MINING QUALIFICATIONS AUTHORITY

ANNUAL REPORT 2006-2007

"DIGGING WITH SKILLS AND KNOWLEDGE"




labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA

Vision

The vision of the MQA is to have sufficient and appropriate knowledge and skills in order to support the productivity, occupational health and safety and transformation of the Mining and Minerals Sector.

Mission

To facilitate and promote human resource development in the Sector, the MQA undertakes to:

- Develop and facilitate the implementation of a Sector Skills Plan
- Generate Unit Standards and Qualifications
- Establish, Administer and promote Learnerships, Skills Programmes and Apprenticeships
- Maintain the Quality of Training Provision
- Disburse Skills Grants from Skills Levies received

Legislative Mandate

- Mine Health and Safety Act (No.29 of 1996)
- Skills Development Act (No. 97 of 1998)
- South African Qualifications Authority Act (No. 58 of 1995)

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SECTION 1

General Information

M ZONDI
MQA Acting
Chairperson

STRATEGIC OVERVIEW BY THE CHAIRPERSON

On behalf of the governing Board of the Mining Qualifications Authority (MQA), it is my pleasure to present this annual report to the Minister of Labour, Mr. M Mdladlana and the Minister of Minerals and Energy, Ms. B Sonjica and our industry stakeholders on the activities of the MQA for the period 01 April 2006 until 31 March 2007.

The MQA is charged with the responsibility of facilitating skills development in the Mining and Minerals Sector in terms of the Skills Development Act of 1998. In addition, the MQA in the execution of its mandate supports the broad-based socio economic empowerment charter [Mining Charter] in terms of the Mineral and Petroleum Resources Development Act of 2002, the Mine Health and Safety Act of 1996 and National Skills Development Strategy targets.

The Government has committed itself to achieving 6% GDP by 2010. This goal will be realized with a commensurate development of skills. The development of skills will be one of the key interventions that will close the gap between the first and second economy. The MQA will have to meet the current and future skills needs for a growing mining industry.

The priorities outlined in the Mining Charter include amongst others, human resource development, aimed at redressing the imbalances brought by the previous dispensation, increase the number of women in the Mining Sector and the empowerment of previously disadvantaged communities. The MQA has been in the process of ensuring that targets across the skills development spectrum are met. It has also implemented a number of internal processes and cooperation agreements with other role-players which, in our view, is paramount to the continued success of the MQA.

The Board has exercised sufficient oversight in terms of the Public Finance Management Act (PFMA) over the MQA for the period under review and is satisfied that control measures are efficient and effective to mitigate potential risks to the MQA. The Board is also responsible for the process of risk management and the system of internal control, which is regularly reviewed for efficiency and effectiveness. The Board is satisfied that existing control measures are regularly evaluated to mitigate the significant risks to the MQA. The Audit Committee also expressed satisfaction with risks identified and controls implemented during the period under review. The Board Committees are fully functional to support the strategic mandate of the MQA in their respective operational and technical capacities. The MQA launched its fraud prevention campaign with the establishment of a toll-free hotline where the public and stakeholders can, in absolute confidentiality, report any fraudulent activities.

The Board is also satisfied that all members adhered to the code of ethics stipulated in the MQA Constitution.

The Board identified seven strategic focus areas to address skills development in the Mining and Minerals Sector. The seven strategic thrusts are:

1. Transformation
2. Health and Safety
3. Development of current workforce
4. Development of new entrants to the labour market
5. Stimulation of new enterprise development
6. Transition from unemployed to employed; and
7. The delivery of quality learning.

These strategic thrusts form the basic point of departure in the compilation of our annual Business Plan and budget.

In compliance with good corporate governance principles, stakeholder capacity building was recognized as a critical intervention to ensure that stakeholders participate effectively in the relevant governing structures of the MQA. An induction workshop for members of the Board and Standing Committees took place on 31 May 2006. Workshops on the role of a Director, Implementing Corporate Governance and the Role and effectiveness of Audit Committees were presented by the Institute of Directors (IOD) and were held on 23 August 2006 and 16 November 2006, respectively.

Significant highlights for the MQA during the 2006-2007 financial year

It is my honour to announce that the Department of Labour (DoL) will release its report on the assessment of the MQA against the performance targets set out in the National Skills Development Strategy (NSDS) II shortly. Based on its previous performance, the MQA will continue to perform well within the requirements. In the next financial year, the MQA will continue to build on the solid foundation to exceed all the targets in the NSDS II by 31 March 2010.

The MQA's revenue for the period under review increased from R347 million in 2005-2006 to R378 million in 2006-2007. This is despite the exemption of employers with a payroll of less than R500 000 and the shrinking of the Gold Mining Industry. This is a clear reflection that the Mining Industry still experiences growth in certain areas and is regarded as a major role player in economic growth. The Board adopted a five year cash flow strategy aimed at ensuring sufficient working capital to meet day-to-day financial liabilities and more effective utilisation of surplus funds whilst still maximising projects and grants to the Mining Industry. The MQA staff compliment of 64 permanent staff, including 10 internship positions, remains unchanged.

The MQA has with the application of sound financial management practices ensured that it remains within the 10% statutory allocation of the administrative budget, totalling an amount of R44.7 million.

The MQA Board approved 23 discretionary projects valued at R154 million to address skills in the Mining and Minerals Sector. These projects aim to address the skills gaps identified in the Sector Skills Plan and support the Critical and Scarce Skills list approved by the Board in January 2007. The projects include an investment in Bursaries and Practical training of R37 million and the Graduate Development Programme of R18 million.

Mineworkers in a diamond mining environment.

The MQA continued to make good progress in the strategy to support the Mining Charter objectives with various interventions to eliminate illiteracy in the Mining Industry. Such interventions will have a profound impact on the effect of skills shortages and the implementation of Black Economic Empowerment in the Mining and Minerals Sector. The development of a new language policy is in progress and will be ready for discussion with stakeholders and implementation in the new financial year.

To ensure that the MQA exceeds indicator 2.7 in the NSDS II, which stipulates that "700 000 workers must at least have achieved Adult Basic Education and Training (ABET) level 4 by 31 March 2010", the target for the Mining and Minerals Sector was set at 31 310 learners over the five-year period and an investment of R39 million was made for the delivery of ABET. A Statement of Intent was signed by all stakeholders on 9 November 2006 as commitment to the delivery of ABET to workers who are insufficiently equipped to participate in the ABET 4 / NQF Level 1 Qualification.

The MQA experienced an unprecedented uptake of Learnerships in 2006, and despite the impact on its budget it remained focused with an investment of R43 million to employers.

The MQA accreditation status as an Quality Assurance Body was again endorsed by the South African Qualifications Authority (SAQA) until 2008. This endorsement showed great confidence in MQA accreditation processes.

The Annual Consultative Conference and Executive Preparation Programme Certification ceremony held in October 2006, was once again a great success. The event was graced by the Minister of Minerals and Energy, Ms B Sonjica. This conference lived up to expectations and stakeholders and delegates present reflected on the good work done by the MQA, but at the same time highlighted various challenges, including the quest to eliminate illiteracy in the mining industry. Emphases were placed on Health and Safety in mines, shrinking of the gold mining industry, training of ex-mineworkers and the achievement of balanced sustainable growth through meeting economic goals such as reducing poverty and unemployment. These issues will be taken into consideration when the MQA compiles its next annual business plan.

Challenges

As much as the MQA is committed to fulfilling its legislative mandate, it is important to take note of the various challenges facing the industry and the possible impact it could have on the MQA staff and structure.

The Fidentia debacle generated increased media attention for SETAs and I would like to take this opportunity to assure everybody concerned with the MQA, that funds are invested with the four major banks in line with the Treasury Regulations issued in terms of the PFMA.

The alignment of MQA processes and projects to meet the demands set by the Joint Initiative on Priority Skills Acquisition (JIPSA) to deliver artisans to industries where shortages exist, and the Accelerated Shared Growth Initiative (ASGI-SA) where interventions are implemented to create a balance between the first and second economy remain a challenge for the MQA in the years ahead.

The proposed changes to the National Qualifications Framework (NQF), with the establishment of the new Quality Councils, will certainly introduce a new era for the education and training framework in the country. The Board will keep a close eye on these changes and the impact they may have on the future operations of the ETQA and other units within the MQA.

The importance of continuous communication with all stakeholders is regarded as a key challenge following the approval of a new communications strategy.

Conclusion

Minister of Labour, Minister of Minerals and Energy, Stakeholders, Board Members, MQA Management and Staff, on behalf of the MQA governing body, I would like to extend my sincere gratitude for the support and the diligent manner in which the mandate of the MQA was executed over the past year. It is an honour and privilege to serve as a member of the Board that is committed to accelerating service delivery in the Mining and Minerals Sector, and the continuity of such support will ensure that the MQA will go from strength to strength.

MQA Acting Chairperson
Pretoria

31 May 2007

BOARD MEMBERS

State


MTHOKOZISI ZONDI


ROSE KGWELE


VIJAY NUNDLALL


DAN MAPHUTHA


EDSON RAGIMANA

Labour


AMON TETEME


ECLIFF TANTSI


EDDIE MAJADIBODU


RICHARD SAMUEL


TIM KRUGER

Employers


VUSI MABENA


GRAHAM BROKENSHIRE


ALLISTAIR KNOCK


JACKIE MATHEBULA


BRAAM COETZEE

BOARD AND COMMITTEE STRUCTURE

	NAME	FUNCTION	COMPOSITION	QUORUM	CHAIRPERSON	SECRETARY	MEETING
1	MQA Board	Accounting Authority, policy, strategies and resource allocations.	5 Representatives per stakeholder group present.	2 Stakeholder groups present	Chief Inspector of Mines	External Service Provider	Quarterly
2	MQA Executive Committee	Board delegated tasks and management oversight.	3 Conveners of stakeholder representative groups, CEO, COO & CFO.	2 Conveners present	Chief Inspector of Mines	External Service Provider	Monthly
3	Skills Development Levy/Finance Committee	Advise on budget, financial control of projects & grants, levy grant disbursement.	2 Representatives per stakeholder group.	2 Stakeholder Groups present	Board Member	External Service Provider	Every second month
4	Sector Skills Planning Committee	Advise on development and implementation of the Sector Skills Plan, Administration of workplace skills plan and annual training report & grants, Unit projects & grants implementation.	2 Representatives per stakeholder group.	2 Stakeholder Groups present	Board Member	External Service Provider	Every second month
5	Learnerships Committee	Advice on Learnerships, Skills programmes registration, Learning Material development, Apprentice administration, Datanet administration, Unit projects & grants implementation.	2 Representatives per stakeholder group.	2 Stakeholder Groups present	Board Member	External Service Provider	Every second month
6	ETQA Committee	Advise on Quality Assurance, Accreditation, MoUs with SETAs, Monitoring of learning provision, Unit projects and grants implementation.	2 Representatives per stakeholder group.	2 Stakeholder Groups present	Board Member	External Service Provider	Every second month
7	SGB Committee	Advise on development and registration of standards and qualifications, Development of learnerships, Skills programmes and ratification of learning materials, Liaise with other SGBs, Unit projects and grants implementation.	4 Representatives per stakeholder group, 2 representatives from SQCG facilitators, 4 representatives from Professional Bodies, 2 representatives from Providers, 1 representative from Manufacturers & Suppliers.	51% of Representatives (13 Representatives present)	Board Member	External Service Provider	Every second month
8	Audit Committee	Advise on effectiveness of financial management systems & controls in terms of the PFMA.	2 External representatives, 1 representative per stakeholder group, 1 representative from Internal Auditors, 1 representative from External Auditors.	2 Stakeholders from different stakeholder groups and 1 external representative present.	External Representative	External Service Provider	Every second month

BOARD MEETING ATTENDANCE 2006 - 2007

	CHAIRPERSON	ORGANISATION	CONSTITUENCY	MEETING DATES							TOTAL
				25 April 06	27 July 06	15 August 06	19 September 06	27 September 06	26 October 06	31 January 07	
1	*M Zondi	DME	State	√	√	√	√	√	√	√	7
	MEMBERS	ORGANISATION	CONSTITUENCY								
2	D. Maphutha	DME	State	√	√	√	×	×	√	√	5
3	R.M. Kgwele	DME	State	√	√	√	√	√	√	√	7
4	T.E. Gazi	DME	State	×	√	×	√	×	×	×	2
5	E. Ragimana	DME	State	×	×	×	√	√	×	×	2
6	*A. Teteme	NUM	Labour	√	√	×	√	√	×	√	5
7	E. Tantsi	NUM	Labour	×	×	√	×	×	√	√	3
8	E. Majadibodu	NUM	Labour	×	√	√	×	×	√	×	3
9	R. Samuel	UASA	Labour	√	√	√	×	×	√	√	5
10	T. Kruger	UASA	Labour	×	×	√	×	×	×	×	1
11	*V. Mabena	Chamber of Mines	Employers	√	×	√	√	√	√	√	6
12	G.J. Brokenshire	Anglogold	Employers	√	√	√	×	√	√	√	6
13	J. Mathebula	Harmony	Employers	√	√	√	√	√	√	×	6
14	A.G.W. Knock	Anglo Platinum	Employers	√	√	√	√	×	×	×	4
15	B. Coetzee	Xstrata Coal	Employers	×	×	×	√	×	√	√	3

* Convenor of Stakeholder delegation
DME - Department of Minerals and and Energy
NUM - National Union of Mine Workers
UASA - United Association of South Africa

L NENGOVHELA
Chief Executive Officer

OPERATIONAL REVIEW BY THE CHIEF EXECUTIVE OFFICER

It is an honour for me to introduce the overview of MQA achievements against targets set out by the National Skills Development Strategy (NSDS) II and the MQA Mining Charter Support Strategy for the period 01 April 2006 to 31 March 2007. This report highlights the MQA's efforts to address the key skills development challenges facing the Mining and Minerals Sector, the milestones achieved towards the MQA legislative mandate, as well as comment on the progress and challenges in meeting the targets outlined in the Sector Skills Plan.

The year under review created many challenges to the MQA's impressive record of service delivery. Most notably is the ever increasing demand for artisans and the sustainability thereof in the future, the demands placed on the SETAs by the Joint Initiative for Priority Skills Acquisition (JIPSA) and economic challenges faced by the Accelerated Shared Growth Initiative of South Africa (ASGI-SA) in its efforts to create a balance between the first and second economy. The approach to these challenges was deliberated extensively at the annual strategic planning session of the Board, which culminated in the approval of the annual Business Plan and Budget focusing on specific interventions aimed at promoting skills development in the Mining and Minerals Sector.

The MQA fully complied with the requirements by the Department of Labour (DoL) and submitted its Service Level Agreement (SLA) and quarterly reports in time for consideration. The statistics will reaffirm the MQA's impressive record of service delivery, which is also evident in the SAQA report that the MQA has exceeded 75% of the requirements of the SAQA National Learner Record Database criteria.

The year under review saw the signing of an undertaking by stakeholders in the Mining and Minerals Sector which culminated in the ABET Statement of Intent (SOI). The signing of the SOI is a milestone in the MQA's mandate to eliminate illiteracy through education and training.

The research report on Scarce and Critical Skills was finalised and approved by the MQA Board. The purpose of the research was to analyse market conditions and determine the extent of Scarce and Critical Skills per occupational category, which will guide our skills development actions over the remainder of NSDS II. The report highlights a shortage of 42% of Technicians and Trades workers in the scarce skills category. The MQA will in the next few years implement various strategies to ensure the sustainability of Scarce and Critical Skills in the Mining and Minerals Sector.

Despite the shrinking of the Gold Mining industry and the exemption of levy payments by employers with a payroll of less than R500 000 certain Sectors showed continued growth resulting in an increase in income totalling an amount of R30 million. The SETAs came under increased scrutiny for the available amount of reserves kept in banking accounts including the management of funds. The MQA is happy to report that the increased oversight by our governing structures ensured that MQA's policies are in line with the provisions of the Treasury Regulations that stipulate that funds may only be invested with the four major banks.

The MQA, as a public entity, is governed by the Public Finance Management Act (PFMA) and is committed to ensuring that the recommendations of the King Reports are adhered to. It is my pleasure to announce that the MQA fully complied with the provisions of the PFMA, and no Irregular Expenditure and Wasteful and Fruitless Expenditure were recorded in this financial year. A saving of almost R4 million in the administrative budget is due to more stringent management practices and less reliability on consultants.

In compliance with good corporate governance, capacity building of Board and Committee members was once again at the centre of planning within the MQA with courses such as the role and functions of effective Audit Committees and the Role of a Director in implementing corporate governance. Members of governing structures were equipped with knowledge on the legislative provisions governing the MQA and their fiduciary duties in terms of the PFMA,1999.

On-site "Compliance Skills Audit" visits were conducted by the MQA, together with the ETQA, Learnerships and SSP committee members and other role players. The primary objective of Verification and Compliance audits was to ensure that companies claim the correct amounts for learners trained and ultimately that learners receive quality training.

The MQA also deals with sectoral-focused challenges associated with the Mining Charter, such as the increase of literacy levels through Adult Basic Education and Training (ABET), broad-based socio-economic empowerment, human resources development and employment equity with specific emphasis on the advancement of women. In this context, the MQA created many interventions in its projects and grants aimed at the advancement of unemployed graduates through the Graduate Development Programme and the Executive Preparation Programme.

The roll out and implementation of the new Datanet system will take place in the new financial year. A detailed business case was compiled and the request for proposals to supply a suitable system is well underway.

Primary transportation of gold bearing ore from the crusher to the heap leach pads

In its efforts to facilitate skills development, the MQA continues to foster partnerships with Non-Governmental Organisations (NGOs), other SETAs, Umalusi, The Engineering Council of SA (ECSA), the Mine Health and Safety Council (MHSC) and the National Business Initiative (NBI). Various Memoranda of Understanding were signed and the MQA is of the view that partnerships with other role players will accelerate the pace of skills development in the Sector with the ultimate objective of sustaining knowledge and skills and eliminating illiteracy.

The MQA's seven key strategic thrusts are fundamental to tranformation. These strategic thrusts support the development of small-scale mining, employment equity practices at universities, unit standards transformation in health and safety, the development of the current workforce and new entrants in the mining industry, new enterprise development, training of ex-mineworkers and the delivery of quality learning through accredited training providers.

The new system of grant allocations created an increase of 80% in the uptake of employed learners in learnerships. The target of unemployed learners registered in learnerships also increased from 1526 to 1642 in the previous reporting period. The MQA wishes to commend employers for their support and trust that with their continued support learnerships figures will increase steadily in the next few years.

Although communications to the Sector has improved through the implementation of the long-term marketing and communications strategy, which includes publishing regular newsletters, updating the MQA's website and distributing information brochures, I am of the view that increased effort in customer satisfaction is needed to ensure that MQA programmes reach everybody in the Mining and Minerals Sector. The new financial year will focus more on industry-related exhibitions and targeted advertising.

The Standards Generation Body through the Technical Reference Groups (TRGs) continued with their excellent record of writing unit standards and qualifications for the Mining and Minerals Sector. With many qualifications reaching their review date, six existing qualifications and a further 263 unit standards were re-registered on the National Qualifications Framework.

The certificates of competency, which are currently administered by the Department of Minerals and Energy, will be taken over by the MQA in the new financial year once the comparative analysis of the DME certificates and replacement qualifications has been finalised. The composition of TRGs remain a matter of concern to our stakeholders, although a concerted effort was made in the last few years to increase the participation of the Historically Disadvantaged South Africans (HDSA). A nationwide call for expression of interest will be published in the media to invite participation by HDSAs in TRGs.

The SGB has, in the year under review, maintained collaborative initiatives with SGBs serving the Chemicals Industry, Manufacturing and Assembly Processes (MAP), Electrical Engineering and Construction, Civil Engineering and Construction as well as Disaster Management and Bomb Disposal/Explosives Control.

The status of the MQA as an accredited ETQA was reaffirmed by SAQA until September 2008. In the process the MQA was commended for the manner in which the requirements were met and obligations as an ETQA executed.

Challenges

The decline in MQA cash reserves will create many challenges in the final stages of NSDS II. The MQA five-year cash flow strategy will see reserves deplete over time, which will ultimately impact on projects and grants to the industry.

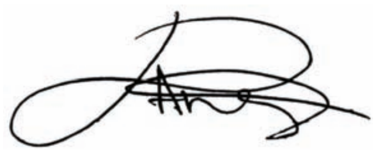
The pending review of the National Qualifications framework (NQF) will have a profound impact on the functioning of all SETAs. The review will see the role of SETAs as Quality Assurance Bodies nationalised with the establishment of the Quality Council for Trade Occupations. The MQA will keep a close eye on the roll out of the NQF review and will ensure that any restructuring as a result of the review will benefit the Sector.

The MQA will collaborate with the South African Graduate Development Association (SAGDA) when the Database of Unemployed Graduates in the Science, Engineering and Technology Sector is launched by the Minister of Science and Technology early in the new financial year.

