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LIST OF ABBREVIATIONS

ABET	Adult Basic Education and Training
ANC	African National Congress
AO	Accounting officer
AA	Accounting authority
ASGI-SA	Accelerated Shared Growth Initiative of South Africa
BEE	Black economic empowerment
CBO	Community based organisation
CEO	Chief executive officer
DME	Department of Minerals and Energy
DoL	Department of Labour
ENE	Estimates of national expenditure
ETDP	Education, training and development practitioners
ETQA	Education, training and quality assurance
EXCO	Executive committee
FET	Further Education and Training
GDP	Graduate Development Programme
GEAR	Growth Employment and Redistribution
HDSA	Historically disadvantaged South African
HRP	Human resources planning
IDWG	Inter-departmental working group
ISO	International Standards Organisation
ISOE	Institute of Sectoral and Occupational Excellence
JIPSA	Joint Initiative on Priority Skills Acquisition
MHSA	Mine Health and Safety Act 29 of 1996
MMS	Mining and minerals sector
MOU	Memorandum of understanding
MPRDA	Minerals and Petroleum Resources Development Act 28 of 2002
MTEF	Medium term expenditure framework
MQA	Mining Qualifications Authority
NBI	National Business Initiative

NGO	Non-governmental organisation
NLRD	National Learner Record Database
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NUM	National Union of Mineworkers
PDA	Personal digital assistant
PFMA	Public Finance Management Act 1 of 1999
PPBS	Planning Programme Budgeting System
PRC	Presidential Review Commission
RDP	Reconstruction and Development Programme
RPL	Recognition of prior learning
SARS	South African Revenue Services
SAQA	South African Qualifications Authority
SCOPA	Select Committee on Public Accounts
SDA	Skills Development Act 97 of 1998
SDLA	Skills Development Levies Act 9 of 1999
SEDA	Small Enterprise Development Agency
SETA	Sector and Education and Training Authority
SLA	Service level agreement
SMME	Small, medium and micro enterprises
SSP	Sector Skills Plan
TRG	Technical reference groups
UNISA	University of South Africa
WSP/ATR	Workplace Skills Plan/Annual Training Report
ZBB	Zero-based budgeting

ABSTRACT

Following extensive research into mine health and safety fatalities by the Leon Commission in 1996, the Mining Qualifications Authority (MQA) was established as an organ of state. The study focuses on the relationship between strategic planning and budgeting and how well these concepts are implemented within the MQA.

The study found that there is definite alignment between the budgeting and strategic planning processes of the MQA. The strategic planning process in the MQA is well-formulated through an annual strategic planning session.

The strategy identified is that Board and Committee members with no financial management experience should attend the training course specifically developed by the University of South Africa (Unisa), namely “Roles of a board in the management of public entities” and the MQA should play a more central role in health and safety through the development of health and safety programmes aimed at reducing fatalities.

KEY TERMS

Strategic Planning, Budgeting, Strategic Management, Operational Plan, Alignment, Board, Executive Authority, Financial Management, Stakeholders, Mining and Minerals Sector.

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CHAPTER 1
INTRODUCTION AND OVERVIEW

1.1 INTRODUCTION

This chapter provides a background and introduction to the dissertation. It also indicates the stimulus for the research and research objectives. The scope of the research, including timeframes, is articulated. Furthermore, this chapter provides an overview of the research methodology, data collection procedures and key concepts of the dissertation.

In conclusion, an outline of the six chapters is covered.

1.2 BACKGROUND

The Mining Qualifications Authority (MQA) is an organ of state established in terms of the Mine Health and Safety Act 29 of 1996 after extensive research into mine health and safety fatalities by the Commission of Inquiry (Leon Commission) in 1996.

The MQA was later also registered as a Sector Education and Training Authority (SETA) for the Mining and Minerals Sector (MMS) in terms of the Skills Development Act (SDA) 97 of 1998.

The MQA is tasked with the responsibility to:

1. develop a sector skills plan
2. implement, register and promote learnerships
3. approve workplace skills plans and annual training reports
4. liaise with the National Skills Authority on skills development needs for the sector
5. collect levies in terms of section 7 (1) of the Skills Development Levies Act (SDLA) 9 of 1999 (South Africa 1999 b, section 10 a–g).

