000	**R'000**	**R'000**	**R'000**	**R'000**
PROGRAMMES:							
MQA-001-Lecturer / Trainer Support	25 686	(1 034)	(10 353)	**14 299**	**(2 585)**	**(11 714)**	**-**
MQA-002-Bursaries	14 836	126 518	(78 237)	**63 117**	**85 486**	**(87 215)**	**61 388**
MQA-003-Work Experience	64 368	92 007	(69 027)	**87 348**	**87 552**	**(109 848)**	**65 052**
MQA-007-Standard Setting Grant (TRGs)	55	1 888	(1 673)	**270**	**251**	**(521)**	**-**
MQA-009-Learning Materials Development	-	4 001	(3 987)	**14**	**3 783**	**(3 797)**	**-**
MQA-010-Internships (GDP)	133 738	227 929	(121 527)	**240 160**	**72 374**	**(153 744)**	**158 790**
MQA-011-Learnerships	32 417	97 184	(72 341)	**57 260**	**61 158**	**(68 632)**	**49 786**
MQA-018-Skills Development Facilitator Support	-	1 000	(1 000)	**-**	**1 089**	**(1 089)**	**-**
MQA-024-OHS Rep Development	-	12 498	(12 498)	**-**	**14 108**	**(14 108)**	**-**
MQA-026- Artisan Development	320	(120)	-	**180**	**(180)**	**-**	**-**
MQA-027 Employed and Unemployed Artisan Development	122 167	204 349	(59 065)	**263 414**	**466 968**	**(212 660)**	**517 722**
MQA-030-Maths & Science	-	7 401	(2 836)	**4 565**	**10 385**	**(7 545)**	**7 405**
MQA-035 Learners with Disability	4 112	3 424	(7 536)	**-**	**5 786**	**(5 786)**	**-**
MQA-038 FLC-MQA Proj-Direct Costs	-	1 720	(1 720)	**-**	**1 955**	**(1 955)**	**-**
MQA-040-Standard Setting HET	-	570	(570)	**-**	**813**	**(813)**	**-**
MQA-041-HDSA Development	-	360	(360)	**-**	**-**	**-**	**-**
MQA-042-UIF Artisan Development Partnership	23 060	3 705	(10 385)	**8 970**	**1**	**(841)**	**8 130**
MQA-043-ABET Practitioner Career Progression	-	14 718	(14 718)	**-**	**31 383**	**(31 383)**	**-**
MQA-045-Mine Community	-	36 911	(25 219)	**11 691**	**50 194**	**(26 139)**	**35 746**
MQA-022 Management Development	-	-	-	**-**	**5 980**	**(3 802)**	**2 178**
MQA-044-Workplace Coach Development	-	9 042	(9 042)	**-**	**10 313**	**(7 793)**	**2 520**
MQA-050-Mpumalanga FET Artisan Development	15 590	6	(9 091)	**6 505**	**-**	**(4 470)**	**2 035**

NOTES TO THE FINANCIAL STATEMENTS

24. Commitments

	Opening balance 2015	Reallocations approved by Accounting Authority	Utilised	**Opening balance 2016**	**Reallocations approved by Accounting Authority**	**Utilised**	**TOTAL**
	R'000	R'000	R'000	**R'000**	**R'000**	**R'000**	**R'000**
MQA-051-Unemployed Artisan Development	241 505	(48 474)	(193 031)	**-**	**-**	**-**	**-**
MQA-052-Employed Artisan Aides	-	3 133	(3 133)	**-**	**2 255**	**(2 255)**	**-**
MQA-015 FET College Support	-	-	-	**-**	**90 646**	**(44 652)**	**45 994**
MQA -A21 Youth Development Project	-	15 619	(7 029)	**8 590**	**2 766**	**(11 356)**	**-**
	677 854	814 355	(714 378)	**766 383**	**1 002 481**	**(812 118)**	**956 746**

NOTES TO THE FINANCIAL STATEMENTS

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

Irregular expenditure

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 2016.

None

Material losses through fraud

The are no material losses within the period under review.

Details of irregular expenditure – current year

Forensic Audit	Extension of the original contract exceeds 15%	3 454
Internship Programme	Forensic investigation implemented	12 522
		15 976

Details of irregular expenditure condoned

Internship Programme	Condoned by Accounting Authority	12 522

Fruitless and wasteful expenditure

None

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.