ASGI-SA has set a target of 6% accelerated growth in the Mining and Minerals Sector. The alignment of projects and grants to meet the objectives outlined by JIPSA and ASGI-SA will pose a major challenge for the MQA.

Appreciation

I would like to express my appreciation to members of the Board, Standing Committees, Management and Staff for their input and valuable contributions over the past financial year. The success of the MQA is attributed to a joint effort by everybody and in the years to come the MQA will go from strength to strength with your continued support.



L Nengovhela
Chief Executive Officer
Johannesburg
31 May 2007

MQA MANAGEMENT

Executive Management

LIVHU NENGOVHELA
Chief Executive Officer

CORRIE SMIT
Chief Operating Officer

Skills Planning
Quality Assurance
Learnerships
Standards Generation
Strategic Projects

YUNUS OMAR
Chief Financial Officer

Financial Administration
Procurement
Levy Grant Administration
Risk and Fraud Administration
Managment Information Systems

DARION BARCLAY
Corporate Services Manager

Human Resources
Communications
Office and Facilities
Corporate Governance
Stakeholder Capacity Building

Managers

T DABULA
Sector Skills Planning

J MOODLEY
Standards Generation

X NJIKELANA
Learnerships

L MANYADU
Strategic Projects

K CHARLES
ETQA

M MDINGI
Accountant

Specialists

J MOHLALA
Skills Development

S MAFUNGA
ABET

M MACHETHE
SMME

J DE LEEUW
Standards Generation

B MAGOTLO
Standards Generation

P SMIT
Learnerships

S XABA
Learnerships

R MONARE
Quality Assurance

B MATHEBULA
Programme Evaluation

M NYOVANE
Quality Assurance

M GOVENDER
Assistant Accountant

T NKUNA
Skills Levies

V NAIDU
Manangement
Information Systems

J DUIKER
Procurement

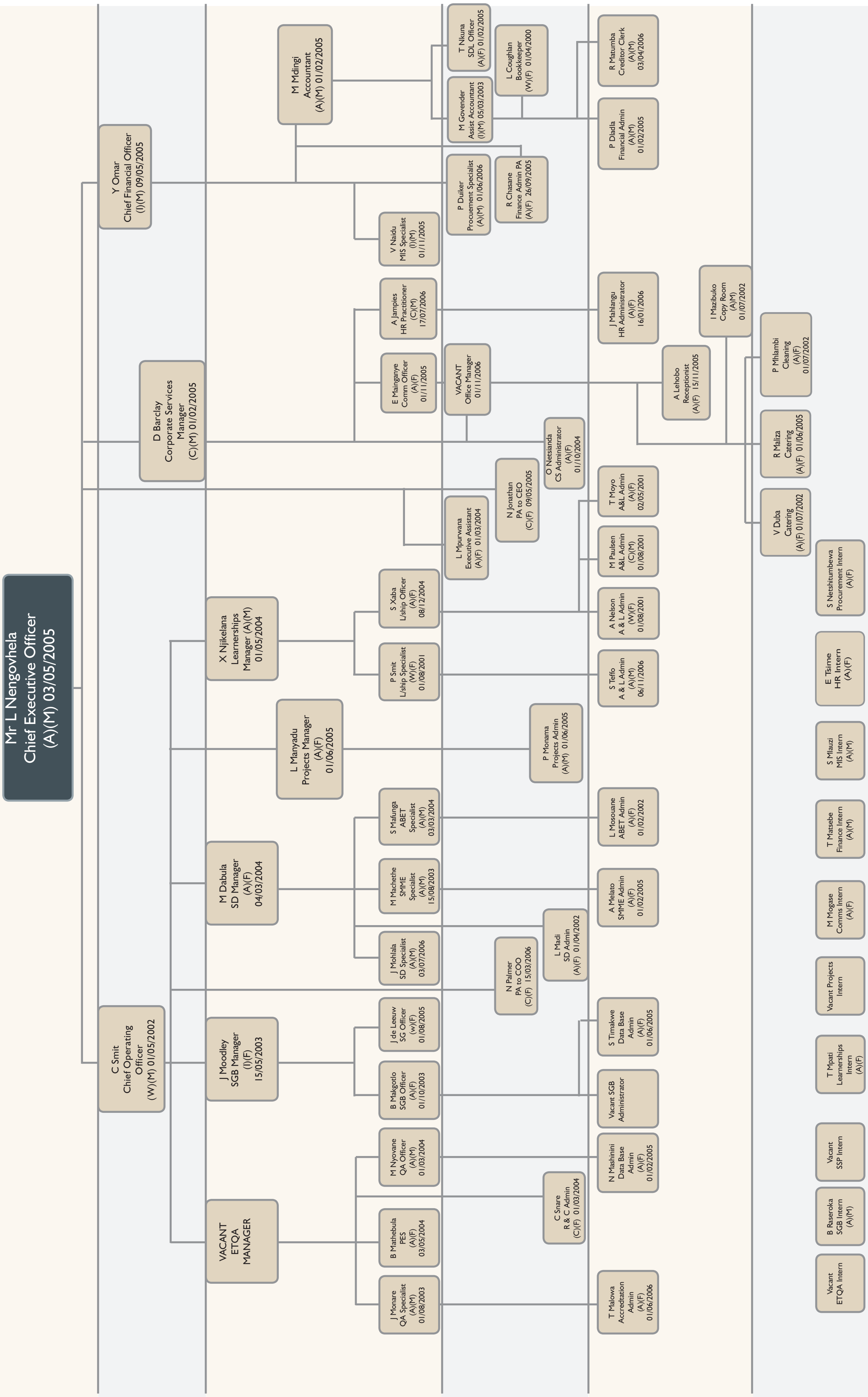
L MPURWANA
Executive Assistant

E MAINGANYE
Communications

A JAMPIES
Human Recources
Practitioner

O NETSIANDA
Acting
Office Manager

ORGANOGRAM



	M	F	TOTAL
AFRICAN	13	22	35
INDIAN	3	1	4
COLOURED	4	3	7
WHITE	1	4	5
INTERNS	6	3	9
TOTAL	27	33	60
VACANCIES			4

PERMANENT STAFF AND INTERNS

	M	F	A	C	W	I	TOTAL
Vacant							4
Permanent	21	29	35	7	5	4	51
Interns	6	3	9				9
TOTAL	27	32	44	7	5	4	64

SECTION 2

2006-2007 National Skills Development Strategy

NATIONAL SKILLS DEVELOPMENT STRATEGY

MQA PERFORMANCE AGAINST TARGETS DURING THE PERIOD 2006-2007

The table hereunder reflects the MQA performance achievements against targets during the 2006-2007 financial year. These targets are agreed annually between the Department of Labour and the MQA and form the basis against which the Department of Labour evaluates the MQA performance annually.

NO	NATIONAL SKILLS DEVELOPMENT STRATEGY 2005 - 2010 OBJECTIVES	NATIONAL SKILLS DEVELOPMENT STRATEGY 2005 - 2010 SUCCESS INDICATORS, NATIONAL TARGETS	MQA PLAN FOR 2005 – 2010 FIVE YEAR TARGETS	MQA PLAN FOR 2006 – 2007 ANNUAL TARGETS	MQA ACHIEVEMENTS FOR 2006-2007	REASONS FOR VARIANCES
1.	Prioritising and communicating critical skills for sustainable growth, development and equity.	Indicator 1.1 Skills development supports national and Sectoral growth, development and equity priorities.	Target is the same for each year from 2005 to 2010 as described under Annual Target.	The SSP or Annual Update is signed of by the: a) MQA and Department of Labour who agreed on growth, development and equity strategy drivers. b) Department of Labour Executive Manager responsible for quality assurance of SSP. The SSP or Annual update submitted on time as per Department of Labour Guidelines. **Budgeted expenditure: R262 509**	The 2005-2010 SSP was signed of by the Department of Labour Executive Manager responsible for quality assurance of SSPs. It reflects MQA/Department of Labour agreed growth, development and equity strategy drivers. The Annual update was submitted on time as per Department of Labour Guidelines. **Actual expenditure: R262 509**	**Target achieved.** **Target achieved.** **Target achieved.**
		Indicator 1.2 Information on critical skills widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners.	Target is the same for each year from 2005 to 2010 as described under Annual Target.	Annual guide on critical skills needs for the Sector developed and available to learners. **150** SDFs or Sector Specialists to be trained in the Sector for the year. **Budgeted expenditure:** Critical skills guide – Part of administation budget. SDF training – R1 000 000	The MQA annual guide on critical skills needs was developed for the Sector and available to learners. **261** SDFs or Sector Specialist were trained. **Actual expenditure:** Critical skills guide – Part of admin expenditure. SDF training – R779 248	**Target achieved.** **Target exceeded.** Mining Companies made some of training venues available at significantly lower cost. This enabled us to train more than planned SDFs.

NO	NATIONAL SKILLS DEVELOPMENT STRATEGY 2005 - 2010 OBJECTIVES	NATIONAL SKILLS DEVELOPMENT STRATEGY 2005 - 2010 SUCCESS INDICATORS, NATIONAL TARGETS	MQA PLAN FOR 2005 – 2010 FIVE YEAR TARGETS	MQA PLAN FOR 2006 – 2007 ANNUAL TARGETS	MQA ACHIEVEMENTS FOR 2006-2007	REASONS FOR VARIANCES
2.	Promoting and accelerating quality training for all in the workplace	Indicator 2.1 By March 2010 at least 80% of large firms' and at least 60% of medium firms' employment equity targets are supported by skills development. Impact on overall equity profile assessed.	Target is set for each year from 2005 to 2010 as described under Annual Target.	The target for the large firms is **144** firms. The target for medium firms is **78** firms. **Budgeted expenditure: Part of admin budget.**	**141** large firms received WSP/ATR Grants. **70** medium firms received WSP/ATR Grants **Actual expenditure: Part of admin expenditure.**	**Target not met.** Introduction of new Skills Development Act Regulations deadline greatly affected large firms' submissions. **Target not met.** Introduction of new Skills Development Act Regulations deadline greatly affected medium firms' submissions.
		Indicator 2.2 By March 2010 skills development in at least 40% of small levy paying firms supported and the impact of the support measured.	Target is set for each year from 2005 to 2010 as described under Annual Target.	The target for the different number of small firms is **358** firms (with reference to number of small firms after 1st August 2005). **Budgeted expenditure: Part of administration budget.**	**133** small firms received WSP/ATR Grants. **Actual expenditure: Part of admin expenditure.**	**Target not met.** The exemption of Levy Payment by Small Companies whose total payroll does not exceed R500 000 had a negative impact on the WSP/ATR submission by these companies.
		Indicator 2.4 By March 2010, at least 500 enterprises achieve a national standard of good practice in skills development approved by the Minister of Labour.	Target for the Sector for the period 2005 to 2010 is 25 enterprises. (Nil target set by Department of Labour)	Target to achieve a national standard of good practice in skills development is **25** participating Companies	**25** Companies are participating.	Note: The Department of Labour and the NSA still need to finalise their recommendation and guidelines for this indicator.

NO	NATIONAL SKILLS DEVELOPMENT STRATEGY 2005 - 2010 OBJECTIVES	NATIONAL SKILLS DEVELOPMENT STRATEGY 2005 - 2010 SUCCESS INDICATORS, NATIONAL TARGETS	MQA PLAN FOR 2005 – 2010 FIVE YEAR TARGETS	MQA PLAN FOR 2006 – 2007 ANNUAL TARGETS	MQA ACHIEVEMENTS FOR 2006-2007	REASONS FOR VARIANCES
		Indicator 2.5 Annually increasing number of small BEE firms and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE co-operatives within the Sector from the second year onwards. Impact of support measured.	Target for the Sector for the period 2006 – 2010 will be established after completion of baseline survey.	Target to support small BEE firms and BEE co-operatives through skills development is **4**.	Nil BEE's supported during this period.	Note: The MQA awaits the Department of Labour recommendations and guidelines for this indicator.
		Indicator 2.7 By March 2010 at least 700 000 workers have achieved at least ABET Level 4.	Target for the Sector for the period 2005 to 2010 is **2 500** Learners. (Subject to stakeholder support in ABET training delivery)	Targets for ABET are: ABET **1 600** ABET **2 550** ABET **3 500** ABET **4 330** **Budgeted expenditure: R34,420,828**	Actual ABET achievements were: ABET **1 593** ABET **2 564** ABET **3 622** ABET **4 670** **Actual expenditure: R7,493,260**	**Target exceeded.** Grant values were reduced to control over subscription of learners in the previous year. This greatly influenced the actual ABET grant expenditure in this current year. An ABET Summit took place as planned and ABET Statement of Intent was signed by stakeholders who committed themselves to significantly increase the uptake of ABET learners.
		Indicator 2.8 By March 2010 at least 125 000 workers assisted to enter and at least 50% successfully complete programmes, including Learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.	Target for the Sector for the period 2005 to 2010 is **5 590** Learners; the target for learners that have completed the learning programmes is **2 795**.	Target for the Sector for the period 2006-2007 is **820** Learners. Target for learners that have completed the learning programmes is **410** **Budgeted expenditure: R18 001 496**	**1 759** have entered into learning programmes. **455** learners have completed the learning programmes. **Actual expenditure: R18 001 496**	**Target exceeded.** Although the grant values were reduced in the previous financial year, Mining Companies continued to register learners (who did not attract grant incentives).

NO	NATIONAL SKILLS DEVELOPMENT STRATEGY 2005 - 2010 OBJECTIVES	NATIONAL SKILLS DEVELOPMENT STRATEGY 2005 - 2010 SUCCESS INDICATORS, NATIONAL TARGETS	MQA PLAN FOR 2005 – 2010 FIVE YEAR TARGETS	MQA PLAN FOR 2006 – 2007 ANNUAL TARGETS	MQA ACHIEVEMENTS FOR 2006-2007	REASONS FOR VARIANCES
3.	Promoting employability and sustainable livelihoods through skills development	Indicator 3.2 By March 2010, at least 2000 non-levy paying enterprises, NGOs, CBOs, and community-based co-operatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate.	Target for the Sector for the period 2005 to 2010 is **20** enterprises.	Target for the Sector for the period 2006-2007 is **4** enterprises. **Budgeted expenditure: R200 000**	**6** enterprises were supported. **Actual expenditure: R199 500**	**Target exceeded.** An additional two accredited training providers qualified as Community Based Organisations. A saving of R500 was achieved.
4.	Assisting designated groups, including new entrants to participate in accredited work, integrated learning and work based programmes to acquire critical skills to enter the labour market and self employment.	Indicator 4.1 By March 2010 at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including Learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.	Target for the Sector for the period 2005 to 2010 is **5 590** Learners; the target for learners that have completed the learning programmes is **2 795.**	Target for the Sector for the period 2006-2007 is **1118** Learners. Target for the Sector in terms of completions is **559** **Budgeted expenditure: R34 998 504**	**1 951** have entered learning programmes of which **910** completed these programmes. **Actual expenditure: R24 543 504**	**Target exceeded.** Although the grant values were reduced in the previous financial year, Mining Companies continued to register learners (who did not attract grant incentives). Grants to the value of R10,455,000 were not allocated this year, but will be allocated in 2007-2008 to smooth out cash flow and learner completions.
		Indicator 4.2 100% of learners in critical skills programmes covered by Sector agreements from FET and HET institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employment.	Target for the Sector for the period 2005 to 2010 is **1 480** Learners.	Target for the Sector for the period 2006-2007 is **296** Learners. Target for number of learners who find placement in employment or self-employment is **207**. **Budgeted expenditure: R37 600 000**	**297** learners have been assisted with workplace experience. An unknown number of learners found placement in employment or self-employment. **Actual expenditure: R37 268 250**	**Target exceeded.** More than planned learners migrated from bursary assistance to workplace experience assistance. Tracking of learners will happen in the 2007-2008 year.
		Indicator 4.3 By March 2010, at least 10 000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation in operation 12 months after completion of programme.	Target for the Sector for the period 2005 to 2010 is **445** young persons.	Target for the Sector for the period 2006-2007 is **89** young persons. Target for new ventures in operation **12** months after completion of programme is **62**. **Budgeted expenditure: R2 114 000**	**93** learners in training. **Nil** new ventures in operation 12 months after completion of programme. **Actual expenditure: R2 114 000**	**Target exceeded.** Lower than planned cost per learner enabled MQA to recruit more than planned learners. The programme takes in excess of 12 months to complete. New Ventures in operation 12 months later will only start happening in 2008.

NO	NATIONAL SKILLS DEVELOPMENT STRATEGY 2005 - 2010 OBJECTIVES	NATIONAL SKILLS DEVELOPMENT STRATEGY 2005 - 2010 SUCCESS INDICATORS, NATIONAL TARGETS	MQA PLAN FOR 2005 – 2010 FIVE YEAR TARGETS	MQA PLAN FOR 2006 – 2007 ANNUAL TARGETS	MQA ACHIEVEMENTS FOR 2006-2007	REASONS FOR VARIANCES
5.	Improving the quality and relevance of provision	Indicator 5.1 By March 2010 each MQA recognises and supports at least five Institutes of Sectoral or Occupational Excellence (ISOE) within public & private institutions and through Public Private Partnerships (PPPs) where appropriate, spread as widely as possible geographically for the development of people to attain identified critical occupational skills, whose excellence is measured in the number of learners successfully placed in the Sector and employer satisfaction ratings of their training.	Target for the Sector for the period 2005 to 2010 is **5** institutes.	Target for the Sector for the period 2006-2007 is **5** institutes. **Budgeted expenditure: R763 109**	**20** Institutes of Sectoral or Occupational Excellence (ISOE) supported. **Actual expenditure: R763 109**	**Target exceeded.** The MQA's plan to recognise FETs as ISOEs resulted in a significantly higher number of institutions being supported.
		Indicator 5.2 By March 2010, each province has at least two provider institutions accredited to manage the delivery of the new venture creation qualification. 70% of new ventures still operating after 12 months will be used as a measure of the institutions' success.	Target for the Sector for the period 2005 to 2010 is **5** institutes.	Target for the Sector for the period 2006-2007 is **5** institutes. **Budgeted expenditure: R2 114 000**	**2** providers are managing the New Venture Creation. **Actual expenditure: R2 114 000**	**Target not met.** Due to the capital intensive nature associated with the establishment of new ventures in the Mining Industry, the Sector failed to respond to this target.