The primary function of the MQA is to provide an institutional framework to implement national, sector and workplace strategies to improve the skills of the South African mining workforce (South Africa 2006 b).

The legacy of the mining industry prior to 1994 was that the industry was a male dominated environment with an estimated 50% of illiterate people. In occupational categories such as general workers, blasting assistants and labourers, approximately 60% cannot read or write and do not have any formal schooling. Further skills shortages in the mining industry include electrical and mechanical engineers, geologists, surveyors and technical support staff (Van Zyl 2006:10–27).

The accounting officer (AO) of an institution must prepare a strategic plan for the Medium Term Expenditure Framework (MTEF) which is for a period of three years. The strategic plan must indicate output deliverables and measurable objectives including spending plans over the MTEF period (South Africa 1999 c, section 5).

The Presidential Review Commission (PRC) placed increased emphasis on the alignment of strategic planning initiatives to budget allocation by government departments and organs of state (South Africa 1998:49 a).

The PRC also indicated that the lack of performance by organs of state is predominantly as a result of poor strategic planning processes including the following:

1. There is no synergy and integration of strategic planning, prioritisation, financial planning and resource allocation processes.
2. There is a lack of financial and budget management capacity.
3. Adequate information is not generated to facilitate political decision-making.
4. The focus is on control and adherence to regulations rather than accountability and achieving of results.
5. There is a lack of budgetary guidance by treasuries.
6. Staffing and resources are divorced from strategic planning (South Africa 1998:49 a).

1.3 STIMULUS FOR THE RESEARCH

Public entities are established with specific goals and objectives. In the case of the MQA, the goals are to ensure skills development in the MMS and to implement processes to eliminate the number of fatalities in mines. The increase in mine fatalities during 2008 in Gold Fields and Harmony gold mines and political pressure to find solutions, placed more pressure on the MQA to develop programmes to reduce mine fatalities, including the provision of funding (Hazelhurst 2008:4).

Seen against the increased demand to fund programmes such as bursaries, the limited funds make the concept of strategic planning and accurate budgeting paramount to success. The concept of strategic planning has over the past years gained momentum with renewed emphasis on the alignment of strategic objectives to budgeting (Boyle 2008:1).

In a public entity, the strategic planning process should inform the budget provisions for a particular financial year. This process should identify the key objectives of an institution inclusive of the required financial and human resources to meet the set objectives (South Africa 1999 c).

The budget of an institution is a useful tool to monitor the implementation of a correctly costed operational plan. In the South African context strategic planning is a compulsory part of strategic budgeting which is to ensure that funds are utilised for those objectives identified as part of the strategic planning process (Boyle 2008:1).

In the 2008/2009 financial year government's consolidated spending programme is estimated at R613,3 billion based on the strategic plans and objectives to be achieved by departments. This results in a deficit of R2 billion to be funded from fixed or portfolio investment. In an assessment of the key drivers in terms of expenditure, education and training remains the single biggest item at R121 billion (Boyle 2008:1).

A credible budget starts with strategic planning by departments and the establishment of processes to link strategic plans to the budget. Departments must review their strategic plans, priorities and skills needs. Budget requests for capital programmes must include detailed costing and spending plans over the budget period. The outputs and outcomes should be identified and how these fit into the strategic plan and programme objectives (Hazelhurst 2008:1).

Against this background the author is of the opinion that the findings of the PRC in section 1.2 and any improvements on these findings since 1998 by organs of state need to be tested against the process of compiling a budget and the alignment thereof to the strategic plan as described by Hazelhurst above. The research will determine whether the MQA meets these requirements (as seen by Hazelhurst) in the budgeting and strategic planning process.

This study is directly linked to the researcher's field of specialisation. The results of this study can be used to enhance the process of strategic planning and budgeting in the MQA. The researcher has chosen this topic because of his involvement in strategic planning and budgeting for the last thirteen years.

Whilst in the Department of Housing, he was responsible for strategic planning, budgeting and corporate governance matters of organs of state falling under the Department of Housing. Currently with the Mining Qualifications Authority, the researcher is responsible for the administration of the appointment of the Board, including its roles and responsibilities, of which strategic planning is of the utmost importance.