	Floating rate		Non-interest bearing		
Year ended 31 March 2016	**Amount R'000**	**Effective interest rate %**	**Amount R'000**	**Weighted average period until maturity years**	**Total**
Assets					
Cash	**775 874**	**5.00 %**	**2**	**-**	**775 876**
Accounts receivable	**-**	**0 %**	**1 751**	**1 year**	**1 751**
Total financial assets	**775 874**	**5.00 %**	**1 753**		**777 627**
Liabilities					
Accounts payable	**-**	**0 %**	**(9 288)**	**0.5 years**	**(9 288)**
Total financial liabilities	**-**	**0 %**	**(9 288)**		**(9 288)**
	775 874		**(7 535)**		**768 339**

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments

Year ended 31 March 2015	Floating rate Amount R'000	Floating rate Effective interest rate %	Non-interest bearing Amount R'000	Non-interest bearing Weighted average period until maturity years	Total
Assets					
Cash	720 014	5.00 %	-	-	720 014
Accounts receivable	-	0 %	904	1 year	904
Total financial assets	720 014	5.00 %	904		720 918
Liabilities					
Accounts payable	-	0 %	(9 267)	0.5 years	(9 267)
Total financial liabilities	-	0 %	(9 267)		(9 267)
	720 014		(8 363)		711 651

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.

Ageing of trade and other receivables from non-exchange transactions

	2016 Gross R'000	**2016 Impairment R'000**	2015 Gross R'000	2015 Impairment R'000
Past due 31 - 120 days	**26 170**	**-**	16 747	-

Cash & cash equivalents

	2016 Gross R'000	**2016 Impairment R'000**	2015 Gross R'000	2015 Impairment R'000
Not past due	**775 876**	**-**	720 014	-

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 2016	**Less than 1 year**	**Between 1 and 2 year**	**Between 2 and 5 year**	**Over 5 years**
Trade and other payables	**9 288**	**-**	**-**	**-**

At 31 March 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	9 267	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments

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.

Borrowings

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

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

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

Accounts payable

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

27. New standards and interpretations

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 to disclose transactions and outstanding balances with related parties to draw attention to 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 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 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 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.

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 provide 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 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.

NOTES TO THE FINANCIAL STATEMENTS

28. Related parties

Sector Education and Training Authorities & Other public entities

SETAs	2016 R'000 Amount receivable/ (payable)	2016 R'000 Transfers in/(out) during the year	2015 R'000 Amount receivable/ (payable)	2015 R'000 Transfers in/(out) during the year
SERVICES SETA	-	-	70	-

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

Other transactions with other public entities	2016 R'000 Amount receivable/(payable)	2016 R'000 Amount received/(paid)	2015 R'000 Amount receivable/(payable)	2015 R'000 Amount received/(paid)
Unemployment Insurance Fund	2 505	9 495	1 620	(80)
National Skills Fund	12 392	12 327	-	-
ETDP SETA	156	72	164	-
	15 053	21 894	1 784	(80)

NOTES TO THE FINANCIAL STATEMENTS

28. Related parties

Related party transactions

2016

Related party	**Board member**	**Levies Received**	**Payments**	**Grants / Amounts Payable**	**Grants overpaid (Receivables)**
		R'000	**R'000**	**R'000**	**R'000**
Harmony Gold Mine	M Mashego	**43 285**	**19 840**	**1 173**	**-**
Colliery Training College	J Venter	**476**	**4 966**	**9**	**-**
Chamber of Mines	V Mabena	**514**	**4 676**	**10**	**-**
Anglo Platinum	L Mogaki	**57 206**	**44 758**	**2 139**	**-**
Petra Diamonds	S Rogers	**2 525**	**130**	**-**	**-**
		104 006	**74 370**	**3 331**	**-**

2015

Related party	Board member	Levies Received	Payments	Grants / Amounts Payable	Grants overpaid (Receivables)
		R'000	R'000	R'000	R'000
Harmony Gold Mine	M Mashego	44 768	25 447	75	377
Colliery Training College	J Venter	436	10 106	300	-
Chamber of Mines	V Mabena	464	4 456	-	-
Anglo Platinum	L Mogaki	51 084	54 622	40	-
National Union of Mineworkers	M Letlala Z Tantsi A Teteme	-	95	-	-
Elijah Barayi Training Centre	Z Tantsi	-	283	-	-
		96 752	95 009	415	377

NOTES TO THE FINANCIAL STATEMENTS

29. Prior Period Error

During the current financial year, it was discovered that the 2014/2015 Provisions for Employer Below Threshold (SARS Creditors) were over-stated and Levy Income was understated. The annual financial statements have been restated accordingly.