SECTION 3

Mining Charter Support Strategy

MQA STRATEGY TO SUPPORT THE MINING CHARTER: APRIL 2004 – MARCH 2010

Abridged version adopted by the MQA on 29 April 2004

Progress report for the period 2006-2007

	CHARTER OBJECTIVES	THE MQA PLANS TO:	POTENTIAL CHALLENGES:	MQA SUCCESS INDICATORS:	PROGRESS REPORT FOR THE PERIOD 2006-2007:
1.	**Skills Audit and Sector Skills Strategy** "Stakeholders should formulate a comprehensive skills development strategy to include a skills audit."	Review the Sector Skills Plan (SSP) by October 2004 and produce a new SSP for 2005 - 2009. Review the criteria for Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) annually. Maintain an appropriate database to facilitate reporting by companies on the implementation of the National Skills Development Strategy.	A common definition of "skills audit" is needed. Potential conflict between stakeholders in adopting Sectoral skills priorities.	The Board and Department of Labour to approve a Sector Skills Plan for 2005 – 2010 by October 2004. Skills audit workshop conducted and model developed for industry to use at own discretion. (Skills Audit Model is attached).	The Board approved the 2005-2010 Mining and Minerals Sector Skills Plan, which have been submitted to the Department of Labour on 31 March 2006. 2005-2010 Mining and Minerals Sector Skills Plan also identified the scarce and critical skills in the Sector. This was backed up by the WSP & ATR analysis done for the 2005 – 2006 period. Budgeted expenditure: R262 509 Actual expenditure: R262 509
2.	**Career Paths** "Companies should implement career paths for their HDSA employees including skills development plans."	Popularise the use of the MQA Qualifications Framework and publish case studies as part of the Communication Strategy. Ensure Qualifications remain relevant to support mobility of employees.	Clarity on use of the Framework by Industry and the role of the MQA is needed.	Reports of activities to promote the Framework are accepted by the SGB.	The Framework has not been published but has been finalised. The Framework gives structure to work done by MQA Technical Reference Groups. 11 new Qualifications were registered and 127 associated Unit Standards were registered during 2006-2007. Budgeted expenditure: Part of admin budget Actual expenditure: Part of admin expenditure
3.	**Literacy and Numeracy** "Companies should offer opportunities for literacy and numeracy to every employee by 2010."	Implement a Recognition of Prior Learning (RPL) system at ABET 4/NQF1. Promote participation in ABET programmes among mineworkers.	Release of workers to attend ABET classes is a constraint. There are workplace incentives that take Learners away from training.	About 126 750 learners to participate in ABET programmes by March 2010. Quarterly ABET reports accepted by Board and Department of Labour. Reports on promoting Language Policy accepted by EXCO.	The ABET level 4 RPL Toolkit was developed and distributed to the Sector in 2005-2007 A total of 670 learners have completed the NQF1 ABET 4 qualification by 31 March 2007. A total of 1453 learners were registered for the NQF 1 qualification. The Sector stakeholders signed an "ABET Statement of Intent" at a special ABET Summit held in October 2006. The review of the MQA language policy is underway. All MQA standing committees will discuss and make input on the draft language policy to be ratified by EXCO and BOARD prior to submission to the DME. Budget expenditure: R34 420 828 Actual expenditure: R7 493 260

	CHARTER OBJECTIVES	THE MQA PLANS TO:	POTENTIAL CHALLENGES:	MQA SUCCESS INDICATORS:	PROGRESS REPORT FOR THE PERIOD 2006-2007:
4.	**Generic Skills for Miners** "Companies should provide training opportunities to miners to improve their income earning capacity beyond the mine."	Adopt and implement a Communication Strategy to promote Mining among new entrants to the Mining Industry.	Bringing more Equity Miners into the Industry.	About 2 000 Small Scale Miners to be trained in Technical skills by 2010. About 450 SMMEs to be trained in Mineral Beneficiation skills programme by 2010.	Some 725 small scale miners were trained during 2006-2007. The MQA developed a concept Minerals Beneficiation Support Strategy and consultation with stakeholders is in progress. It is planned to have a Board approved strategy by July 2007. Budget expenditure: R1 000 000 Actual expenditure: R998 447
5.	**Maths and Science at Schools** "Stakeholders should promote Maths and Science at school level."	Support initiatives of the government or mines to promote Mathematics and Science at schools.	The MQA would contribute in kind but would not manage school projects.	Reports of MQA support accepted by Board.	No targets were set for this during the 2006-2007 financial year.
6.	**Learnerships** "Stakeholders should increase registered Learnerships from 1 200 learners to not less that 5 000 by March 2010."	To encourage companies to take on more learners into Learnerships. Prioritise the implementation of the RPL system.	Learnership targets can only be met with the cooperation of employers. The Sector target of 5 000 learners is not specified per individual mine or per license holder.	At least 5 000 employees should participate in Learnerships by March 2010. Quarterly reports on Learnerships are provided to the Board and Department of Labour.	In 2006-2007 the target of 820 employed learners was exceeded by 1759 and the target of 1118 unemployed Learners was exceeded by 1642. Budget expenditure: R53 000 000 Actual expenditure: R42 545 000 Grants to the value of R10 455 000 were not allacated in this year, but will be allocated in 2007-2008 to smooth out cash flow and learner completions.
7.	**Employment Equity (Management)** "Companies agree to spell out their employment equity plans for junior and senior management levels and to target a 40% HDSA participation in 5 years."	Extend the period of MQA bursary scheme to 2010. Give grants to mines that provide practical experience to MQA, NUM and other needy and qualifying students studying in similar fields. To require MQA accredited training providers to meet the 40% HDSAs target.	The MQA relies on companies to provide bursars with practical training. Ways of adding management competencies on top of technical Qualifications of HDSAs are needed.	Over 1 500 learners should benefit from the Bursary Scheme by March 2010. The current bursary scheme will conclude in 2009. Bi-annual reports on the Scheme accepted by the Board and Department of Labour.	During the 2006-2007 period, 310 HET bursars participated in the MQA Bursary Scheme. During July to December 2006, 98 learners were doing practical training with various Mining Houses. In January 2007 a further 90 students were placed to do practical training with 16 companies. Budget expenditure: R37 600 000 Actual expenditure: R37 268 250 A number of bursars were taken over by Mining Houses resulting in a saving of R311 750.
8.	**Employment Equity (Women)** "Companies agree to establish plans for the target of 10% women participation in Mining within 5 years."	Give priority to women in MQA sponsored programmes. Continue the SAWIMA program in 2006-2007. Link women initiatives to the MQA SMME Support Strategy, and related Department of Minerals and Energy (DME) activities.	Identification of target population for promoting Mining amongst women is a challenge. Expectations created by the Charter and awareness workshops should be managed.	Reports on women representation in MQA programmes accepted by the Board.	During 2006-2007 some 320 Women Entrepreneurs were trained in Project Management Course. Budget expenditure: R2 640 000 Actual expenditure: R1 941 670 A saving of R698,330 was acheived as a result of the early closure of this programme.

	CHARTER OBJECTIVES	THE MQA PLANS TO:	POTENTIAL CHALLENGES:	MQA SUCCESS INDICATORS:	PROGRESS REPORT FOR THE PERIOD 2006-2007:
9.	**Entrepreneurial Training** "Through its associated institutions, the government shall provide training courses in Mining entrepreneur's skills."	Extend the period of the EPP to run until 2010 to cover over 300 participants. Roll out the SMME support strategy of the MQA in order to assist new entrants.	Tracking of EPP trainees should be conducted.	324 participants should benefit from EPP by February 2010. Bi-annual reports on the EPP programme accepted by the Board. The current EPP will conclude in 2007, where after an impact study will be done. Quarterly reports on the implementation of the SMME support strategy accepted by Board and Department of Labour.	During 2006-2007, 100 candidates completed the programme. In total some 100 practical students were supported to date.
10.	**Mentoring of Empowerment Groups** "Companies should develop systems to mentor empowerment groups."	BEE mentoring activities can be linked to other initiatives such as the EPP.	DME to communicate this provision of the Charter to BEEs and companies.	No targets were set for this during the 2006-2007 financial year.	No targets were set for this during the 2006-2007 financial year.
11.	**Exchange Opportunities for HDSAs** "In its bi-laterals with other countries, the government will secure opportunities for training and exchange for HDSA companies' staff."	The Board to adopt a process to support HDSA exchange within the mandate of the Skills Dev Act and in compliance with the PFMA.	A Board policy is required, within PFMA and MQA jurisdiction. DME to communicate opportunities that may be available to the HDSAs.	The MQA Board should adopt a policy position on exchange programmes.	No targets were set for this during the 2006-2007 financial year.
12.	**Beneficiation** "Companies should get involved in beneficiation activities beyond mining and processing, to include production of final consumer goods."	The Board to consider support of initiatives by the Jewellery Council and the DME towards the promotion of beneficiation. Design and implement a skills program for the development of coloured (semi-precious) gemstones.	Most companies in the Jewellery industry are SMMEs, and find it difficult to participate in the skills strategy. The MQA is contracting SDFs to assist them.	About 720 learners to completed training in rural Jewellery Manufacture by March 2010.	During the 2006-2007 financial year, 25 Learners from historically disadvantaged backgrounds were trained in Jewellery Manufacturing using (Precious Metals). 12 out of 66 Accredited Training Providers provide Minerals Beneficiation Training Programmes. 21 out of 2784 Assessor s are registered to assess and moderate learners on beneficiation programmes The Discretionary funds (R1 000 000) for Jewellery Development is also used to support training in rural or indigenous jewellery. The MQA Bursary Scheme includes Technikon students studying in "Jewellery Design and Manufacture".

	CHARTER OBJECTIVES	THE MQA PLANS TO:	POTENTIAL CHALLENGES:	MQA SUCCESS INDICATORS:	PROGRESS REPORT FOR THE PERIOD 2006-2007:
13.	**Mine Community and Rural Development** "Companies should co-operate in the formulation and implementation of IDPs for communities where Mining takes place and for major labour sending areas, with special emphasis on development of infrastructure".	Allocate R10 million of the NSF to 10 District Municipalities and manage the implementation of the projects. Facilitate the partnerships with industry. Phase out the MQA role in ex-mineworker training. Transfer coordination role to development agencies, mines and DME.	MQA's capacity to manage the dynamics of this environment. The DME should release regulations with regard to the "Social and Labour Plans."	About 2 331 ex-miners proxies and community members to participate in projects by March 2010. Board and Department of Labour accept quarterly reports on Social Plan support. Board accepts strategy and reports for MQA to phase-out its role on the Social Plan.	During 2006-2007, 60 ex-mine workers, proxies and community members were trained in the Indigenous Rural Jewellery Skills Programme. In total 60 people were trained to date. Budget expenditure: R1 000 000 Actual expenditure: R1 000 000
14.	**Procurement** Stakeholders undertake to give HDSAs preferred supplier status in the procurement of capital goods, services and consumables."	The MQA to appoint a Procurement Specialist and maintain a proper supplier database that clearly shows HDSA participation. To identify the current levels of MQA procurement from HDSAs and adopt procurement targets.	The move to a representative supplier profile will require commitment and active management.	Appoint Procurement Specialist by April 2004. Board to adopt HDSA procurement targets in 2004. Levels of HDSA procurement reported to Board by August 2004. An HDSA supplier database is set up by June 2004.	The Finance Unit appointed a Procurement Specialist by April 2004. The Board adopted HDSA procurement targets in 2004. An HDSA supplier database was set up in June 2004 and updated annually. Annual reports submitted to the Board. Budget expenditure: Part of admin budget Actual expenditure: Part of admin expenditure

SECTION 4

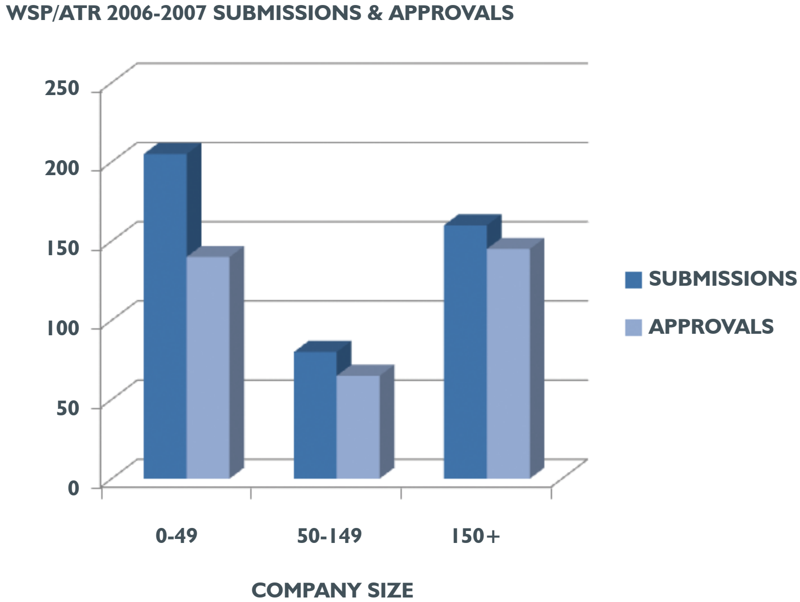
Institutional Arrangements

T DABULA
Skills Development
Manager

SECTOR SKILLS PLANNING

WSP/ATR 2006-2007 SUBMISSIONS & APPROVALS

In an effort to assist companies with the submission and approval of their Workplace Skills Plans (WSPs) and the Annual Training Reports (ATRs), the MQA appointed eight Independent Skills Development Facilitators (SDFs) to assist SMMEs with skills development matters. The Independent SDFs submitted a total of 205 WSPs and ATRs in the current financial year, of which 133 were approved. There is still a need for further improvement of SMME participation in the skills development initiatives in the Sector.



SIZE	0-49	50-149	150+
Submissions	205	82	156
Approvals	133	70	141

SKILLS DEVELOPMENT FACILITATOR CAPACITY BUILDING

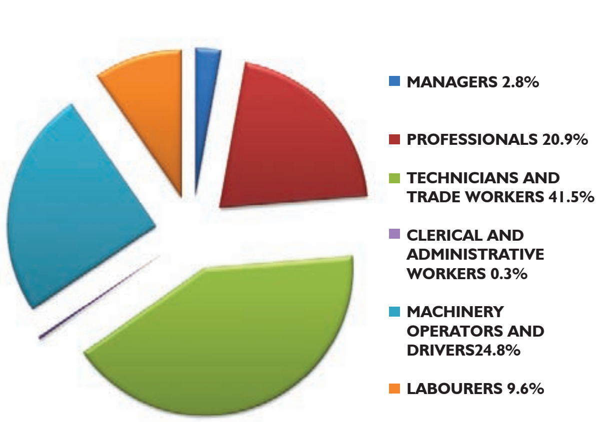
The MQA embarked on a process of building the capacity of the Skills Development Facilitators in the Mining and Minerals Sector. During this financial year, nine SDF workshops were conducted in nine provinces. A total of 261 SDFs and Skills Committee members attended the workshops. Specific focus was on Scarce and Critical Skills and briefing participants on the electronic submission of WSPs and ATRs in future.

2006-2007 SDF/SDC REGIONAL WORKSHOPS ATTENDANCE		
1.	NORTHERN CAPE	14
2.	GAUTENG	71
3.	NORTH WEST	26
4.	FREE STATE	32
5.	MPUMALANGA	52
6.	LIMPOPO	8
7.	KWAZULU NATAL	10
8.	EASTERN CAPE	28
9.	WESTERN CAPE	20
	TOTAL	**261**

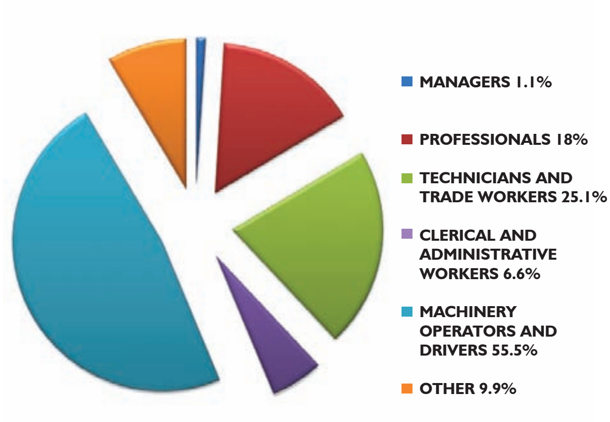
SCARCE AND CRITICAL SKILLS

The Department of Labour requires that all SETAs must conduct research within their respective Sectors to identify the Scarce and Critical Skills. The MQA conducted research with the aim of analysing the labour market conditions with regard to needs and supply of skills specifically Scarce and Critical Skills. The outcome of the research indicates areas where there is a high shortage of specific skills. To inform the Department of Labour and the Sector, the MQA has developed comprehensive guidelines and a support strategy to assist all role-players in the sector to address these gaps.

DISTRIBUTION OF SCARCE SKILLS BY MAIN OCCUPATIONAL CATEGORY



DISTRIBUTION OF CRITICAL SKILLS NEEDS BY MAIN OCCUPATIONAL CATEGORY



An analysis of the WSPs and survey results revealed that the number of positions in the Sector that employers could not fill amounted to 12 422 or 2.6% of total employment. Nearly half of the companies had tried to recruit employees in the past year and 22.4% of the companies had found it difficult to obtain suitable candidates for certain positions. The Gold Mining subsector reported the highest percentage (48.9%) of scarce skills in the Sector and the Services Incidental to Mining and Coal Mining subsectors each reported 16%. Less than 4% of the total scarce skills were identified by the PGM Mining and Jewellery Manufacturing subsectors. Smaller companies employing fewer than 150 people were relatively more affected by skills shortages than larger companies.

Most of the hard-to-fill vacancies were in the occupational categories for technicians and trades workers (5159 vacant positions), professionals (3100 vacant positions) and machinery operators and drivers (2579 vacant positions). In the technicians and trades workers category, most of the hard-to-fill vacancies were for mechanical engineering and mining technicians (3 515 vacant positions); qualified electricians were also in short supply in the sector (322 vacant positions). A clear need for team leaders/supervisors (450 vacant positions) was also identified. In the Jewellery Manufacturing subsector, 104 vacant positions for jewellers, jewellery manufacturers and/or goldsmiths were indicated. The main problem in finding suitable technicians and trade workers was the lack of people with sufficient technical or trade worker qualifications.

Professional positions in engineering (2448 vacant positions) were difficult to fill as were positions relating to geology (205 vacant positions) and mine surveying (240 vacant positions). The shortage of engineering skills impacted severely on the Gold Mining and Other Mining subsectors. Difficulties in finding suitable candidates for professional positions could be traced to a lack of appropriately qualified and experienced applicants as well as to a general shortage of skills in the South African labour market.

In the occupational category machinery operators and drivers, most of the hard-to-fill vacancies were for miners (1625 vacant positions) while companies in the Sector also found it difficult to fill positions for operators of equipment such as drilling machinery (269 vacant positions) and cranes/hoists/lifts (266 vacant positions). The Services Incidental to Mining subsector experienced difficulties in filling driller vacancies (244 vacant positions) and the Cement, Lime, Aggregates and Sand (CLAS) subsector could not find sufficient qualified and experienced truck drivers. As was the case in other occupational categories, a lack of experienced and sufficiently qualified operators was the main reason for companies' unsuccessful attempts to fill vacancies for machinery operator and driver positions.

Companies in the MMS had less difficulty filling vacancies in the management, labourer and clerical and administrative categories. Less than a tenth of vacancies were indicated for labourers (1 198 vacant positions) of which the majority were for mining support workers. Only 348 vacant managerial positions (mainly for operations managers) and 39 clerical and administrative positions in the sector were hard to fill.

The Scarce and Critical Skills Guidelines and Support Strategy document can be accessed through the MQA website and booklets available at the MQA offices.

ABET

ABET GRANTS

The MQA Board approved R34.4 million for disbursement to the sector in the form of ABET Grants.

Companies had to follow an application, allocation and verification process in order to access the ABET Discretionary Grants. 63 companies applied for the ABET Grants in the period 2006 – 2007 and some R34 million grants were allocated. The MQA is currently disbursing grants to eligible companies subject to the verification process being completed.

Graduates at the ABET 2006 Graduation ceremony

ABET PRACTITIONER LEARNERSHIPS

In the 2007-2008 financial year, the second intake of 250 ABET Practitioners will undergo training in the ABET Practitioner Learnership at NQF level 4 and 5. The training will be conducted in nine provinces. R6.5 million has been allocated to this project.

SMME TRAINING AND DEVELOPMENT

These projects support both the National Skills Development Strategy and Mining Charter objectives.

SMALL SCALE MINING TECHNICAL TRAINING

The objective of this project is to train and build the capacity of Small Scale Miners (SMMEs) in the Mining and Mineral Sector. An amount of R1.5 million has been allocated to this project to train 600 Small Scale Miners in the Sector. The table shows the MQA's achievement against target. The additional learners were trained within the planned project budget.

PROVINCES	PLANNED TARGET	ACHIEVEMENT
Limpopo	67	96
Gauteng	67	67
Free State	67	60
Mpumalanga	67	66
KwaZulu Natal	67	167
North-West	67	40
Northern Cape	67	66
Western Cape	67	69
Eastern Cape	67	59
TOTAL	**603 SMMEs**	**690 SMMEs**

This project focuses on providing support for skills development in the field of beneficiation in the Mining and Mineral Sector. An amount of R1 million was allocated to this project to train 180 SMMEs in the Sector. The table shows the MQA's achievement against target. The additional learners were trained within the planned project budget

PROVINCES	PLANNED TARGET	ACHIEVEMENT
North West	60	78
Northern Cape	60	83
Free State	60	60
TOTAL	**180 SMMEs**	**221 SMMEs**

Indigenous Jewellery Manufacturing Project

Diamond Evaluation

EX-MINE WORKER PROJECT

The project, which supports the re-skilling of ex-mine workers, proxies and community members, received an allocation of R1 million to train 60 learners in this Sector. The project was conducted in the Eastern Cape (Hankey and Humansdorp), together with the Department of Minerals and Energy, PE College and the Kouga District Municipality.

STANDARDS SETTING

J MOODLEY
SGB Manager

The Mining and Minerals Standards Generating Body (M&M SGB) is assisted by Technical Reference Groups (TRGs), groupings of subject matter experts in specialised areas to perform specified activities. These activities include the development of Qualifications and Unit Standards for registration on the NQF, development of Learnerships and Skills Programmes for registration at the Department of Labour and MQA respectively, and technical ratification of learning material.

During this financial year the Mining and Minerals SGB has contributed to developing 11 Qualifications and 127 Unit Standards that were registered on the National Qualifications Framework for utilisation by the Sector.

As many of the MQA's existing Qualifications reached their review date, a process of review is currently underway and the following six (listed below) existing Qualifications were successfully re-registered on the National Qualifications Framework. Using the same review process, a further 263 Unit Standards were re-registered.

RE-REGISTERED QUALIFICATIONS
National Certificate: Diamond Processing: Polisher – Brillianteer Level 3
National Certificate: Diamond Processing: Polisher – Crossworker Level 3
National Certificate: Mining Operations: Underground Hard Rock Tabular Level 2
National Certificate: Mining Operations: Underground Coal Level 3
National Certificate: Rockbreaking for Underground Hard Rock: Tabular Ore Bodies Level 3
National Certificate: Surface Mining: Rockbreaking Level 2

In addition, a further nine Qualifications (listed below) and their associated Unit Standards were progressed through the South African Qualifications Authority Consultative Panel (an internal SAQA quality assurance process) and they should be registered during the next financial year.