The researcher has chosen this particular entity because of his involvement with the entity whilst within the Department of Minerals and Energy for the last three years. In the process, he has also established relationships with the stakeholders and management of the MQA that will be useful in the execution of this assignment.

1.4 SCOPE OF RESEARCH

The research will focus on the public service environment. For this particular study, a public entity namely the MQA has been chosen. The scope of the research will focus on strategic planning and budgeting in the MQA and the relationship between the two concepts. The strategic planning process will be analysed and the alignment thereof to departmental budgeting will be determined.

The study covers three financial years from 1 April 2005 to 31 March 2008.

1.5 RESEARCH QUESTIONS

The research problem is to determine the relationship between strategic planning and budgeting in the MQA. The process will be to determine whether the budget is aligned to the strategic planning process of the MQA.

The proposed research will therefore seek to find answers to the following questions:

1. How well are strategic planning processes implemented in the MQA?
2. Does the MQA have a functional budget aligned to the strategic plan?
3. How were budgets compiled and allocated? Who are the people who were involved in the budgeting process?
4. What are the expenditure patterns in terms of over/under expenditure of line items?
5. Are timeframes for the execution of projects and programmes realistic and achievable in terms of its objectives?
6. What is the extent of political involvement in setting strategic objectives?

1.6 RESEARCH OBJECTIVES

The objective of the research study is to describe and explain the relationship between strategic planning and budgeting in the MQA. As the points of focus will be strategic plans and budgets, it is important to examine these concepts to arrive at a definition and description that will shed light on the acceptable method of implementation for this dissertation.

The objective is also to determine how acceptable the current strategic planning methods in the MQA are. The current processes will be analysed to determine how well budgets are aligned to the strategic planning process of the MQA without solving the allocation problem between the strategic goals. A comparison of strategic planning methods and processes in the private sector, public sector and organs of state will be undertaken to determine similarities and critical success factors. In the case of the public service and organs of state, the level of political interaction in the process will also be evaluated.

To achieve the objectives the study focuses on the following aspects:

- the public financial framework of organs of state
- the legislative framework governing financial management and strategic planning
- assessment of MQA documentation relating to strategic planning and budgeting to determine the relationship between the two
- an investigation of the alignment of strategic objectives to the budget by determining whether each strategic objective is linked to the budget
- interviews with stakeholder conveners and selected members of management of the MQA
- assessment of literature to determine the acceptable methods of budgeting and strategic planning in organs of state

1.7 KEY CONCEPTS

The following key concepts will form the basis of the dissertation.

A **strategic plan** comprises an entity's key outcomes derived from its mission statement and is linked to output objectives, performance measures and indicators (South Africa 1997:3 a).

Strategic management can be defined as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve organisational goals (Pearce & Robinson 2007:3).

A **budget** of a department or organ of state is a financial statement which contains the estimates of revenue and expenditure over a certain period of time. In essence the budget is a document containing the revenue and expenditure proposals of a public authority (Gildenhuys 1993:392).

An **operational plan** is derived from a broad strategic plan of an entity and serves as a concrete foundation for the execution of functional activities (Gildenhuys 1993:405).

Alignment is a process of linking organisational goals and individual goals to one another to ensure a common understanding of the purpose and goals of an organisation and consistency between every objective in the strategic plan (*Business dictionary* 2008).

1.8 TERMINOLOGY

Accounting officer	An accounting officer is a person who is charged with the responsibility of accounting for all state monies received, all payments made for goods and services and the acquisition, receipt custody and disposal of all state property in terms of section 36 (1) and 36 (2) of the Public Finance Management Act (PFMA) 1 of 1999 (as amended by Act 29 of 1999).
Board	The MQA Board is the governing body appointed by the Minister of Minerals and Energy in consultation with the Minister of Labour.
Executive authority	The responsible Minister in terms of the MHSA is the Minister of Minerals and Energy and in terms of the Skills Development Act, the Minister of Labour.
Financial year	A financial year in terms of the PFMA (1999:9) means a year ending on 31 March or in the case of an organ of state that has a different financial year in terms of other legislation, means that financial year.
Leon Commission	A commission of inquiry into mine health and safety fatalities, known as the Leon Commission appointed by the Minister of Minerals and Energy.
Mining charter	The Mining charter is a broad based socio-empowerment charter adopted by the department of Minerals and Energy to facilitate transformation in the mining and minerals sector.