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

SARS Provisions Balance as previously stated	25 846
Correction of an error	(23 673)
Restated balance	**2 173**
Levy Income: Employer grants	914 986
Correction of an error	23 673
Restated amount	**938 659**

Re-Classification

The following classification errors in respect of the 2014/2015 financial year were discovered in the current year and have been corrected accordingly.

Receivables From Exchange Transactions as previously stated	896
Re-classification from Staff Training and Development	8
Restated amount	**904**
Trade and other payables from exchange transactions as previously stated	14 402
Re-classification to Grants and Transfer Payables (non-exchange)	(5 138)
Restated amount	**9 264**
Grants and Transfer payables as previously stated	168 800
Re-classification from Project Creditors	5 138
Restated amount	**173 938**
Staff Training and Development as previously stated	2 787
Re-classification to Staff Debtors	(8)
Re-classification of SDL to Cost of Employment	(414)
Restated amount	**2 365**
Cost of Employment as previously stated	60 573
Re-classification of SDL from Staff Training and Development	414
Restated amount	**60 987**

30. Subsequent events

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

ACRONYMS

ABET	Adult Basic Education and Training
ACC	Annual Consultative Conference
AET	Adult Education and Training
AFS	Annual Financial Statements
APP	Annual Performance Plan
ATR	Annual Training Report
AQP	Assessment Quality Partner
BCM	Business Continuity Management
BEE	Black Economic Empowerment
BMS	Bursaries Management System
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
COO	Chief Operating Officer
CRM	Customer Relationship Management
CRMEO	Chief Risk, Monitoring and Evaluation Officer
DHET	Department of Higher Education and Training
DoE	Department of Basic Education
DoF	Department of Finance
DMR	Department of Mineral Resources
DPME	Department of Planning, Monitoring and Evaluation
DQP	Development Quality Partner
DVD	Digital Versatile Disk
EE	Employment Equity
EMCS	Executive Manager Corporate Services
EMSR	Executive Manager Stakeholder Relations
ETD	Education, Training and Development (Practitioners)
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
FET	Further Education and Training now TVET Colleges
FIFO	First-in, First-out
FLC	Foundational Learning Component
FMPPI	Framework for Managing Programme Performance Information
FVTPL	Fair Value Through Profit and Loss
GCC	Government Certificate of Competency
GDP	Graduate Development Programme
GRAP	Generally Recognised Accounting Practice
HDSA	Historically Disadvantaged South African
HEI	Higher Education Institutions
HET	Higher Education and Training
HR	Human Resources
HRBU	Human Resources Business Unit
HRD	Human Resources Development
HRREMCO	Human Resources and Remunerations Committee
LP	Learning Programmes
M & E	Monitoring and Evaluation
MDP	Management Development Programme
MHSA	Mine Health and Safety Act
MIS	Management Information System
MMS	Mining and Minerals Sector
MoA	Memorandum of Agreement
MPRDA	Mineral and Petroleum Resources Development Act
MQA	Mining Qualifications Authority
NCV	National Certificate (Vocational)
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
PAA	Public Audit Act
PABX	Public Automatic Branch Exchange
PFMA	Public Finance Management Act
QA	Quality Assurance

QCTO	Quality Council for Trades and Occupation
RPL	Recognition of Prior Learning
RSSP	Regional Sector Skills Plan
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SASGRAP	South African Standards of Generally Recognised Accounting Practice
SCM	Supply Chain Management
SDA	Skills Development Act, 1998 (Act 97 of 1998)
SDC	Skills Development Committee
SDF	Skills Development Facilitator
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SSP	Sector Skills Plan
TRG	Technical Reference Group
TVET	Technical, Vocational Education and Training (ex FET) Colleges
UIF	Unemployment Insurance Fund
UoT	University of Technology
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

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MINING QUALIFICATIONS AUTHORITY