PROGRESSED THROUGH THE SAQA CONSULTATIVE PANEL PROCESS	LEVEL
Further Education and Training Certificate: Gemstone Setting	4
National Certificate: Electro-Mechanics	2
National Certificate: Electro-Mechanics	3
Further Education and Training Certificate: Electro-Mechanics	4
National Certificate: Sulphuric Acid Production	2
National Certificate: Sulphuric Acid Production	3
Further Education and Training Certificate: Sulphuric Acid Production	4
General Education and Training Certificate: Mining and Minerals Processes (Reviewed)	1
National Certificate Laboratory Practices	2

TWO QUALIFICATIONS AND 109 ASSOCIATED UNIT STANDARDS THAT REACHED THEIR 3-YEAR LIFESPAN WERE REVIEWED AND SUBMITTED TO SAQA FOR REGISTRATION.

REVIEWED QUALIFICATIONS AND ASSOCIATED UNIT STANDARDS
National Certificate: Underground Hardrock Mining Operations Level 2 and 84 associated Unit standards
National Certificate: Underground Hardrock Rockbreaking Level 3 and 25 associated Unit standards

The Unit introduced a number of "efficiency improvements" during the year and an additional 28 Skills Programmes and 17 Learnerships were developed. Some 135 learning packs were ratified by the SGB, and the Mining and Minerals Sector Qualifications Framework was updated by the TRGs for finalisation and scrutiny by the SGB in May 2007.

An analysis was conducted on learner uptake and completion on various Skills Programmes and Learnerships. This analysis will inform the updating of the qualifications framework.

Results of the analysis indicate good uptake on many of the Skills Programmes and trade-related occupations. Many Skills Programmes and Learnerships are newly registered and show no learner uptake as yet.

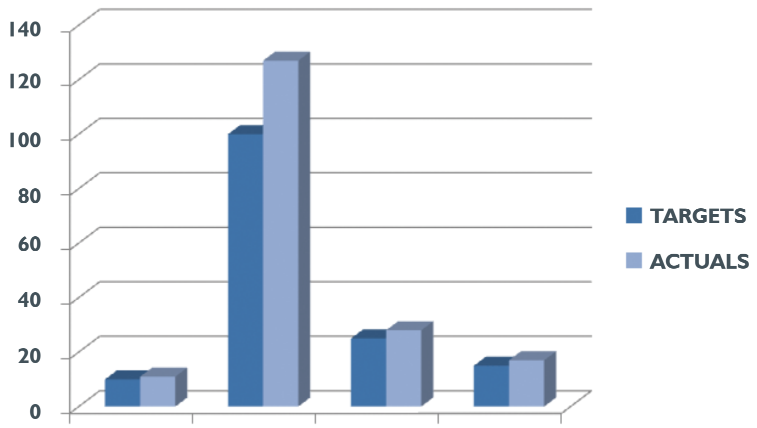
Uptake will soon improve on the Skills Programmes (Blasting Assistant and Secondary Blasting) and Learnerships that support the Explosives Regulations.

Research was also conducted on the impact of the SAQA policy, which sets the fundamental component Unit Standards at the level of the qualification, on the Underground Hardrock levels 2 and 3 qualifications.

RESEARCH FINDINGS

The study found that the labour market conditions in the Mining and Minerals Sector had not changed substantially over the past three years. The workers in the occupational categories at which the two qualifications are aimed (operators and labourers) still lack formal education and many of them are foreign migrant workers. Employers still tend to recruit people with little schooling as operators and labourers.

REGISTRATION OF QUALIFICATIONS & UNIT STANDARDS AND DEVELOPMENT OF SKILLS PROGRAMMES & LEARNERSHIPS



TARGETS	10	100	25	15
ACTUALS	11	127	28	17

These achievements, as indicated in the graph above, occurred in a period where the Mining and Minerals SGB faced challenges with the registration of Qualifications and Unit Standards on the National Qualifications Framework. Challenges that required serious review of current practices included the task-oriented nature of Unit Standards, synergy between the purpose, rationale, exit level outcomes for Qualifications and the lack of appropriate and quality international comparability conducted for South African Qualifications. Concerted effort on resolving these deficiencies was made in order that the targets could be achieved.

In addition, collaborative initiatives with other SGBs and SETAs continued to be supported resulting in the development of generic Qualifications in the following areas:

1. Engineering Trades Qualifications through the Generic Manufacturing, Engineering and Technology (GMET) SGB. The suite of Electro-Mechanics Qualifications, Fabrication Qualifications and Welding Qualifications were finalised through this collaboration.
2. Supervisory and management Qualifications through the Generic Management SGB.
3. Levels 5-8 Engineering Qualifications through the Engineering Standards Generating Body.

The SGB Unit also administered the Cement, Lime, Aggregates and Sands Skills Development Project that provided for the initiation of NQF-aligned skills development activities in this sub-Sector. 208 learners were trained on various skills programmes.

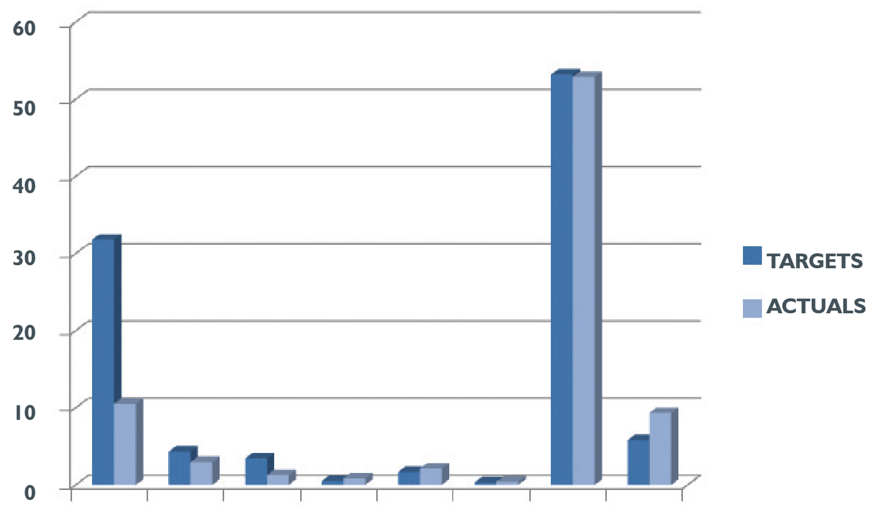
In order for the Department of Minerals and Energy (DME) administered Certificates of Competence to be phase out, the replacement qualifications and the current DME certificates will need to be compared. For competences that support the Amended Explosives Regulations such equivalency analyses were conducted. During the 2006-2007 financial year the equivalency analysis between the current blasting tickets for surface mines and quarries and the new MQA generated Qualifications and skills programmes was finalised.

Furthermore, Standards Setting Grants to the amount of R1 900 000 were paid to small organisations that released their employees to participate in standards setting activities.

TRG 7 at the MQA offices

The strategy to improve Historically Disadvantaged South Africans' (HDSAs) participation at the TRGs achieved good results but the participation levels can still be improved. Additional strategies would need to be looked at in the next financial year. The TRG representation in the last six months of the financial year is depicted graphically below:

PARTICIPATION OF TRG MEMBERS IN STANDARDS SETTINGS ACTIVITIES FOR THE PERIOD OCTOBER 2006 TO MARCH 2007



	BLACK		COLOURED		ASIAN		WHITE	
GENDER	M	F	M	F	M	F	M	F
TARGETS	32	4	3	1	1	1	53	5
ACTUALS	10	3	1	1	2	1	52	9

X NJIKELANA
Learnerships
Manager

LEARNERSHIPS, SKILLS PROGRAMMES AND APPRENTICESHIPS

The financial year 2006-2007 represented a good year for the training of permanent employees in the Mining and Minerals Sector. 1 366 (target 820) employees were registered in different Learnership Programmes as opposed to 271 in the previous financial year. This represents a whooping 80% increase in the uptake of employed Learners in Learnerships by Sector employers. The MQA commends the employers for this milestone. This increase is attributed to the new system of grant allocations that the MQA implemented for the first time at the beginning of the financial year.

At the same time 1 642 (target 1118) unemployed Learners were registered in different Learnerships as opposed to 1 526 in the previous financial year. Employed and unemployed learners that completed various Learnership Programmes amounted to 1 255, an increase of 36% from last year's completions.

A survey that was done by the Learnerships Unit involving 42 companies indicated that 70% of unemployed learners get employed by their host companies upon completion of their qualifications.

Since July 2003, when the MQA commenced with the registration of Learnerships, 7 020 Learners have been registered. This year, the MQA disbursed an amount of R43,9 million to employers for Learnership Discretionary Grants.

The Learnerships Unit registered eight Learnership Programmes with the Department of Labour during the financial year, as listed below:

	SETA	DoL REGISTRATION NUMBER	STATUS	LEARNERSHIP TITLE
1.	16 Q	160068 54 144 3	R	Occupational Safety, Hygiene and Environmental Level 3
2.	16 Q	160070 38 145 4	R	Occupational Safety, Hygiene and Environmental Level 4
3.	16 Q	160069 44 148 4	R	Minerals Surveying Level 4
4.	16 Q	160071421243 3	R	Mineral Processing, Gold Extraction Level 3
5.	16 Q	160072483693 3	R	Rockbreaking Quarrying: Quarries Level 3
6.	16 Q	160075261594 4	R	Carbonate Materials Manufacturing Process (Lime Manufacturing Level 4)
7.	16 Q	160074271594 4	R	Carbonate Materials Manufacturing Process (Cement Manufacturing Level 4)
8.	16 Q	160073481603 3	R	Rockbreaking Quarrying: Dimension Stone

This brings to 68 the number of Learnership programmes registered by the MQA to-date.

The MQA continued to do Learner Verifications with the aim of ensuring that the grants are disbursed for Learners that are being trained by the host companies. The MQA Learner database (DataNet) has also been effectively and efficiently maintained to ensure the integrity of Learner records and reports provided to MQA stakeholders. The Learnerships Unit conducted three DataNet workshops during the year to capacitate employers and MQA Accredited Training Providers in the use of and on changes made to the system.

353 employees completed Blasting Certificate Qualifications.

There was no significant increase in the number of employees that were found competent in the various Skills Programmes. The achievement for the financial year was 24 908 as opposed to 22 802 in the previous financial year. 15 (listed below) additional Skills Programmes were registered during the year. This brings to 54 the number of Skills Programmes registered by the MQA to date.

1. Pave Set Gemstones into Jewellery
2. Gas Testing Operations in Underground Coal Mines
3. Conduct Occupational Health and Safety Representative Activities in the Mining and Minerals Sector.
4. Operating a Small-Scale Mine
5. The Installation, Maintenance and Removal of Support Units in Surface Mines
6. Intermediate Generic Management
7. Advance Generic Management
8. Thickening of a Slurry
9. Absorption of Gold onto Activated Carbon (CIP/ CIL/ CIS Processes)
10. Handling of Chemicals
11. Milling of Material
12. Slimes Reclamation
13. Solvent Extraction
14. Packing Plant Unitising Operations
15. Tanker-Based Bulk Materials Loading

40 Apprentices were recorded for new indentures as opposed to 80 in the previous financial year. At the end of the financial year, there were 96 Apprentices undergoing training. The downward trend in the registration of Apprentices remains a concern and various initiatives are under consideration to address this.

The table below summarises the intake of Learners and Apprentices in the different programmes per province:

SUMMARY OF LEARNER STATISTICS FOR THE 2006-2007 FINANCIAL YEAR BY PROVINCE

Province	Learnerships		Apprenticeships	Blasting Certificates	Skills Programme
	*18.1	#18.2			
Eastern Cape	12	5	1	1	14
Free State	188	60	0	33	2286
Gauteng	663	437	33	0	1680
KwaZulu Natal	62	14	0	0	1161
Limpopo	26	194	0	0	482
Mpumalanga	270	241	4	125	1820
North West	134	230	0	160	3547
Northern Cape	10	403	0	34	486
Western Cape	1	58	2	0	0
Totals	1366	1642	40	353	11476

* Employed Learners | # Unemployed Learners

In support of the implementation of Learnerships in the Sector, the MQA develops Learning Materials and makes them available to the MQA Accredited Training Providers at no cost. 198 Learning Material Packs were developed during the year, with a further 170 Learning Material Packs undergoing development by the end of the financial year. Grants to the value of R3,9 million were disbursed to the Chamber of Mines contracted by the MQA to coordinate learning materials development by the MQA Accredited Training Providers

2006 Jewellery Manufacture Learnership Graduation Ceremony at Imfundiso College in Soweto

The MQA presented the Executive Preparation Programme (EPP) for the last time with 23 candidates having received training during the year. The MQA Board officially closed the project last year. An amount of R1,9 million was spent on the EPP. 130 Candidates have been trained in the EPP since the inception of the programme. An impact study will be conducted during the 2007-2008 financial year.

EPP Graduates with Honourable Minister of Minerals & Energy, Ms B Sonjica (seated, 3rd from left)

The MQA continued to implement the Provincial Linkages Strategy with each manager representing the MQA in two Provinces. Managers attend the Provincial Skills Development Forums in these Provinces and provide information and assistance to the Department of Labour's Provincial Offices and the Offices of the Premier in the various Provinces.

On 31 January 2007, the MQA signed a Memorandum of Agreement with the National Skills Fund (NSF) aimed at training 64 unemployed learners in Learnerships and 69 unemployed candidates in Internships (MQA Graduate Development Programme - GDP). Seven companies were recruited to participate in the Learnership component of the project. Learners were recruited from Limpopo, Free State, North West and Mpumalanga through the Department of Labour's Provincial Offices. The MQA set aside R5,3 million during the year for this joint project with the NSF. The NSF committed an amount of R15,2 million for the two-year project, which is expected to be completed on 31 March 2009.

In January 2005, the MQA commenced training 119 candidates in the MQA GDP. The programme is aimed at providing a two-year, structured, on-the-job training and work experience to unemployed graduates from Universities and Universities of Technology who have completed qualifications in the scarce and critical skills disciplines within the Sector.

The table below depicts the status of candidates enrolled in the programme:

STATUS AS AT 31 MARCH 2007	NUMBER OF CANDIDATES
Number of candidates still undergoing training	11
Number of candidates permanently placed in the Sector	62
Number of candidates permanently placed in other Sectors	10
Number of candidates that were withdrawn for medical reasons	4
Number of candidates that withdrew to continue with their studies	3
Number of candidates that were dismissed for contravention of company code of conduct	1
Number of candidates that have completed the programme but not yet employed. The MQA has placed the list and CVs of the graduates that are still not employed on the website and is marketing these candidates through the MQA Newsletter and other communications mediums.	28

The MQA has spent an amount of R7,7 million on the GDP during the financial year.

L MANYADU
Projects Manager

STRATEGIC PROJECTS

The Projects Unit in the MQA was responsible for four projects during the past year.

The first was the Universities Employment Equity Support programme. This programme focused on assisting four Universities to achieve employment equity and transformation targets within their Mining Engineering and Mine Surveying departments. It specifically focused on developing and empowering Historically Disadvantaged South African Lecturers in the Mining and Minerals Departments in the four participating Universities (UNISA, WITS, University of Pretoria and the University of Johannesburg). During the period 2006 - 2007, 12 lecturers were appointed to participate in this programmes at the participating universities.

The second project focussed on supporting Further Education and Training (FET) Colleges. The purpose of this project was to create a close and sustainable partnership between FET colleges serving the Mining and Minerals Sector. It also aimed at closing the existing gaps between what the mining industry expects from the FET graduates and what the 16 participating FET Colleges produce. The National Business Initiative (NBI) was appointed in 2004 -2005 to act as the supporting provider to these 16 FET Colleges.

Lecturers on the MQA University Employment Equity Project from Wits with MQA Projects Manager, Ms L Manyadu (seated).

The third project in this unit was the Bursary and Practical Training Scheme. The aim was to create a pool of qualified graduates to pursue careers within the Mining and Mineral Sector. This project supported the Mining Charter and National Skills Development Strategy Targets, and supplied the Mining and Minerals Sector with graduates needed in the various mining disciplines. The Bursary Scheme is paid out of the MQA surplus funds and 310 Higher Education bursars participated in the MQA Bursary Scheme. During July to December 2006, 98 students completed their practical training with various mining houses. In January 2007, a further 90 students were placed to do practical training with 16 mining companies.

The fourth project managed by the Projects Unit was the New Venture Creation Learnership Programme. This programme was developed to support the National Skills Development Strategy Targets and seeks to provide business management-related training to historically disadvantaged individuals who have just established or want to establish their own mining related enterprises. It empowers historically disadvantaged individuals who are interested in starting their own small enterprises that will benefit the Mining and Minerals Sector. Two Services SETA accredited training providers were selected to train the first 100 learners in four Provinces, namely the Northern Cape, North West, Gauteng and Eastern Cape. The programme will be completed in July 2007.

K CHARLES
ETQA Manager

EDUCATION, TRAINING AND QUALITY ASSURANCE (ETQA)

The South African Qualifications Authority (SAQA) has accredited the MQA as an ETQA in order to ensure that the quality of education and training provisioning, learning and assessment in South Africa is improved and maintained at a consistently high level.

The MQA accreditation status as an ETQA has been extended to the end of September 2008.

TRAINING PROVIDERS ACCREDITED WITH THE MQA

12 (69 in total) Training Providers were accredited by the ETQA for the Mining and Minerals Sector during this year. In addition, 1 (8 in total) more provider outside the Mining and Mineral Sector received programme approval from the MQA.

PROVIDERS THAT HAVE RECEIVED ACCREDITATION WITH MQA FOR 2006-2007 FINANCIAL YEAR	
1	Duncan Jewellers
2	Blyvooruitzitch Gold Mine
3	Fundisa Zonke (Train the Nation)
4	Intsika Skills Beneficiation
5	Vukani-Ubuntu
6	Prisma Training Solutions
7	Phendula HRD
8	Hotazel Mine
9	A&R Engineering
10	De Beers Namaqualand Mine
11	Mines Rescue Services
12	JIC Mining Services

PROVIDERS THAT RECEIVED PROGRAMME APPROVAL WITH THE MQA FOR 2006 - 2007 FINANCIAL YEAR	
1.	Northern Cape Urban FET College - Namaqualand Campus

MQA PROVIDERS FORUM

In order to promote communication and professional discussions among constituent providers, the MQA has established a quarterly Providers Forum for managers of accredited industry providers, CEOs of Public FET Colleges Programmes approved by the MQA and Heads of Departments of Mining Engineering Departments of HET institutions. The MQA hosted four sessions for the financial year.

ASSESSORS AND MODERATORS

The ETQA Unit registered 80 (448 in total) constituent moderators and 495 (3 251 in total) assessors for the Mining and Minerals Sector.

SCOPE EXTENSION TO QUALITY ASSURE QUALIFICATIONS

The MQA has applied to SAQA to extend its scope to quality assure qualifications registered by the Mining and Minerals Sector SGB.

SCOPE EXTENSIONS WERE GRANTED FOR THE FOLLOWING QUALIFICATIONS:

SAQA ID.	TITLE	NQF LEVEL
ID 50082	FETC: Minerals Surveying	Level 4
ID 57875	FETC: Jewellery Designing Processes	Level 4
ID 57876	FETC: Jewellery Manufacturing Operations	Level 4
ID 57692	FETC: Carbonate Materials Manufacturing Processes	Level 4
ID 57121	National Certificate: Rock Breaking: Quarrying	Level 3
ID 49013	National Certificate: Mining Operations: Underground Hard Rock	Level 2
ID 49014	National Certificate: Rockbreaking: Underground Hard Rock	Level 3

BENEFICIATION LEGISLATION

In order to support the implementation of the Beneficiation Legislation for the Mining and Minerals Sector, the ETQA has committed 90% of the ISO 9001:2000 Implementation Grant as well as 90% of the Assessor Grant to focus on assisting beneficiation providers. The ETQA accredited three new Diamond Beneficiation and Processing Providers.

ETQA MEMORANDA OF UNDERSTANDING SIGNED

The MQA signed 1 (17 in total) Memorandum of Understanding (MoU) with an identified SETA ETQA. The purpose of this MoU is to clarify the manner in which ETQAs will co-operate with each other, co-ordinate the performance of their functions and promote the consistency of their respective quality assurance policies and procedures.

MQA receives extension from SAQA as an ETQA Body until 2008

D BARCLAY
Corporate Services Manager

CORPORATE SERVICES

The Corporate Services Unit renders support services to MQA Management, staff and stakeholders in the execution of the MQA's legislative mandate, which is to facilitate skills development in terms of the Skills Development Act of 1998. The highlights of the Corporate Services Unit for the year under review are reflected hereunder.