Organisation	Organisation in the context of this study refers to the allocation of functions in the various business units of the MQA.
Organ of state	An organ of state means any department of state or administration in the national provincial or local sphere of government or any other functionary or institution exercising a power or performing a public function in terms of the constitution or a provincial constitution (South Africa 1996 b).
Stakeholders	Stakeholders are influential people who are interested in the activities of the organ of state, department and/or organisation (Pearce & Robinson 2007:15).
Stakeholder representatives	In the MQA, the stakeholder representatives comprise five members each representing the state (Department of Minerals and Energy), employers (the Chamber of Mines who represents mining houses) and organised labour (National Union of Mineworkers and United Association of SA) (South Africa 2006 b).

1.9 RESEARCH METHODOLOGY

The methodology applied in researching existing models of strategic planning and budgeting is mainly qualitative because it is expressed in non-numerical terms using language and images (Cozby 1997:78). In qualitative research, the researcher works with a wealth of rich descriptive data collected through methods such as observation, interviews and analysis of organisational documentation (Mouton 1996:169). However data obtained through interviews and observations will be clustered separately to identify similarities and the frequencies in which and/or occurrences where a specific chosen content have been used.

The most essential data to be analysed are MQA documentation relating to budgets, strategic planning, existing literature on public budgeting, financial management and strategic planning. The data analysis will enable the researcher to comfortably answer the research questions contained in section 1.5.

The strategic planning process and outputs in the MQA and the budget will be analysed to determine the relationship between the two concepts. The projects and programmes will be analysed to determine how they relate to the board strategic objectives. Data will be analysed based on the concept of Rubin & Rubin (1995:226) that stipulates that data analysis begins while the interview and observation process is underway.

The format of the strategic planning process as well as the role-players in the process will be analysed. In an evaluation of the income of the MQA, the budgeting and cash-flow process will be determined to ensure the sustainability of the MQA to meet multi-year commitments. An analysis of expenditure patterns relating to over- and under-expenditure for the last three financial years will be made. Expenditure against the approved budget will be analysed and the reasons for over- and under-spending will be determined.

The statutory mandate of the MQA Board to allocate funds for projects and programmes will also be determined.

The project description and objectives of each project will be structured in table format and will then be used to determine the alignment to the approved strategic objectives of the board. The list of projects and grants including the budget will be attached as Appendix C. Strategic objectives will be analysed to determine achievement/non-achievement of projects and programmes linked to each strategic objective.

A period of time will be spent on observation and analysing meetings of the MQA Board, Executive Committee, Audit Committee and Finance Committee. Interviews with stakeholder conveners and the facilitator of the Board's strategic planning session will be conducted. The observation of meetings will also determine whether each committee operates in terms of the approved terms of reference.

The individual interviews will focus on the relationship between strategic planning and budgeting and what the different views are on the successful implementation thereof in the MQA. The interviews, although structured will be informal and will focus on clarifying vague information during the observation of meetings. The interviews will also serve as a useful platform to clarify information read in analysing of MQA documentation, if such a need exists.

The information and data analysed will enable the researcher to draw concluding remarks, recommend implementation interventions and identify areas of possible future research.

1.10 DIVISION OF CHAPTERS

Chapter 1 of the dissertation will provide a general introduction and overview of the entire study, background to the study, research problem, research aims and objectives, stimulus of the research and method to be used in the research. This chapter will also outline the key concepts and terminology used in the dissertation. The division of chapters and the conclusion will conclude this chapter.

Chapter 2 will provide the meaning of the concept *public budgeting*. It will also provide a theoretical overview of budgets, objectives of budgets and different methods and models of budgeting. An analysis of the legislative provisions governing public budgets will be provided. A discussion of the estimates of national expenditure (ENE), amendments to budgets as a result of policy changes and the variables impacting on public budgeting will conclude this chapter.

Chapter 3 will provide the meaning of the concepts *strategic planning* and *strategic management*. The different strategic planning models and the relationship with human resources planning and management of change will be outlined. The key concepts of the strategic plan and the impact of the political landscape on the strategic planning process in the MQA will conclude this chapter.