CORPORATE GOVERNANCE

During the 2006-2007 financial year the MQA continued to strive towards implementing sound corporate governance principles. The first Board Induction Workshop, aimed at capacitating stakeholders on the mandate, vision, mission and strategic objectives of the MQA, was held on 31 May 2006.

A process involving all standing committees was initiated to review and update the Terms of Reference of the Standing Committees, Audit Committee and Risk and Fraud Prevention Committee, and will be submitted to the Executive Committee (EXCO) and Board for approval early in the new financial year.

The term of office of independent members of the Audit Committee came to an end in August 2006 and a process of inviting nominations through the national media was undertaken. Nominations were received and appointments were approved by the MQA Board and Executing Authority.

A comparative analysis of the reports on the evaluation of the Board and Standing Committees and the KPMG report in 2002 was conducted and submitted to the Board in January 2007. The reports showed that 95% of the recommendations were implemented.

A policy on Mandatory and Discretionary Grants was compiled though a consultative process involving MQA Management, Standing Committees and stakeholders. The policy aims to provide consistency in the application and awarding of discretionary projects and grants in line with skills development regulations. The policy will be implemented in the first quarter of the new financial year.

The Institute of Directors (IOD) conducted the following courses for Board Members, Managers and Specialists as part of the MQA's continuous effort to increase knowledge of good corporate governance principles:

1. The role of the Director in implementing corporate governance was held on 23 August 2006 at the Pyramid Conference Centre; and
2. The role and effectiveness of the Audit Committee was held on 16 November 2006 at the Parktonian Hotel.

STAKEHOLDER CAPACITY BUILDING

Capacity building for labour representatives through the Office of the Labour Coordinator continued to show consistency in labour attendance within MQA governing structures. The Labour Capacity Building Workshop, held on 14 November 2006 at the Elijah Barayi Training Centre, was aimed at capacitating labour representatives on the core functions of the MQA.

HUMAN RESOURCES

The Unit has embarked on a comprehensive review of the Human Resources Policy and Procedures Manual in line with the Basic Conditions of Employment Act, 1997 and Labour Relations Act, 1995. The MQA Board approved the policy in July 2006.

At its strategic planning session held in July 2006, the Board resolved to review the MQA's organisational establishment to create overall effectiveness. The review process is underway and will be rolled out in the new financial year.

The implementation of a standard rate for business travel was finalised and approved with effect from 1 November 2006.

The culture programme is in its final stages with an impact study to be conducted soon. The study will determine how MQA culture, in terms of service delivery as well as making the MQA a desired place to work, has changed over time.

PERFORMANCE MANAGEMENT

A new performance management system was introduced to the organisation with effect from 01 April 2006. The new system is based on a combination of the balanced scorecard and 360 degree performance management principles, with emphasis on employee and organisational performance and development. The average performance of staff was 77.34 %, and the total amount paid in respect of performance bonuses was R1,6 million.

TRAINING AND DEVELOPMENT

The training and development needs of staff have been aligned to their personal development plans, taking into consideration critical success factors of their positions. An amount of R700 000 was spent on training and development during the period under review. A development plan for interns focussing on generic and core competencies has been implemented to ensure that interns can, upon completion of their 12 months contract, compete in the labour market. The Workplace Skills Plan (WSP) and Annual Training Report (ATR) were completed and submitted timeously. The Study Assistance Policy continued to serve as a major tool for staff members who wished to further their academic studies.

SUSTAINABLE DEVELOPMENT

The MQA Employment Equity Plan stipulates clear targets for the advancement of previously disadvantaged individuals and increase of women in managerial positions. Opportunities such as training and development and the provision of study aid are some of the mechanisms introduced to ensure human resources development amongst the diversified workforce of the MQA. The development of interns remains a priority and the MQA is proud to announce that at least 70% of interns find suitable employment before their 12 month contracts expire.

REMUNERATION

The MQA continued to address anomalies in the remuneration structures of the different occupational categories. The job grading of all positions in terms of the Patterson Grading System was finalised and the establishment of an internal job evaluation committee is well underway. Any discrepancies identified during the remuneration survey were addressed in line with the new approved salary structures.

The remuneration of occupational categories, resignations and new appointments for the period under review is reflected below:

REMUNERATION PACKAGES OF MQA STAFF AS AT 31 MARCH 2007

	MALE				FEMALE					
Occupational category	A	C	I	W	A	C	I	W	Total	Total cost to company
General and support	1	0	0	0	3	0	0	0	4	80000 – 99000
Administrators/ Specialists	4	1	0	0	11	3	0	2	21	100000 – 200000
Senior Specialists	6	1	2	0	6	0	0	2	17	190000 – 300000
Managers	2	0	0	0	2	0	1	0	5	401000 – 500000
Senior Officials/ Managers	0	1	1	1	0	0	0	0	3	501000 – 650000
Executive Managers	1	0	0	0	0	0	0	0	1	601000 - 700000

RESIGNATIONS IN THE 2006/07 FINANCIAL YEAR

	MALE				FEMALE				
Occupational category	A	C	I	W	A	C	I	W	Total
General and support	0	0	0	0	0	0	0	0	0
Administrators/ Specialists	2	0	0	0	1	0	0	0	3
Senior Specialists	1	0	0	0	0	1	0	0	2
Managers	0	1	0	1	0	0	0	0	2
Senior Officials/ Managers	0	0	0	0	0	0	0	0	0
Executive Managers	0	0	0	0	0	0	0	0	0
Total	3	1	0	1	1	1	0	0	7

APPOINTMENTS IN THE 2006/07 FINANCIAL YEAR									
	Male				Female				
Occupational category	A	C	I	W	A	C	I	W	Total
General and support	0	0	0	0	0	0	0	0	0
Administrators/ Specialists	3	0	0	0	2	0	0	0	5
Senior Specialists	2	1	0	0	0	0	0	0	3
Managers	0	0	0	0	0	0	0	0	0
Senior Officials/ Managers	0	0	0	0	0	0	0	0	0
Executive Managers	0	0	0	0	0	0	0	0	0
Total	5	1	0	0	2	0	0	0	8

SIXTEEN DAYS OF ACTIVISM AGAINST THE ABUSE OF WOMEN AND CHILDREN

The MQA reaffirmed its commitment to Corporate Social Responsibility and once again supported the campaign against the abuse of women, children and vulnerable groups. The CEO of the MQA donated 66 mattresses to Lapeng Orphanage on 15 December 2006.

OFFICE MANAGEMENT

The MQA has aligned its internal business processes to the requirements of the International Standard Organization, ISO 9001:2000. All MQA staff members are trained by the South African Bureau of Standards (SABS) as custodians of the internal ISO management process.

The MQA fully met the requirements during the external audit conducted by Alpha Certification Services on 31 August 2006, with minor observations being noted. Quarterly internal audits took place to ensure continuous improvement of internal business processes.

The Occupational Health and Safety Policy has been approved by the CEO and representatives have been appointed to serve in the Occupational Health and Safety Committee. The training of safety representatives will commence in the new financial year.

The MQA's landlord, Zenprop, conducted a study on the accessibility of people with disabilities to the premises. The study found that the building meets the minimum requirements as stipulated by legislation.

COMMUNICATIONS

The year under review started with the implementation of the five-year Communications Strategy approved by the Board in April 2006. An operational plan for the year under review was derived from the strategy to ensure alignment with the annual Business Plan and to focus on areas relevant to the organisation's activities. The review was also necessary to ensure that activities are in line with the available budget, allowing adjustments to change both internal and external business environments. The MQA, in its endeavours to bring its products and services to people from all demographics, embarked on a number of media and public relations activities to inform, educate, create awareness and credibility as well as enhance the organisation's image and position within the Mining and Minerals Sector.

ROADSHOWS

The roadshows were aimed at informing stakeholders about progress with regard to MQA activities and to provide the general public with information on projects, services and opportunities in the Mining and Minerals Sector. Successful roadshows were held in all nine provinces and increased emphasis was placed on skills development in rural areas. Additional roadshows took place in Umtata, Vryheid and Alexander Bay between 01 June 2006 and 09 August 2006. The roadshows provided an opportunity to disseminate information on the services and products offered by the MQA as well as advising delegates on how to access discretionary projects and grants. Participants were also able to discuss issues relating to learnerships and skills programmes, registered qualifications, company skills planning and reporting, accreditation of training providers and special projects such as Adult Basic Education and Training (ABET), Small Scale Mining Support, Social Plan Support and Bursaries.

EXHIBITIONS

The MQA participated in a number of industry related exhibitions to ensure that the sector and the general public is aware of its existence and to showcase its products and services. These include:

1. Stability of Rock Slopes in Open Pit Mining and Civil Engineering Situations Conference held at BoE Conference Centre in Cape Town from 3 – 6 April 2006
2. Human Resources Development held at Gallagher Estate in Midrand from 7 – 9 June 2006
3. Jewellex, held at the Sandton Convention Centre from 26 September to 7 October 2006; and
4. Electra Mining Week held at the Nasrec Expo Centre from 10 to 16 September 2006.

The MQA also participated in a number of community information sessions in collaboration with the Department of Minerals and Energy, the Department of Labour and the Gauteng Provincial Government. These sessions were aimed at helping underprivileged communities access opportunities within the sector.

SPECIAL EVENTS

As part of continued consultation with focus stakeholder groups, all business units within the organisation held a number of quarterly forums to keep their customers informed of progress within their areas of service delivery. The MQA also hosted the following strategic events to provide information, educate and celebrate successes and achievements with stakeholder groups during 2006 -2007 financial year:

The Annual Consultative Conference was held on 31 October 2006 at the Sunnyside Park Hotel in Parktown, Johannesburg. The conference was aimed at presenting the 2005-2006 Annual Report to stakeholders, as well as to consult stakeholders on the contents of the business plan for the 2007–2008 financial year. The conference also dealt with the challenges faced by the industry in aligning its skills development effort to the ASGI-SA and JIPSA initiatives. Representatives from stakeholder organisations addressed delegates and discussions allowed delegates to address their issues of concern.

Representatives at the 2006 ACC: From left to right, E Tantsi, NUM: Dr F Prinsloo, DoL; Mr S Moshoeshoe, COSATU; Dr F Barker, Chamber of Mines.

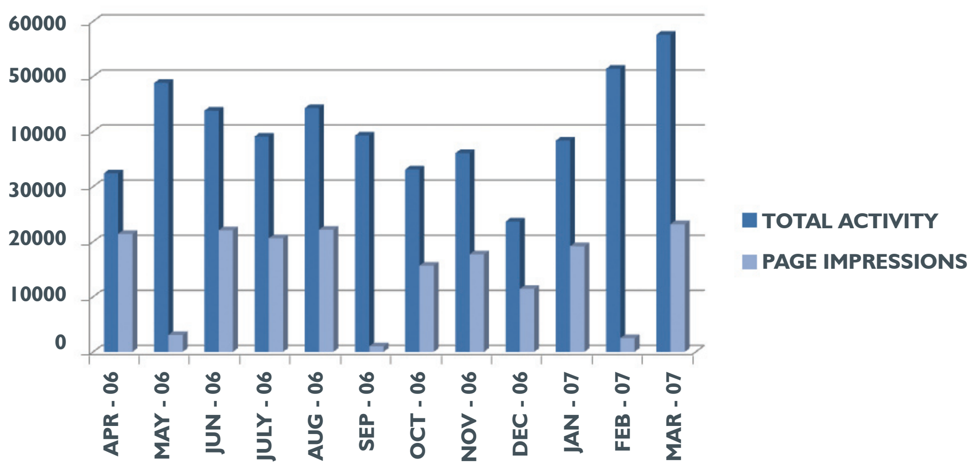
The event also included the Executive Preparation Programme Certification Ceremony, which was graced by the honourable Minister of Minerals and Energy, Ms B Sonjica, who delivered a keynote address. She congratulated the MQA on its achievements and also reiterated the important role of the MQA in transformation and eliminating illiteracy in the Mining and Minerals Sector.

The Standards Generations Body (SGB) Plenary Session and Committee year-end function was held on 25 November 2006 as a gesture of appreciation to Technical Reference Groups (TRGs) and committee members for their participation in unit standards generation and registration of qualifications. The groups also discussed success indicators and challenges encountered during the year and measures to further increase the current successes were addressed. This event also included a year-end function for all MQA standing committee members in support of MQA strategic objectives.

WEBSITE

The MQA continued to promote the website as the primary source of information for its existing and potential customers. For the period 01 April 2006 – 31 March 2007, 487 878 users visited the website, in comparison with 441 332 in the 2005-2006 financial year. The improvement shows that more customers are finding the website useful in accessing information.

LOG OF WEBSITE VISITS FOR THE PERIOD 01 APRIL 2006 – 31 MARCH 2007



The MQA also runs a customer service programme via the website where customers can log their queries, complaints and compliments relating to the level and standard of service they receive from the MQA. This information is required for purposes of maintaining our ISO 9001:2000 office accreditation status as it monitors the turn-around time, efficiency and effectiveness of assistance provided to our customers.

INTRANET

The MQA launched its internal intranet in April 2005 as part of its strategy to facilitate internal communication initiatives and encourage a culture of transparency. The intranet contains all MQA official documents such as policies and procedures and standards forms for easy access by staff. It also facilitates knowledge and information management.

STAKEHOLDER SURVEY

The recommendations emanating from the Customer Satisfaction Survey conducted at the end of the 2005 – 2006 financial year are now being implemented with a view to closing the gaps in terms of customer service delivery. The MQA CEO launched a customer service campaign to ensure that MQA staff members understand and value the importance of good, professional customer service. The campaign, which is ongoing, has proven to be effective and has become part of the MQA daily culture.

BRAND MANAGEMENT

As part of the new strategy implementation, the MQA engaged on a brand positioning process to ensure that the organisation continues to be a brand that the Sector wants to associate with. The exercise involved redefining the MQA Corporate Identity to represent its support in all aspects of skills development and training in the sector, including the Minerals Beneficiation Strategy which is imperative in ensuring that mineral resources are beneficiated in this country. A Corporate Identity manual was developed to ensure that the identity is utilised consistently both internally and externally in the attainment of business objectives. This is visibly manifested in all company stationery, branding material and promotional literature as well as all messages sent through external print media.

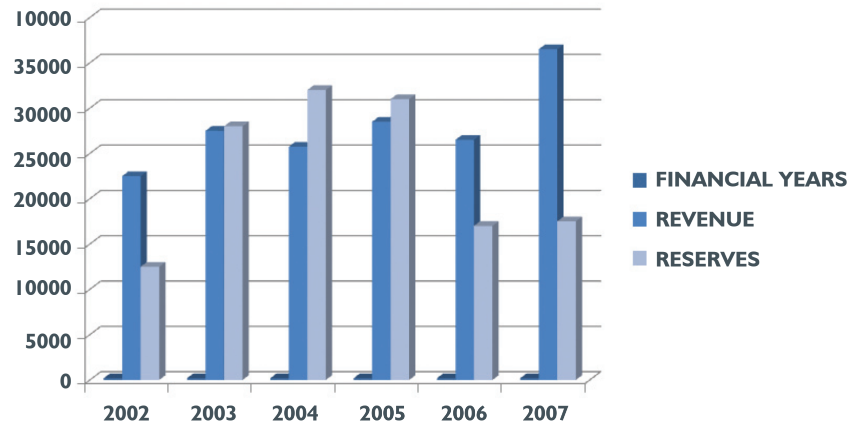
M MDINGI
Accountant

FINANCE, GRANT DISBURSEMENT AND MANAGEMENT INFORMATION SYSTEMS

The financial statements that follow present the financial position, performance and cash flow of the MQA for the year ended 31 March 2007. The following is a brief commentary on the financial statements.

FINANCIAL POSITION

The balance sheet indicates that current assets increased by 6% while current liabilities decreased by 2%. The graph below shows the movements in our reserves since the 2002 financial year and compares them with our revenues. In the early years, the MQA was putting structures in place and registering unit standards and learnerships. It took some time for learners to join our Learnerships and ABET programmes. From the 2005 financial year reserves started declining despite the steady increase in revenue. The decline brought our reserves to a level comparable to our commitments as disclosed in note 21.3 of the Annual Financial Statements. These levels of reserves and commitments pose a challenge for future discretionary grant funding allocations, considering the risks of technical insolvency arising from commitments in programmes that run over several years.



FINANCIAL PERFORMANCE

The income statement, read with Note 2 to the AFS provides information about the financial performance per legislated income category.

REVENUE

The graph above shows steady increase in revenue due to the stability in the economy and employment in our sector. Improved cashflow forecasting processes and investments in wider instruments with our bankers resulted in a slight increase in interest on bank accounts. Interest received is allocated to discretionary grants funds.

MANDATORY GRANTS EXPENDITURE

Mandatory grants expenditure indicates that 83% of mandatory grants levy income for the year has been claimed.

DISCRETIONARY GRANTS EXPENDITURE

Discretionary grants expenditure declined in line with declining reserves but exceeded discretionary levy income for the year.

Improved budgetary control measures resulted in the reduction of administration expenditure by 13% compared to the previous year, the most notable reduction was in the use of consultants as presented in the table below.

CONSULTANTS USED FOR THE PERIOD ENDING 31 MARCH 2007					
	2004-2005	2005-2006	2006-2007	VARIANCE	COMMENTS
Consultants used	54	47	34	-13	Reduced as a result of introduction of specialist staff in each operational unit
Amount	R 2,782,000	R 4,170,329	R 1,331,000	R -2,839,329	Reduction was planned from the budgeting stage as a result of the reason given above.

PROCUREMENT

The MQA complies with all legislation that governs procurement. We have an established Supply Chain Management Unit that is responsible for Framework for Supply Chain Management, as prescribed in Section 76(4) c of the PFMA. We keep abreast of new pronouncements issued in terms legislation and constantly align our policies to these legislations.
We recently acquired supplier database software that enables us to clearly classify our suppliers into categories in terms of procurement legislation, rotate suppliers and draw reports on usage of each category.

In the 2006-2007 financial year the following tenders were awarded:

1. R1.4 million to two (2) State Owned Enterprises (SOEs) for training purposes.
2. R 963, 000.00 to a 100% black owned company to provide internal Audit Services
3. R 192, 774.00 to a 100% black women owned company for the production and printing, or reports.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

We continue to monitor and review our internal controls around the approval and disbursement of grants and we constantly monitor their adequacy and that they are operating as designed. In the current financial year we implemented an Anonymous Tip Offs line to prevent fraud and corruption within the MQA. No incidents of fraud or corruption were reported in the current financial year.

Mineworkers Underground

AREA	COMPLIANCE	COMMENTS
Listed as a public entity	Yes	Effective 01 April 2001.
Have an accounting authority	Yes	Duly constituted Management Board of the MQA is the accounting authority. Accounting authority to delegate powers in writing to officials.
Accounting authority to delegate powers in writing to officials	Yes	Effective 01 April 2003.
Accounting authority must appoint a Chief Financial Officer	Yes	CFO appointed in February 2003.
Implement effective, efficient and transparent systems of financial and risk management and internal control.	Yes	Effective 01 April 2003.
Develop a system of internal audit	Yes	Internal auditors appointed. The internal auditors constantly monitor adherence to regulations.
Establish an audit committee	Yes	Audit committee established
Implement fair, equitable, transparent, competitive and cost-effective procurement system.	Yes	Part of the Financial Policies and Procedures.
Take effective and appropriate steps to collect all revenue.	Yes	MQA has no authority over the collection of revenue and is therefore not in a position to fully comply with this requirement. A control to monitor levy payments from employers to SARS has been implemented.
Take effective and appropriate steps to manage available working capital efficiently.	Yes	Part of the Financial Policies and Procedures. Monthly management reports have been developed to monitor working capital.
Develop measurable, objective and pre-determined targets for MQA SETA and report quarterly on the achievement thereof	Yes	The Memorandum of Understanding/Service Level Agreement is signed with DoL. Quarterly reports are submitted to DOL timeously.
Comply with any tax, levy, duty, pension, and audit commitments as required by legislation.	Yes	All statutory requirements have been fully complied with.
Develop effective and appropriate disciplinary procedures for non-compliance with law and internal controls in the case of employees who make or permit an irregular or fruitless or wasteful expenditure	Yes	Part of the Financial Policies and Procedures. This was also included in the HR manual.
Comply with the provisions of the PFMA and any other legislation applicable to MQA SETA.	Yes	No contravention of any provisions of the PFMA found.
Submit a budget/corporate plan/strategic plan covering all the affairs of MQA SETA to the Director-General of DoL.	Yes	Business plan and budget submitted to DOL before the required deadline.
Keep full and proper records of the affairs of MQA SETA.	Yes	Financial systems implemented to keep full and proper records of all the financial affairs of MQA SETA.
Quarterly reports to be submitted to the Director-General of DoL on financial matters as well as on compliance with PFMA	Yes	Report in relation to revenue and expenditure submitted to DOL on a quarterly basis.
Prepare financial statements in accordance with GRAP and the regulatory requirements.	Yes	The financial year of the MQA SETA ended on 31 March 2007 and financial statements for this period have been prepared according to GRAP financial reporting framework. This framework is defined as GRAP and GAAP, including any interpretations of such statements, where no GRAP standards exist.

SECTION 5

Report of the Audit Committee

REPORT OF THE AUDIT COMMITTEE

Report of the Audit Committee required by Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) issued in terms of the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999

We are pleased to present our report for the financial year ended 31 March 2007.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of the members listed hereunder. During the period the Audit Committee met on six occasions and appropriate feedback was provided to the Board on matters that fell within the mandate of the Committee.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE 2006 - 2007					
MEMBER	DESIGNATION	CONSTITUENCY	NUMBER OF MEETINGS ATTENDED	DATE STARTED	FEES PAID 2006-2007
H. Qangule [1]	Audit Partner	Independent	4	Oct-00	R 24 729
Prof. Y. Gordhan [4]	Independent Auditor and Financial Consultant	Independent	4	Sep-04	R 16 974
N. Nkosi [3]	Consultant	Independent	2	Sep 06	R 7 757
T. Mlonzi [2]	Senior Manager: Audit	Independent	1	Sep-04	R 1 319
V. Mabena	Skills Development Advisor	Board	5	Apr-04	
I. Dladla	Asst Dragline Operator	Labour	3	Apr 06	
T. Tlhabeli	HR Training	Labour	5	Apr 06	
E. Ragimana	Director	State	1	Apr 04	
J. Ditinti [5]	Acting Director: Internal Audit	State	3	Aug 06	
A. Moodley	Financial Manager	Employer	0	Apr 06	
J. Winson (Alternate)	Exec Manager: Finance & Admin	Employer	4	Feb-04	
E. Morwaeng (Alternate)	NUM Woman's Regional Secretary	Labour	0	Apr 06	
D. Mooketsi (Alternate)	Occupational Heath Nursing	Labour	2	Apr 06	

1. H Qangule — Reappointed as Chairperson with effect from 01 September 2006
2. T Mlonzi — Term of office expired on 30 August 2006
3. N Nkosi — New appointment with effect from 01 September 2006
4. Y Gordhan — Reappointed as Independent member with effect from 01 September 2006
5. J Ditinti — New appointment with effect from 01 September 2006

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has adopted appropriate formal terms of reference as its Audit Committee charter, and has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

INTERNAL CONTROL AND RISK MANAGEMENT

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are adequate and effective to mitigate the risks applicable to the MQA. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. In order to enhance the risk management process the MQA has established a Risk Management and Fraud Prevention Committee.

In the conduct of its duties, the Audit Committee has amongst other things, reviewed the following:

1. The effectiveness of internal control systems.
2. The effectiveness of the internal audit function.
3. The risk areas of the entity's operations covered in the scope of internal and external audits.
4. The adequacy, reliability and accuracy of financial information provided by management for users of such information.
5. Accounting and auditing concerns identified as a result of internal and external audits.
6. The entity's compliance with legal and regulatory provisions.
7. The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.
8. The independence and objectivity of both the internal and external auditors.

The Audit committee is of the opinion, based on the information and explanations given by management and the internal auditors, and discussions with the independent external auditors on the results of their audits, that the internal accounting controls are operating to ensure that the financial records may be relied upon for preparing the annual financial statements, and accountability for assets and liabilities is maintained.

For the period under review the Audit Committee is satisfied that it has carried out the mandate in accordance with its charter, good governance principles and the requirements of the Public Finance Management Act.

We can report that the key systems of internal controls for the period under review were adequate and operating effectively. Management have taken corrective steps to address areas of weakness identified during the course of the financial year.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

Following our review of the Annual Financial Statements for the year ended 31 March 2007, we are of the opinion that they comply in all material respects with the relevant provisions of the Public Finance Management Act, No 1 1999, as amended, and South African Statements of Generally Recognised Accounting Practice, and the South African Statements of Generally Accepted accounting Practice, including any interpretations of such statements, where no GRAP standard exists and that they fairly present the results of operations, cash flow and the financial position of the MQA. We therefore recommend that the financial statements submitted be approved.

The Audit Committee concurs with members of the Board that the adoption of the preparation of the annual financial statements is appropriate.

H Qangule
Chairperson
08 August 2007

SECTION 6

Report of the Auditor General

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE MINING QUALIFICATIONS AUTHORITY FOR THE YEAR ENDED 31 MARCH 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Mining Qualification Authority (MQA) which comprise the statement of financial position as at 31 March 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 57 to 87.

Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in note 1 to the financialstatements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 14(6) (a) of the Skills Development Act, 1998 (Act No. 97 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 647 of 2007*, issued in *Government Gazette No. 29919 of 25 May 2007*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5. 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 controls 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 controls.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements.

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

Basis of accounting

8. The entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as described in note 1 to the financial statements.

Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Mining Qualification Authority as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in note 1 to the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No.1 of 1999).

EMPHASIS OF MATTER

Without qualifying my audit opinion, I draw attention to the following matters:

Highlight of a matter affecting the financial statements included in the notes

Skills development levies

10. I draw attention to accounting policy note 1.3.3 to the financial statements. The SETA does not have a legislative mandate to obtain and maintain source documentation to support revenue. As a result the SETA experienced difficulties in ensuring that revenue was recorded on a complete and accurate basis. The National Treasury has amended the accounting policy on revenue recognition to take legislative constraints into account and the new accounting policy will be effective from 1 April 2007. The financial statements for the year under review were prepared on a basis consistent with the previous year.

Irregular expenditure

11. I draw your attention to note 22 in the financial statements relating to irregular expenditure incurred detailing overspending on the legislative administrative expenditure limit in the prior year.

OTHER MATTERS

I draw attention to the following matters:

Material corrections made to the financial statements submitted for audit

12. The financial statements were submitted to this office on 31 May 2007, as required by the PFMA. The following material adjustments were made to the financial statements.

    - The two-month skills development levy debtor was increased by R1.849 million to agree with actual receipts subsequent to year-end.
    - Disclosure of actual SARS adjustments for the period was increased by R1.643 million.
    - Project accruals of R6.416 million previously included with trade creditors and trade creditor accruals were separately disclosed.
    - Commitments were reduced by R57.185 million.
    - Disclosure of limitations on the use of National Skills Fund (NSF) bank balances of R3.741 was made.
    - The related party disclosure note for transactions with companies represented by accounting authority members was materially reduced for transactions and balances identified.
    - Inter-SETA receivables were increased by R2.271 million.
    - Material adjustments were made to the disclosure note for levy income and employer grant and project expenditure.
    - Material adjustments were made to reserve balances and transfers from surplus administration funds to discretionary funds.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

13. I have audited the performance information as set out on pages 16 to 21.

Responsibility of the accounting authority

14. The accounting authority has additional responsibilities as required by section55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

Responsibility of the Auditor-General

15. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 646 of 2007,* issued in *Government Gazette No. 29919 of 25 May 2007.*

16. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

17. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings

18. The MQA budget was not aligned to their performance indicators as per the service level agreement signed with the Department of Labour.

19. The objectives set per signed strategic plan are not specific enough to address the overall target as set out by the NSDS.

APPRECIATION

20. The assistance rendered by the staff of the Mining Qualification Authority during the audit is sincerely appreciated.

A.H. Muller

AH Muller for Auditor-General

Pretoria

AUDITOR-GENERAL

SECTION 7

Annual Financial Statements

REPORT OF THE ACCOUNTING AUTHORITY

For the year ended 31 March 2007

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY

The Accounting Authority (Governing Board) 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 information systems.

Further responsibilities of the Accounting Authority include:

- The management and safeguarding of the assets of the MQA, as well as the management of revenues, expenditures and liabilities of the MQA.
- The submission by the MQA of all reports, returns, notices and other information to Parliament or the relevant provincial legislature and to the relevant executive authority or treasury, as may be required by the Act

GENERAL REVIEW OF THE STATE OF AFFAIRS

Total revenue for the MQA for the 2006/07 financial year amounted to R 378 million (2005/06 R 341 million excluding NSF income). The effect was an increase of R 37 million. The increase was mainly as a result of payroll increases within the mining industry.

The administration income allocated from levies received was R 44, 8 million for the year (2005/06 R 40, 6 million). The actual administrative expenditure for the year amounted to R 34, 4 million (2005/06 R 39, 5 million).

The MQA recorded a surplus of R 20, 8 million for the current financial year (2005/06 deficit R 129, 9 million). The MQA reserves at year end amounts to R 195, 8 million (2005/06 R 174, 9 million). These reserves are also adequate to meet future commitments.

During the year the MQA expensed R 323, 1 million towards mandatory and discretionary grants and projects (2005/06 R 431, 6 million).

Discretionary grant and project expenditure for the period under review totalled approximately R 127 million (2005/06 R 227 million). The following are some of the major allocations in respect of discretionary grants and projects made to the Mining and Minerals Sector:

	R,MILLIONS 2006/7	R,MILLIONS 2005/6
Adult Basic Education (ABET)	12	28
Apprenticeship/Blasting Certificates	-	14
Bursary Scheme	37	47
Learnerships & Skills Programmes	43	82
Graduate Training Programme	8	23
Learning material development grants	7	7
Unit standard generation grants	2	8
Employment equity grant (University)	5	2
Other various projects	13	16
	127	227

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.

CAPACITY

The year under review saw a significant decrease in the utilisation of consultants, as all vacant positions were filled. The review of the organisational establishment will be considered at the forthcoming strategic planning session scheduled for the new financial year.

UTILISATION OF DONOR FUNDS

The National Skills Fund (NSF) transferred funds in March 2007 to the MQA mainly for the training of artisans. These funds will be utilised early in the new financial year in terms of the project plan and service agreement between the MQA and NSF.

PUBLIC PRIVATE PARTNERSHIPS

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

CORPORATE GOVERNANCE ARRANGEMENTS

The Accounting Authority is satisfied with the contribution made to the strategic objectives of its five standing committees during the period under review, most notably, the reappointment of the Chairperson of the Audit Committee, H Qangule with effect from 01 September 2006 for another two year term; the appointment of new Internal Auditors and the establishment of a toll free whistle blowing hotline.

The MQA Constitution has been amended to ensure alignment with the PFMA with particular emphasis on the fiduciary duties of members of the Accounting Authority.

DISCONTINUED SERVICES

During the period under review the Board Standing Committees were requested to reconsider a number of projects. The Board approved the discontinuation of the following projects:

- Critical Skills Research – planned to take place every two years.
- CLAS sub-sector skills development support – incorporated in the general MQA skills development support.
- Executive Preparation Programme – will be re-considered once the Certification of candidates issue has been resolved.

NEW/PROPOSED ACTIVITIES

Apart from the Learnerships and ABET grants that were increased no additional activities were implemented in the 2006-2007 year. It should be noted that the NSF application for additional Learnerships and Internship funding was approved in March 2007. However the timing of the funding allocation made it impossible to utilise the funds and the project will now start in April 2007.

ALLOWANCES FOR MEMBERS OF THE ACCOUNTING AUTHORITY

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

EXECUTIVE MANAGEMENT REMUNERATION

NAME & TITLE	BASIC SALARIES R'000	PERFORMANCE BONUSES R'000	NON - PENSIONABLE ALLOWANCES R'000	MEDICAL AID ALLOWANCES R'000	PENSION CONTRIBUTION R'000	TOTALS 2006/07 R'000	TOTALS 2005/06 R'000
L. Nengovhela (CEO)	468	58	108	19	69	722	640
Y. Omar (CFO)	450	89	90	16	66	711	589
C. Smit (COO)	428	72	111	16	63	690	603
TOTAL	**1 346**	**219**	**309**	**51**	**198**	**2 123**	**1 832**

EVENTS AFTER REPORTING DATE

Subsequent to the year end two companies have instituted legal action against the MQA. These matters were referred to our attorneys and we are awaiting their response. Refer to note 23 in the annual financial statements.

OTHER

- MQA Levy Payments

In terms of a cabinet memorandum on the payment of levies by SETAs, a SETA must pay levies to the Public Services SETA if that SETA is unsure of its classification. Due to the Public Services SETA not accepting levies, the MQA is currently submitting its WSP/ATR to its Skills Development unit and is paying levies to itself via SARS.

The MQA is currently awaiting a directive from the Department of Labour as to where it needs to redirect its levies. In the interim, while the directive from labour is being finalised, the MQA is busy transferring its registration to the ETDP SETA and will in future submit its levies and WSP's to the ETDP SETA.

GOING CONCERN

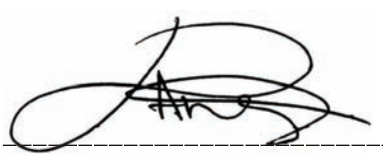
The MQA is dependent on skills development levies from the Mining and Minerals Sector. Members of the Accounting Authority are of the opinion that the MQA will be a going concern in the foreseeable future. For this reason they continue to adopt a going concern basis in preparing the annual financial statements.

RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

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

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 March 2007, set out on pages 60 to 87, have been approved by the Accounting Authority on 28 May 2007 in terms of section 51(1)(f) of the Public Finance Management Act, (Act no. 1 of 1999), as amended, and signed on their behalf by:



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L. Nengovhela
CHIEF EXECUTIVE OFFICER

____

T. E. Gazi
CHAIRPERSON – MQA BOARD

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	2006/7 R'000	2005/6 R'000
REVENUE			
Revenue from non exchange transactions		**360 645**	**332 152**
Skills Development Levy: income	3.1	358 045	323 381
Skills Development Levy: penalties and interest	3.2	2 410	1 807
Transfers from other government entities	3.3	190	1 553
Government grants and donor funding income recognised	17	-	5 411
Revenue from exchange transactions		**17 773**	**14 412**
Investment income	4.1	17 691	14 395
Other income	4.2	82	17
Total revenue		**378 418**	**346 564**
EXPENSES			
Employer grant and project expenses	5	(323 143)	(431 568)
Administration expenses	6	(34 419)	(39 468)
Finance costs	7	(10)	(7)
Government grants and donor funding expenses	17	-	(5 411)
Total expenses		**(357 572)**	**(476 454)**
NET SURPLUS (DEFICIT) FOR THE YEAR	**2**	**20 846**	**(129 890)**

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	2006/7 R'000	2005/6 R'000
ASSETS			Restated
Non-current assets			
Property, plant and equipment	8	2 495	2 404
Non current trade receivables from exchange transactions	9	215	215
		2 710	**2 619**
Current assets			
Inventories	10	66	-
Trade and other receivables from non-exchange transactions	11	80 729	75 154
Trade and other receivables from exchange transactions	9	113	11
Cash and cash equivalents	12	229 779	217 765
		310 687	292 930
TOTAL ASSETS		**313 397**	**295 549**
LIABILITIES			
Non-current liabilities			
Finance lease obligations	13	37	56
Current liabilities			
Grants and transfers payable	15	103 218	113 594
Trade and other payables from exchange transactions	16	8 616	4 378
Government grants and donor funding received in advance	17	3 798	1 021
Current portion of finance lease obligations	13	16	12
Provisions	18	1 892	1 514
		117 540	**120 519**
TOTAL LIABILITIES		**117 577**	**120 575**
NET ASSETS		**195 820**	**174 974**
Net Assets			
Funds and reserves			
Administration reserve		8 474	9 499
Employer grant reserve		475	211
Discretionary reserve		186 871	165 264
TOTAL NET ASSETS		**195 820**	**174 974**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	ADMINISTRATION RESERVE R'000	EMPLOYER GRANT RESERVE R'000	DISCRETIONARY RESERVE R'000	ACCUMULATED SURPLUS/ (DEFICIT) R'000	TOTAL R'000
BALANCE AT 1 APRIL 2005 AS PREVIOUSLY STATED		4 088	152 480	148 252	-	304 820
Prior period error	24	(760)	-	804	-	44
RESTATED BALANCE AT 1 APRIL 2005		3 328	152 480	149 056	-	304 864
Deficit for the year		-	-	-	(129 890)	(129 890)
Allocation of unapropriated deficit for the year	2	2 717	(2 230)	(130 377)	129 890	-
Employer grant reserve transferred to discretionary reserves as previously stated		(6 805)	(150 039)	156 844	-	-
Prior period error	24.2	10 259	-	(10 259)	-	-
RESTATED BALANCE AT 31 MARCH 2006		9 499	211	165 264	-	174 974
Surplus for the year		-	-	-	20 846	20 846
Allocation of unapropriated deficit for the year	2	10 627	32 945	(22 726)	(20 846)	-
Administration and employer grant reserves transferred to discretionary reserves		(11 652)	(32 681)	44 333	-	-
BALANCE AT 31 MARCH 2007	21	8 474	475	186 871	-	195 820

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	2006/7 R'000	2005/6 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			Restated
Operating activities			
Cash receipts from stakeholders		355 519	304 379
Levies, interest and penalties received	3	353 855	304 293
Other cash receipts from stakeholders		1 664	86
Cash paid to stakeholders, suppliers and employees		(364 074)	(409 398)
Grants and project payments	5	(329 861)	(362 771)
Special projects		(965)	(5 411)
Compensation of employees		(16 550)	(15 533)
Payments to suppliers and other		(16 698)	(23 188)
VAT paid		-	(2 495)
Cash utilised in operations	19	(8 555)	(105 019)
Interest received	4.1	17 691	14 395
Interest paid		(10)	(7)
Net cash inflow/(outflow) from operating activities		9 126	(90 631)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(896)	(1 090)
Proceeds from disposal of property, plant and equipment		57	18
Net cash outflow from investing activities		(839)	(1 072)
CASH FLOW FROM FINANCING ACTIVITIES			
Government grants and donor funding	17	3 742	117
Repayment of finance lease obligation and interest	13	(15)	(7)
Net cash inflow from financing activities		3 727	110
Net increase/(decrease) in cash and cash equivalents		12 014	(91 593)
Cash and cash equivalents at beginning of year	12	217 765	309 358
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	**229 779**	**217 765**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, replacing the equivalent GAAP statement as follows:

Standard of GRAP	Replaced Statement of GAAP
GRAP 1 : Presentation of financial statements	**AC 101** : Presentation of financial statements
GRAP 2 : Cashflow Statements	**AC 118** : Cashflow statements
GRAP 3 : Accounting policies, changes in accounting estimates and errors	**AC 103** : Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in financial statements. The implementation of GRAP 1, 2 and 3 has resulted in the following changes in the presentation of the financial statements.

1.1.1 Terminology differences

Standard of GRAP	Replaced Statement of GAAP
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus / deficit	Profit / loss
Accumulated surplus / deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends

1.1.2 The cashflow statement can only be prepared in accordance with the direct method.

1.1.3 Specific information has been presented separately on the statement of financial position such as:

(a) Receivables from non exchange transactions, including taxes and transfers
(b) Taxes and transfers payable
(c) Trade and other payables from non exchange transactions.

1.1.4 Amount and nature of any restrictions on cash balances is required.

Paragraph 11-15 of GRAP 1 has not been implemented due to the fact that the budget reporting standard has not been developed by the local standard setters and the international standard is not effective for this financial year. Although the inclusion of budget information would enhance the usefulness of the financial statements, non disclosure will not affect the objective of the financial statements.

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

1.2 CURRENCY

These financial statements are presented in South African Rands since that is the currency in which all of the entity transactions are denominated.

1.3 REVENUE RECOGNITION

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

1.3.1 LEVY INCOME

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, Act No. 9 of 1999 as amended, 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).

Eighty percent (80%) of skills development levies are paid over to the Seta (net of the 20% contribution to the National Skills Fund).

Levy income is recognised on the accrual basis.

A receivable or payable is recognised for levies accrued as well as estimated SARS adjustments. Estimated amounts due to retrospective adjustments by SARS and outstanding levies due at year-end are based on the extrapolation of historical data including details of SARS reversals and the actual levy payments received subsequent to year end. Levies with respect to the financial year which are not yet received by year end are estimated and changes to prior year estimates are accounted for in revenue in the current period.

The MQA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are in excess of the amount the Seta is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant over paid, net of bad debts and provision for irrecoverable amounts.

Revenue is adjusted for interseta transfers due to employers changing Setas. Such adjustments are disclosed separately as Interseta transfers. The amount of the interseta adjustment is calculated according to the Standard Operating Procedure issued by the Department of Labour in June 2001 and subsequently amended in 2005.

When a new employer is transferred to the MQA, the levies transferred by the former Seta are recognised as revenue and allocated to the respective category to maintain its original identity.

When an employer is transferred from the MQA, the levies in the respective revenue category are reduced by the amounts transferred to another Seta.

1.3.2 INTEREST AND PENALTIES RECEIVED

Interest and penalties received on the skills development levy are recognised on the accrual basis.

1.3.3 FUTURE SKILLS DEVELOPMENT LEVY INCOME POLICY

The accounting policy for the recognition and measurement of skills development levy income has been amended on the basis of a revised interpretation of the Skills Development Act, Act no. 97 of 1998 and the Skills Development Levies Act, Act no. 9 of 2001.

The new accounting policy allows SETAs to recognise revenue on the receipt of the funds from the Department of Labour in the bank account of the SETA in line with international practice for revenue recognition on an accrual basis.

The revision was completed and issued by National Treasury on the 27th July 2007 and is effective from 01 April 2007.

The accounting policy for 2006/07 is consistent with previous year policies and disclosures.

1.3.4 GOVERNMENT GRANTS AND OTHER DONOR INCOME

Conditional government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then 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 when the amounts have been received.

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the MQA as a liability until the related eligible special project expenses are incurred, when the liability is extinguished and revenue recognised.

Property, plant and equipment acquired from Government grants (NSF) are capitalised, as the MQA controls such assets for the duration of the project. Such assets can however only be disposed of in terms of written agreement with the NSF.

1.3.5 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.

1.4 GRANTS AND PROJECT EXPENDITURE

In terms of the Grant Regulations issued by the Department of Labour in terms of the Skills Development Act, Act no 97 of 1998 as amended, registered employers may recover 50% of levy payments in the form of mandatory grants. In addition registered companies may participate in training activities prescribed in the National Skills Development Strategies (2005-2010) and apply for discretionary grants to supplement their training costs.

1.4.1 MANDATORY GRANTS

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed format within the legislated cut-off period and the application has been approved as the payment then becomes probable. The grant is equivalent to 50% of the total levies paid by the employer during the corresponding financial period for the skills planning and annual training report grants (2005/6 : 50%).

A provision is recognised for grant payments once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998 as amended has been complied with by member companies and it is probable that the MQA will approve the payment. The measurement of the obligation involves an estimate, based on the levy months in respect of which no grants have been disbursed.

1.4.2 DISCRETIONARY GRANTS AND PROJECT EXPENDITURE

The MQA may in terms of the Grant Regulations issued by the Deparment of Labour in terms of the Skills Development Act, Act 97 of 1998 as amended, out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed format within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the application has been approved and the conditions for grant payment have been met.

Project expenditure comprises:

- Costs that relate directly to the specific contract;
- Costs that are attributable to contract activity in general and can be allocated to the project; and
- Such other costs as are specifically chargeable to the MQA under the terms of the 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 has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

Discretionary grants and project costs are recognised as expenses 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 expenses not yet incurred.

1.5 PREPAYMENTS

The MQA may, when required by the terms of the contract of a services 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 they are incurred and disclosed in a note in the reporting period that it has been identified.

1.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (owned and leased) are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. 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. The following rates are used.

- Computer equipment	2 - 3 years
- Office furniture and fittings	8 - 10 years
- Office equipment	5 - 6 years
- Motor vehicles	4 - 5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

The useful life and residual values of all items of property, plant and equipment are re-evaluated on an annual basis

The estimated useful life of the assets are limited to the remaining period of the licence issued to the MQA by the Minister of Labour when there is confirmation that the licence will not be renewed . For the current year, the remaining period is 3 years (2005/6 : 4 years).

1.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Any write-down to net realisable value is recognised as an expense in the period that it has been incurred.

1.9 BORROWINGS AND BORROWING COSTS

In terms of section 66(3)(c) of the Public Finance Management Act 1999 as amended, a Public Entity may only through the Minister of Finance borrow money or, in the case of the issue of a guarantee, indemnity or security, only through the Minister of Labour, acting with the concurrence of the Minister of Finance.

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

Borrowing costs are recognised as an expense in the period that it has been incurred.

1.10 LEASING

Finance leases

Leases as per the Treasury Regulations relates to a contract that transfers significant risks, rewards, rights and obligations incidental to ownership to the lessee is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Finance leases are recognised as assets and liabilities at amounts equal to the lesser of the leasehold property or the present value of minimum lease payments at the inception of the lease.

The discount rate used to calculate the present value of minimum lease payments is the interest rate implicit in the lease or if not practicable to determine, the prime lending rate at the inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Operating leases

The lease payments of an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis relates better to the time pattern of benefits expected from the leased asset.

1.11 RETIREMENT BENEFIT COSTS

The entity operates a defined contribution plan, the assets of which are generally held by third party trustee-administered funds. The plan is funded by payments from the entity and 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 entity 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.

1.12 PROVISIONS

Provisions are recognised when the MQA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.

1.12.1 Provision for employee entitlements

The cost of other employee benefits (not recognised as retirement benefits) is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

1.13 FINANCIAL INSTRUMENTS

Recognition

Financial assets and financial liabilities are recognised on the MQA's statement of financial position when the MQA becomes a party to the contractual provisions of the instrument and the provisions create an obligation to receive or deliver cash.

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

Measurement

Financial instruments are initially measured at fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset/liability. Subsequent to initial recognition these instruments are measured as set out below.

FINANCIAL ASSETS

The MQA's principal financial assets are accounts and other receivables, advances and cash and cash equivalents.

Costs and amortised costs are inclusive of any impairment loss recognised to reflect irrecoverable amounts. The financial assets are subject to review for impairment at each reporting date.

Accounts and other receivables

Accounts and other receivables are measured at amortised cost, using the effective interest rate, method where considered applicable. Impairment losses are recognised in an allowance account where the carrying value exceeds the present value of estimated future cashflows, discounted at the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

FINANCIAL LIABILITIES

The MQA's principal financial liabilities are accounts and other payables.

All financial liabilities are measured at amortised cost, comprising original debts less principle payments and amortisation.

DERECOGNITION

A financial asset or a portion thereof is derecognised when the MQA realises the contractual rights to the benefits specified in the contract, the rights expire, the MQA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in net assets is included in surplus or deficit for the period.

FAIR VALUE CONSIDERATIONS

The fair values at which financial instruments are carried at the reporting date are determined using available market values. Where market values are not available, fair values are calculated by discounting expected future cash flows at prevailing interest rates. The fair values are estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the MQA could realise in the normal course of business. The materiality of the effect of discounting the carrying amounts of financial assets and financial liabilities with a maturity of less than one year is assessed and material amounts are discounted.

OFFSETTING

Financial assets and financial liabilities are offset if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to set-off exists.

1.14 RESERVES

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

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Accumulated surplus/deficit

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

Employer levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

	2006/7 %	2005/6 %
Administration costs of the SETA	10	10
Mandatory Workplace Skills Planning and Annual Training Report grants	50	50
Discretionary grants and projects	20	20
	80	80

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to pay for administration costs.

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received are utilised in accordance with the original source of the income.

The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above percentages.

The items of revenue and expenditure are recognised on the accrual basis of accounting in the annual financial statements. Consequently, the reserves disclosed in the Statement of Changes in Net Assets and movements disclosed in this note do not represent cash reserves or fund monies as implied in Grants Regulations issued by the Department of Labour in terms of the Skills Development Act, Act No. 97 of 1998 as amended.

- Administration reserve represents the net assets that arise from the administration revenue and expenditure.
- 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.

1.15 Comparatives

Where necessary, comparative figures have been restated, adjusted or reclassified to achieve fair presentation or to conform to changes in presentation in the current year as explained in note 24.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

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

	2006/7				
	TOTAL PER STATEMENT OF FINANCIAL PERFOMANCE	ADMINISTRATION RESERVE	MANDATORY SKILLS PLANNING GRANT	DISCRETIONARY GRANTS	SPECIAL PROJECTS
	R'000	R'000	R'000	R'000	R'000
TOTAL INCOME	378 418	45 056	228 957	104 405	-
Skills development levy: income	360 455	44 784	228 957	86 714	-
Admin levy income (10%)	44 784	44 784	-	-	-
Grant levy income (70%)	313 261	-	228 957	84 304	-
Skills development levy: penalties and interest	2 410	-	-	2 410	-
Investment income	17 691	-	-	17 691	-
Other income	272	272	-	-	-
TOTAL EXPENSES	(357 572)	(34 429)	(196 012)	(127 131)	-
Administration expenses	(34 419)	(34 419)	-	-	-
Finance costs	(10)	(10)	-	-	-
Employer grants and project expenses	(323 143)	-	(196 012)	(127 131)	-
NET SURPLUS PER STATEMENT OF FINANCIAL PERFORMANCE	20 846	10 627	32 945	(22 726)	-
	2005/6				
TOTAL INCOME	346 564	42 192	202 111	96 850	5 411
Skills development levy: income	325 188	40 622	202 111	82 455	-
Admin levy income (10%)	40 622	40 622	-	-	-
Grant levy income (70%)	282 759	-	202 111	80 648	-
Skills development levy: penalties and interest	1 807	-	-	1 807	-
National Skills Fund income	-	-	-	-	-
Donations for special projects	5 411	-	-	-	5 411
Investment income	14 395	-	-	14 395	-
Other income	1 570	1 570	-	-	-
TOTAL EXPENSES	(476 454)	(39 475)	(204 341)	(227 227)	(5 411)
Administration expenses	(39 468)	(39 468)	-	-	-
Finance costs	(7)	(7)			
National Skills Fund expenses	(5 411)	-	-	-	(5 411)
Employer grants and project expenses	(431 568)	-	(204 341)	(227 227)	-
NET DEFICIT PER STATEMENT OF FINANCIAL PERFORMANCE	(129 890)	2 717	(2 230)	(130 377)	-

		NOTE	2006/7 R'000	2005/6 R'000
3.	**REVENUE FROM NON EXCHANGE TRANSACTIONS**			
3.1	**Skills development levy income**			
	Levy income: Administration		**44 784**	**40 622**
	Levies received		43 966	37 332
	Levies received from SARS		43 953	36 474
	Interseta transfers in		13	867
	Interseta transfers out		-	(9)
	Movement in levies accrued		818	3 290
	Levy income: Employer Grants		**228 957**	**202 111**
	Levies received		225 583	197 528
	Levies received from SARS		225 516	192 378
	Interseta transfers in		67	5 202
	Interseta transfers out		-	(52)
	Movement in levies accrued		3 374	4 583
	Levy income: Discretionary Grants		**84 304**	**80 648**
	Levies received		81 896	68 994
	Levies received from SARS		81 869	68 136
	Interseta transfers in		27	867
	Interseta transfers out		-	(9)
	Movement in levies accrued		2 408	11 654
			358 045	**323 381**
3.2	**Interest and penalties : skills development levy income**			
	Levy interest		419	523
	Levy penalties		1 991	1 284
			2 410	**1 807**

Employers that fail to file returns and pay Skills Development Levies for which they are liable within 7 days after the end of the month in respect of which such amount is payable are charged interest at rates prescribed by SARS from time to time and a penalty equal to 10% of such amount. The interest and penalties collected are remitted to the Seta with which that employer is registered.

		NOTE	2006/7 R'000	2005/6 R'000
3.3	**Government grants and donor funding income recognised**			
	Value added tax		**190**	**1 553**
4.	**REVENUE FROM EXCHANGE TRANSACTIONS**			
4.1	**Investment income**			
	Interest on bank accounts		**17 691**	**14 395**
4.2	**Other income**			
	Issue of training certificates		2	1
	Insurance recoveries		17	16
	SDL recoveries		57	-
	Other recoveries		6	-
			82	**17**

	NOTE	2006/7 R'000	2005/6 R'000
5. EMPLOYER GRANT AND PROJECT EXPENSES			
Mandatory grants		196 012	204 341
Disbursed		206 641	129 570
Movement in liabilities and accruals		(10 629)	74 771
Discretionary grants		77 334	156 561
Disbursed		77 540	154 130
Movement in liabilities and accruals		(206)	2 431
Project expenditure disbursed	5.1	49 797	70 666
Disbursed		45 680	79 071
Movement in provisions and accruals		4 117	(8 405)
		323 143	431 568
5.1. Project expenditure consist of:			
Direct project costs		49 797	70 666
		49 797	**70 666**
6. ADMINISTRATION EXPENSES			
Depreciation		739	622
Loss on disposal of property, plant and equipment		8	25
Operating lease rentals		1 846	1 790
Buildings		1 749	1 656
Plant, machinery and equipment		97	134
Maintenance, repairs and running costs		464	877
Property and buildings		343	697
Machinery and equipment		121	180
Research and development costs		982	1 477
Advertising, marketing and promotions, communication		1 958	2 675
Entertainment expenses		49	43
Consultancy and service provider fees		1 331	4 170
Legal fees		216	606
Cost of employment	6.1	16 918	16 700
Travel and subsistence		3 428	3 831
Staff training and development		900	990
Remuneration to members of the audit committee		55	188
Internal auditor's remuneration		679	578
External auditor's remuneration		386	353
Allowance for doubtful debts		-	(301)
Bad debts written off		-	301
Other		4 460	4 543
Printing and Stationery		2 058	2 019
Conference costs		1 800	1 548
Interest and penalties		-	153
Insurance		200	161
Rates & taxes, water & lights & security		348	371
Sundry items		54	291
		34 419	**39 468**

	NOTE	2006/7 R'000	2005/6 R'000
6.1 COST OF EMPLOYMENT			
Salaries and wages		**15 074**	**14 657**
Basic salaries		8 918	9 326
Performance awards		2 574	2 620
Other non-pensionable allowance		3 065	2 069
Temporary staff		160	351
Leave payments		357	291
Social contributions		**1 844**	**2 043**
Medical aid contributions		393	518
Pension contributions: defined contribution plans		1 264	1 205
UIF		74	64
Other salary related costs		113	256
	6	**16 918**	**16 700**
Average number of employees		64	62

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.

		2006/7 R'000	2005/6 R'000
7. FINANCE COSTS			
Interest expense:			
Obligations under finance leases		10	7
TOTAL INTEREST EXPENSE		**10**	**7**

8. PROPERTY, PLANT AND EQUIPMENT

	COST	ACCUMULATED DEPRECIATION/ IMPAIRMENT	CLOSING CARRYING AMOUNT
	R'000	R'000	R'000
OWNED ASSETS			
YEAR ENDED 31 MARCH 2007			
Computer equipment & software	1 539	(781)	758
Office furniture and fittings	1 922	(823)	1 099
Office equipment	1 050	(615)	435
Motor vehicles	384	(181)	203
BALANCE AT END OF THE YEAR	**4 895**	**(2 400)**	**2 495**
Made up as follows:			
- Owned assets	4 598	(2 210)	2 388
- NSF assets	223	(167)	56
- Lease assets - office equipment	74	(23)	51
OWNED ASSETS			
YEAR ENDED 31 MARCH 2006			
Computer equipment & software	1 835	(1 245)	590
Office furniture and fittings	1 736	(645)	1 091
Office equipment	1 040	(590)	450
Motor vehicles	384	(111)	273
BALANCE AT END OF THE YEAR	**4 995**	**(2 591)**	**2 404**
Made up as follows:			
- Owned assets	4 698	(2 417)	2 281
- NSF assets	223	(166)	57
- Lease assets - office equipment	74	(8)	66

MOVEMENT SUMMARY 2007	CARRYING AMOUNT 2005/6	ADDITIONS	DISPOSALS	DEPRECIATION CHARGE	ACCUMULATED DEPRECIATION ON DISPOSALS	CARRYING AMOUNT 2006/7
	R'000	R'000	R'000	R'000	R'000	R'000
Computer equipment & software	590	499	(795)	(328)	792	758
Office furniture and fittings	1 091	219	(32)	(192)	13	1 099
Office equipment	450	178	(168)	(149)	124	435
Motor vehicles	273	-	-	(70)	-	203
BALANCE AT END OF THE YEAR	**2 404**	**896**	**(995)**	**(739)**	**929**	**2 495**

MOVEMENT SUMMARY 2006	2004/5	ADDITIONS	DISPOSALS	DEPRECIATION CHARGE	ACCUMULATED DEPRECIATION ON DISPOSALS	2005/6
	R'000	R'000	R'000	R'000	R'000	R'000
Computer equipment & software	487	401	(327)	(288)	317	590
Office furniture and fittings	1 034	239	(29)	(166)	13	1 091
Office equipment	384	243	(80)	(160)	63	450
Motor vehicles	-	281	-	(8)	-	273
BALANCE AT END OF THE YEAR	**1 905**	**1 164**	**(436)**	**(622)**	**393**	**2 404**

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 did not highlight any requirement for adjustments in the current or prior periods.

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

There are no restrictions on title of property, plant and equipment and no items have been pledged as security for liabilities except for items classified as finance leases and assets held on behalf of the NSF.

There are no commitments for the acquisition of property, plant and equipment.

9. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	NOTE	2006/7 R'000	2005/6 R'000
Non Current			
Deposits in respect of building		215	215
Current			
Prepayments		102	6
Deposits		1	5
Staff Advances		10	-
		113	11

10. INVENTORY

PRINTING CONSUMABLE STORES		66	-

11. TRADE AND OTHER RECEIVABLES FROM NON - EXCHANGE TRANSACTIONS

Skills development levy debtors		59 511	57 699
Admin levy debtors		7 439	7 220
Employer grant levy debtors		37 194	35 962
Discretionary grant debtors		14 878	14 517
Estimated SARS revenue amendments for the current year	11.1	17 908	14 603
Admin levy debtors		2 239	1 825
Employer grant levy debtors		11 192	9 127
Discretionary grant debtors		4 477	3 651
Interseta receivables	26	2 271	-
Administration		284	-
Employer grants		1 419	-
Discretionary grants		568	-
Employer receivables	11.2	1 039	1 368
SARS for VAT & SDL Reversals		-	1 484
		80 729	75 154

Skills development levy debtors arise due the delay by SARS in remitting skills development levies collected from MQA registered employers to the Department of Labour and the MQA. It takes approximately two months for levy contributions of each month to be received by the MQA. The skills development levy debtors balances represents levies receivable for the months of February and March 2007 and the amounts are based on adjusted data received from SARS (excluding interest & penalties) and approximate the fair value of the amount to be received.

In the previous financial year the SDL receivable arising from estimated revenue adjustments by SARS was included with the SDL receivable arising as explained above. To enhance the understanding of the levy debtors the SDL receivable from SARS adjustments have been presented separately per levy income category and the comparatives have been restated accordingly.

11.1 RETROSPECTIVE AMENDMENTS BY SARS

	LEVY INCOME	INTEREST & PENALTIES	2006/07 TOTAL	2005/06 TOTAL
SARS receivable	R'000	R'000	R'000	R'000
Opening carrying amount	14 603	-	14 603	3 351
Amount utilised	(13 335)	(538)	(13 873)	(1 955)
Unutilised amount reversed	(1 268)	538	(730)	-
Change in estimate	17 707	201	17 908	13 207
Closing carrying amount	**17 707**	**201**	**17 908**	**14 603**

During the year under review, SARS advised the MQA of erroneously designated skills development levies received in prior periods, resulting in a retrospective adjustments of R13, 8 million (2005/6:R1,9 million).

11.2 EMPLOYER RECEIVABLE

	2006/7 R'000	2005/6 R'000
Employer receivable		
Overpayment to employers	1 382	2 259
Provision for doubtful debts	(343)	(891)
NET EFFECT OF SARS RETROSPECTIVE ADJUSTMENTS ON AFFECTED EMPLOYERS	**1 039**	**1 368**

R1,382 million (2005/6:R2,259 million) was recognised as a receivable relating to the overpayment to employers in earlier periods, and is based on the actual amount of such grant overpayments at year end and estimated reversals of levies as a result of SARS errors. The MQA recovers such debts by witholding the overpayments from the next grant payment. An amount of R343 000 (2005/6:R891 000) was provided for as doubtful debt as the employers are no longer contributing levies to the MQA nor claiming grants. R892 430 was written off as bad debts in the current year and the prior year provision was utilised in the write off.

Trade and other receivable from non exchange transactions are not classified as financial assets as they arise out of legislative provisions and not contractual provisions.

12 CASH AND CASH EQUIVALENTS

	2006/7 R'000	2005/6 R'000
Cash at bank and in hand	**26 939**	**126 690**
Cash at bank	26 933	126 685
Cash on hand	6	5
Short term investments/instruments	**202 840**	**91 075**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**229 779**	**217 765**

Included in cash at bank is a current account with a balance of R 3.742 million in respect of NSF funds received in advance. The funds were received from the National Skills Fund for the purposes of the Learnerships and Graduate Development Internship programme. The funds may not be used for any purposes except for this programme.

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 an institution with an investment grade rating and in line with the investment policy as required by Treasury Regulation 31.3.5.

13. FINANCE LEASE OBLIGATIONS

	2006/7 R'000	2005/6 R'000
Non-current finance lease obligation (recoverable after 12 months)	37	56
Current finance lease obligation (recoverable within 12 months)	16	12
FINANCE LEASE OBLIGATION	**53**	**68**
Reconciliation between the total of the minimum lease payments and the present value:		
Up to 1 Year		
Future minimum lease payments	24	23
Finance cost	(8)	(11)
Present value	16	12
1 to 5 years		
Future minimum lease payments	43	81
Finance cost	(6)	(25)
Present value	37	56
FINANCE LEASE REPAYMENTS FOR THE YEAR	**15**	**7**

Assets held under finance leases comprise a photocopier, has been capitalised and classified as office equipment under property, plant & equipment. The lease agreement was entered into in September 2005 for a period of 5 years and the interest rate implicit in the agreement is linked to the prime lending rate.

The interest rate implicit in the agreement, (17.51%) was used as a basis for estimating the finance costs.

14. RETIREMENT BENEFIT OBLIGATIONS

The MQA operates a defined contribution pension fund. Employees contribute 8% and the MQA 16%. The employees future benefits depend on the operating efficiency and investment earnings of the fund. Earnings of the fund were 26% (2005/6 : 18%).

15. GRANTS AND TRANSFERS PAYABLE

	NOTE	2006/7 R'000	2005/6 R'000
Grants payable			
Skills development grants payable - mandatory	15.1	78 665	89 623
Skills development grants payable - discretionary	15.1	23 765	23 971
SARS creditors	15.2	379	-
Administration		47	-
Mandatory		237	-
Discretionary		95	-
Interseta payables	26	409	-
Administration		51	-
Mandatory		255	-
Discretionary		103	-
		103 218	**113 594**

15.1 PROVISION FOR GRANTS PAYABLE

	ADMINISTRATION PROVISION	MANDATORY GRANTS PROVISION	DISCRETIONARY GRANTS PROVISION	TOTAL GRANTS 2006/7 R'000	TOTAL GRANTS 2005/6 R'000
Open carrying amount	-	89 623	23 971	113 594	36 392
Amounts utilised	-	(89 623)	(23 971)	(113 594)	(36 392)
Change in estimate	-	78 665	23 765	102 430	113 594
CLOSING CARRYING AMOUNT	**-**	**78 665**	**23 765**	**102 430**	**113 594**

The mandatory grants provision relates to grants expected to be paid in respect of skills development levies received in the last quarter of the reporting period in respect of which grants were not disbursed at reporting date as well as SARS retrospective adjustments. Estimation uncertainty exists due to SARS retrospective reversals on levies received.

The provision for discretionary grants and projects expenditure mainly relates to periodical payments in respect of ABET, MQA Bursary Scheme & Practical Training, Graduate Development Programme and Learning Material Development grants approved before reporting and is based on the number of learners enrolled in the programmes but are due to complete after the reporting date. Estimation uncertainty exists due to the possibility of the learners exiting the programmes before the prescribed completion period.

15.2 PROVISION FOR SARS CREDITORS

	ADMINISTRATION PROVISION	MANDATORY GRANTS PROVISION	DISCRETIONARY GRANTS PROVISION	TOTAL GRANTS 2006/7 R'000	TOTAL GRANTS 2005/6 R'000
Open carrying amount	-	-	-	-	-
Amounts utilised	-	-	-	-	-
Change in estimate	47	237	95	379	-
CLOSING CARRYING AMOUNT	**47**	**237**	**95**	**379**	**-**

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.

	NOTE	2006/7 R'000	2005/6 R'000
16. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Trade creditors		1 186	703
Project creditors		6 416	2 300
Trade creditors accruals		878	1 285
Operating lease payments due		135	90
Payroll creditors		1	-
		8 616	**4 378**

17. GOVERNMENT GRANTS AND DONOR FUNDING

NATIONAL SKILLS FUND

	NOTE	2006/7 R'000	2005/6 R'000
Opening balance as previously stated		1 021	6 359
Prior period error	24.1	-	(44)
Restated balance		1 021	6 315
Draw downs and interest received		3 742	117
NSF funding received		3 742	-
Interest received		-	117
Utilised and recognised as revenue-conditions met		-	(5 411)
Bursaries & training		-	(4 540)
Salaries		-	(157)
Project management & administrative costs		-	(714)
Unused bursary and training funds reimbursement to NSF		(965)	-
		3 798	**1 021**

During the current year R 3,742 million (2005/6 : Nil) was received from the National Skills Fund in respect of Learnerships and Graduate Development and Internship programme (Prior years : University bursary scheme). At year end, R 3,798 million (2005/6:R 1,021 million) continues to be accounted for as a liability until conditions for recognition as revenue have been met. No eligible special project expenses were incurred. R 965 000 was refunded to the NSF in September 2006.

18. PROVISIONS	EMPLOYEE LEAVE PROVISION R'000	EMPLOYEE ENTITLEMENTS R'000	2006/7 TOTAL R'000	2005/6 TOTAL R'000
Open carrying amount	636	878	1 514	673
Amounts utilised	(112)	(852)	(964)	(328)
Change in estimate	358	984	1 342	1 169
CLOSING CARRYING AMOUNT	**882**	**1 010**	**1 892**	**1 514**

Employee leave provision is estimated by taking the number of annual leave days due to each employee and the rate per day prevalent at year end.

Employee entitlements comprise performance bonuses accrued at year end and is estimated by taking historical trends into account that each employee will achieve a performance standard that entitles them to approximately 75% of the bonus.

		NOTE	2006/7 R'000	2005/6 R'000
19.	**RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET (DEFICIT)/SURPLUS**			
	Net surplus/(deficit) as per statement of financial performance		20 846	(129 890)
	Adjusted for non-cash items:			
	Depreciation		739	622
	Loss on disposal of property, plant and equipment		8	25
	Allowance for doubtful debts		-	(301)
	Profit/(loss) on disposal of investments		-	301
	Prior period error NSF		-	286
	(Decrease)/increase in provisions		378	841
	Special projects income recognised		-	(5 411)
	Special project funds repayments		(965)	-
	Adjusted for items separately disclosed			
	Investment income	4.1	(17 691)	(14 395)
	Finance costs	7	10	7
	Adjusted for working capital changes:			
	(Decrease)/increase in inventory	10	(66)	-
	(Decrease)/increase in receivables	9 & 11	(5 676)	(22 340)
	(Decrease)/increase in payables	15 & 16	(6 138)	67 731
	Movement in VAT receivable/payable		-	(2 495)
	CASH UTILISED IN OPERATIONS		**(8 555)**	**(105 019)**

20 CONTINGENCIES

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury. The MQA has applied to the Department of National Treasury for exemption from the forfeiture of funds based on existing commitments in respect of Learnership agreements, ABET training contracts, Bursary agreements, Universities Employment Equity grants that run over several years.

A contingent liability to the value of R3.6 million arose in respect of pending legal disputes regarding discretionary grants.

21 COMMITMENTS

21.1 ADMINISTRATIVE RESERVE

A balance of R8,474 million administration reserve has been set aside in terms of the accounting policy. This is to ensure that the MQA is able to cover its administration assets and liabilities in the next financial year which comprises the following:

Administration Assets	12 851
Administration Liabilities	(4 377)
TOTAL ADMIN RESERVE	**8 474**

21.2 MANDATORY GRANT RESERVE

A balance of R475 000 has been set aside in terms of the accounting policy.

21.3 DISCRETIONARY RESERVE

Of the balance of R186 871 million (2005/6 : R165.264 million) available in the discretionary reserve at the end of March 2007, R93 289 million (2005/6 : R165 737 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 perfomance, are also indicated.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

	OPENING BALANCE 2005/6 R'000	APPROVED BY ACCOUNTING AUTHORITY R'000	UTILISED R'000	OPENING BALANCE 2006/7 R'000	REALLOCATIONS APPROVED BY ACCOUNTING AUTHORITY R'000	UTILISED R'000	TOTAL R'000
ABET & ABET Practitioner grants	9 007	38 953	(28 130)	19 830	19 313	(12 216)	26 927
Apprenticeships & Blasting Certificates grants	-	14 000	(14 000)	-	-	-	-
Assessor & Moderator Grants	2 792	600	(600)	2 792	(1 974)	(819)	-
Bursary Scheme & Practical Training	31 745	47 000	(47 000)	31 744	24 947	(37 268)	19 424
Beneficiation initiatives & skills development	-	500	(500)	-	998	(998)	-
CLAS subsector skills development support	-	-	-	-	1 000	(1 000)	
Capacity Buillding- Co. Skills Comm	77	-	-	77	(77)	-	-
ETD Practitioners	-	500	-	500	(500)	-	-
ESDLE Learnerships	8 000	-	-	8 000	(8 000)	-	-
Ex-mineworkers support - district municipalities	-	-	-	-	1,000	(1,000)	-
FET Support	1 992	1 481	(1 411)	2 061	(1 298)	(763)	-
Graduate Training Programme	7 397	25 235	(23 204)	9 428	(1 892)	(7 536)	-
Intro to Mining - Executive Preparatory Programme	13 077	3 606	(3 614)	13 069	(11 127)	(1 942)	-
Investors In People (National standard of good practice)	1 007	18	-	1 025	(1 025)	-	-
Jewellery Manufacturing skills promotion	-	500	(468)	32	(32)	-	-
Learnerships and skills programmes	1 940	83 428	(82 269)	3 099	57 936	(42 545)	18 490
Learning Materials Development grant	12 077	7 000	(6 998)	12 079	(4 581)	(7 498)	-
Levy & grant system participation improvement	-	200	(10)	190	10	(200)	-
New enterprise skills development	-	-	-	-	12 391	(2 043)	10 348
NQF aligned training for skills development facilitators	-	1 141	(1 141)	-	-	-	-
NUM Training Grant	300	-	-	300	(300)	-	-
Personal Digital Assistants acquisition grant	9 600	4 602	(4 602)	9 600	(9 600)	-	-
Promotion of Women in Mining	1 862	500	(498)	1 864	(1 864)	-	-
Provider Accreditation	5 491	-	-	5 491	(5 491)	-	-
Quality Managing System	427	2 776	(2 775)	428	732	(1 160)	-
SGB Attendance	8 260	7 317	(6 461)	9 116	(7 269)	(1 847)	-
Skills Committee Training	1 200	211	(214)	1 197	(1 197)	-	-
SMME skills development facilitators support	-	1 030	-	1 030	(249)	(781)	-
Small scale miners technical training	-	1 017	(1,017)	-	1 500	(1 500)	-
SMME Capacity Building - Quality Assurance	269	16	(15)	270	(270)	-	-
Unit standards generation & qualification registration	233	351	(473)	111	612	(723)	-
Critical Skills Research	-	-	-	-	263	(263)	
University EE Grant	31 500	2 730	(1 826)	32 404	(19 815)	(5 029)	7 560
MQA's portion of NSF Learnership project					960		960
MQA's portion of NSF Graduate development & Internships	-	-	-	-	9 580	-	9 580
TOTAL PROJECT EXPENDITURE	**148 253**	**244 712**	**(227 226)**	**165 737**	**54 681**	**(127 131)**	**93 289**

	2006/7 R'000	2005/6 R'000
21.4 Operating Leases		
Total of future minimum lease payments under non-cancellable leases:		
Not later than one year	1 748	1 748
Later than one year and not later than five years	3 933	5 681
	5 681	**7 429**

The operating lease relates to the building premises; 4th and 5th floor 74-78 Marshall Street used for office accommodation. The lease agreement entered into effective 1 July 2004 and renegotiated on 1 July 2005 will be operational for a period of five years, expiring on 30 June 2010. No provision was made for an option to renew the lease on expiry. The rental payments escalate annually on 1 July by 9%.

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

To the best of our knowledge, no material losses through criminal conduct, or irregular, fruitless and wasteful expenditure were incurred during the year ended 31 March 2007 except as indicated under the relevant heading below.

Material losses through criminal conduct:

No material losses occurred through criminal conduct.

Irregular expenditure for current year

No irregular expenditure occurred in the current financial year.

Irregular expenditure for previous year

In the 2005/06 financial year the MQA yielded an administration surplus of R2.717 million on the accrual basis of accounting. However the grant regulations imply that surpluses and transfers from the administration reserves to the discretionary grants reserve should be arrived at on a cash basis. Considering the cash basis, we identified that an over expenditure of R3.498 million occured in the administration portion of our operations in the 2005/06 financial year. This was mainly due to the assesment obtained from SARS regarding underpayment of VAT from the inception of the MQA to the 2004/05 financial year that was paid in the 2005/06 financial year.

Fruitless and wasteful expenditure

No incidents that resulted in irregular expenditure occurred in the current financial year.

23. EVENTS AFTER REPORTING DATE

The MQA became aware of legal action instituted against it in July 2007 in respect of mandatory and discretionary grant claims.

24. PRIOR PERIOD ERRORS

During the current financial year the following errors were discovered and comparatives have been adjusted accordingly.

24.1 Depreciation Expense

In the 2004/05 financial year the depreciation expense in respect of NSF assets of R44 000 was included in both administration expenses and the NSF expenses. The correction of the error resulted in an increase in administration reserves and a decrease in liabilities (NSF income received in advance).

Line items affected per NSF note	
	R'000
Statement of changes in net assets	
2004/05 administration reserve (increase)	(44)
Statement of financial position	
2004/05 income received in advance (decrease)	(44)

24.2 Transfers to the discretionary grants reserve

In the 2004/05 financial year the administration reserves were overstated by R 804 000 and discretionary grants reserves were overstated by the same amount due to an inaccurate transfers from administration reserve to discretionary grants reserve. The correction of the error resulted in a decrease in administration reserves and an increase in discretionary grants reserves. The net adjustment to administration reserves including the error indicated above was R 760 000.

In the 2005/06 financial year the administration reserves were understated by R 9.499 million and discretionary grants reserves were overstated by the same amount to an inaccurate transfers in the previous financial years. The correction of the error resulted in an increase of R 10. 259 million in administration reserves and a decrease in discretionary of an equal amount in the discretionary grants reserves.

25. FINANCIAL INSTRUMENTS

	FLOATING RATE		FIXED RATE			NON-INTEREST BEARING		
	AMOUNT R'000	EFFECTIVE INTEREST RATE	AMOUNT R'000	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	WEIGHTED AVERAGE PERIOD FOR WHICH THE RATE IS FIXED IN YEARS	AMOUNT R'000	WEIGHTED AVERAGE PERIOD UNTIL MATURITY IN YEARS	TOTAL R'000
YEAR ENDED 31 MARCH 2007								
Assets								
Cash	26 933	9.25%	202 840	8%	0,8 years	6	-	229 779
Accounts receivable	-	-	-		-	226	1 year	226
Total Financial Assets	**26 933**	**9.25%**	**202 840**	**8%**	**-**	**232**		**230 005**
Liabilities								
Accounts payable	-					(34 138)	0,8 years	(34 138)
Total financial Liabilities	**-**	**-**	**-**	**-**	**-**	**(34 138)**	**0,8 years**	**(34 138)**
								195 867
YEAR ENDED 31 MARCH 2006								
Total Financial Assets	**126 685**	**6.3%**	**91 075**		**1 Year**	**5**		**217 765**
Accounts receivable (restated)						**220**		**220**
Total financial liabilities (restated)	**-**		**-**			**(29 773)**		**(29 773)**
	126 685		**91 075**			**(29 548)**		**(188 212)**

The following assets and liabilities are not classified as financial assets as they arise out of legislative provisions and not contractual provisions, are accounted for as physical assets or do not represent a right to receive or obligations to deliver cash.

- Trade and other receivables from non-exchange transactions.
- Inventory
- Prepayments
- Mandatory grants portion of grants and transfers payable
- Interseta payables portion of grants and transfers payable
- Finance lease liabilities

The above-mentioned assets and liabilities were classified as financial instruments in the previous year, the comparatives have been restated accordingly to take the above into account.

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.

INTEREST RATE RISK

The MQA is exposed to interest rate risk and the effective interest rates on financial instruments at reporting date.

CREDIT RISK

The MQA management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation 31.3.5. The MQA's exposure is continuously monitored by the Finance Committee.

The MQA does not have any material exposure to any individual or counter-party. The MQA's concentration of credit risk is limited to the mining industry in which the MQA operates. Where events occurred in the mining industry during the financial year that may have an impact on the accounts receivable, the effect of such events have been adequately provided for. Accounts Receivable are presented net of allowance for doubtful debt.

LIQUIDITY RISK

The MQA manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cashflows. Adequate reserves and liquid resources are also maintained.

MARKET RISK

The MQA is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the MQA are aware of.

FAIR VALUES

The MQA's financial instruments consist mainly of cash and cash equivalents, accounts receivable, and accounts payable. 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. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

CASH AND CASH EQUIVALENTS

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

ACCOUNTS RECEIVABLE

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

ACCOUNTS PAYABLE

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

26. RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH OTHER SETAS

Interseta transactions and balances arise due to the movement of employers from one SETA to another. No other transactions occurred during the year with other SETAs.

THE BALANCES AT YEAR-END INCLUDED IN RECEIVABLES AND PAYABLES ARE:

	NOTE	AMOUNT RECEIVABLE/ (PAYABLE) 2006/7 R'000	TRANSFERS IN/(OUT) DURING THE YEAR 2006/7 R'000	AMOUNT RECEIVABLE/ (PAYABLE) 2005/6 R'000	TRANSFERS IN/(OUT) DURING THE YEAR 2005/6 R'000
RECEIVABLES	**11**	**2 271**	**2 377**	**-**	**6 938**
CETA		678	678	-	
CHIETA		173	173	-	6 914
FASSET		10	116	-	-
SERVICES SETA		1 399	1 399	-	24
W&R SETA		11	11		
PAYABLES	**15**	**(409)**	**(409)**	**-**	**(70)**
CETA		(30)	(30)	-	-
ESETA		(23)	(23)	-	-
ETDPSETA		(4)	(4)		
FASSET		(11)	(11)	-	-
ISETA		(3)	(3)		
HWSETA		-	-	-	(70)
MAPPP SETA		(19)	(19)		
MERSETA		(118)	(118)	-	-
SERVICES SETA		(11)	(11)		
TETA		(3)	(3)		
THETA		(11)	(11)		
W&R SETA		(176)	(176)	-	-
TOTAL		**1 862**	**1 968**	**-**	**6 868**

TRANSACTIONS WITH EMPLOYER COMPANIES REPRESENTED AT THE MQA BOARD

- Board members do not receive allowances for attending Board Meetings
- Board members may claim travel expenses incurred as a result of attendance of MQA meetings
- The companies listed below contribute their levies under the same legislative provisions applicable to all MQA registered employers
- The companies claim their grants and their grants approvals are based on the same legislative and MQA approval processes applicable to all employers that claim grants from the MQA.
- The grant amounts paid to these companies are based on the same legislative and MQA grant amounts applicable to all employers that claim grants from the MQA and are paid on the same terms as are applicable to all other MQA registered employers.

BOARD MEMBER	COMPANY REPRESENTED	LEVIES RECEIVED 2006/7 R'000	GRANTS PAID 2006/7 R'000	GRANTS PAYABLE 2006/7 R'000	LEVIES RECEIVABLE 2006/7 R'000
A Teteme, E Tantsi & E Majadibodu, A Tshangase	National Union of Mineworkers	-	118	-	-
V. Mabena	Chamber of Mines	236	2 982	777	20
G.J. Brokenshire	Anglo Gold Ashanti	24 057	29 693	5 685	5 549
J. Mathebula	Harmony Gold Mine	30 255	9 030	7 912	6 455
A.G.W. Knock	Anglo Platinum	40 810	21 456	4,476	3 203
B Coetze	Xtrata Coal - SA	6 909	7 397	2 221	1 614
		102 267	**70 676**	**21 071**	**16 841**
		2005/6 R'000	**2005/6 R'000**	**2005/6 R'000**	**2005/6 R'000**
J Nkosi, A Teteme & E Majadibodu	National Union of Mineworkers	-	48	96	-
J. Leenaerts & T Kruger	United Association of South Africa	-	28	-	-
V. Mabena, S Carthy	Chamber of Mines	240	6 953	-	-
G.J. Brokenshire	Anglo Gold Ashanti	28 485	34 217	645	-
J. Mathebula	Harmony	27 882	17 096	4 089	-
J Ferguson	Ingwe	1 000	519	35	6 910
A.G.W. Knock	Anglo Platinum	46 185	23 007	120	1 103
H. van Rensburg	Lomin Platinum	15 855	6 031	3 074	-
N. Pienaar	Agregates & Sand Producers Association	-	63	25	-
E. Jennings	Anglo Coal	11 673	9 639	279	53
		131 320	**97 601**	**8 363**	**8 066**

TRANSACTIONS WITH OTHER NATIONAL PUBLIC ENTITIES

	AMOUNT RECEIVED 2006/7 R'000	AMOUNT PAID 2006/7 R'000	AMOUNT PAYABLE 2006/7 R'000	AMOUNT RECEIVABLE 2006/7 R'000
National Skills Fund	3 742	965	3 799	-
Telkom	-	196	15	-
TOTAL	**3 742**	**1 161**	**3 814**	**-**
	2005/6 R'000	**2005/6 R'000**	**2005/6 R'000**	**2005/6 R'000**
National Skills Fund	-	-	-	-
Telkom	-	319	19	-
TOTAL	**-**	**319**	**19**	**-**