Chapter 4 will provide an overview of the organisational structure and strategic planning process in the MQA. The statutory mandate of the Board of the MQA as the Accounting Authority to allocate funds will be discussed. This chapter will analyse the strategic objectives and determine the relationship to budgeting. The income of the MQA, mandatory and discretionary grants and monitoring and reporting will be investigated. It will also investigate over/under expenditure and the capacity to meet strategic objectives to execute programmes efficiently.

Chapter 5 will outline the key findings of the observation of meetings and interviews with stakeholder conveners. The most important similarities in stakeholder responses will be captured. A summary of strengths and weaknesses relating to strategic planning and budgeting and possible recommendations to improve efficiency will conclude this chapter.

Chapter 6 will focus on closing remarks relating to strategic planning and budgeting, recommendations for implementation and areas of possible future research.

1.11 REFERENCES

In this study three types of references will be used based on the Harvard method of referencing:

Firstly, it may be necessary to refer to other sources from which information was taken *(source references)*. Secondly, It may be necessary to refer to earlier or later sections of my own text *(cross reference)* and thirdly, It may be necessary to give additional explanations to supplement the information in the text *(content references)*.

The sources consulted will be listed alphabetically. A list of abbreviations used in the research has been provided at the start of the research.

Finally, the findings, concluding remarks and recommendations will be presented logically.

1.12 CONCLUSION

This chapter provides a background to the study and the legislative mandate of the MQA. It also includes the research questions, research objectives, stimulus for the research and method to be used in the research. This chapter also provides a clear scope of the dissertation including a demarcation of the period of study.

The key concepts and terminology used in the dissertation are explained. The division of chapters outlines the areas to be covered in each chapter.

CHAPTER 2

THE DEVELOPMENT AND IMPLEMENTATION OF PUBLIC BUDGETING

2.1 INTRODUCTION

The budget of a department or other organ of state sets out estimates of income and expenditure over a financial year. The strategic planning process informs budget projections based upon the strategic objectives identified by an organ of state. In an institution, the strategic planning process should inform the budget provisions for a particular financial year (South Africa 1998 a).

In terms of the Public Finance Management Act (PFMA) 1 of 1999 (as amended by Act 29 of 1999), the accounting officer (AO) or accounting authority as the case may be, of an organ of state has specific accountabilities in terms of budgeting and must take the utmost care that expenditure is in accordance with the objectives of a departmental vote (South Africa 1999 a, section 39).

The budgeting process of government should not be a reflection of what administrative and political decision makers want but rather what the communities expect in service delivery. Budgets as it reformed over the last decade are not just a technical process but a systematic organisational process which is drawn up for a particular financial year with clear objectives for the evaluation of financial performance (Broadbent & Cullen 2003:138).

This process will identify the key objectives of an institution and the financial and human resources to meet the set objectives. Public financial management as it manifests itself in the public sector involves the compilation of budgets in line with a department's needs and the needs of the community it serves. The budget therefore serves as a financial plan and policy document (Du Toit, Knipe, Van Niekerk, Van der Waldt & Doyle 2002:124).

Financial resources make it possible to provide goods and services, but the correct application will have a profound impact on achieving economic goals such as alleviating poverty, addressing the skills shortages and reducing unemployment (Odendaal 2003:42-49).

The budget of an institution is a useful tool to monitor the implementation of a correctly costed operational plan. Budgets are a control mechanism to monitor the projected income and utilisation of funds. The monitoring process is also aimed at ensuring that funds are utilised for those objectives identified as part of the strategic planning process (Blumentritt 2006:73).

This chapter provides the definition of the term “budgeting”, the different budgeting concepts, models and budgeting cycles. An analysis of the legislative provisions governing public budgets will be provided. The estimates of national expenditure (ENE), amendments to budgets as a result of policy changes, and the variables impacting on public budgeting will conclude this chapter.

2.2 BUDGETING

The budget as a financial plan provides managers with a framework for achieving departmental objectives. In simple terms, the budget is a macro working plan, upon which an administrative authority can base its operational plans and ensure that the objectives set out by the policy will be accomplished. An operational plan can be described as a plan that is derived from a broad strategic plan of an entity and serves as a concrete foundation for the execution of functional activities (Erasmus & Visser 1997:162).

A budget of an organ of state is a financial statement which contains the estimates of revenue and expenditure over a certain period of time. In essence the budget is a document containing the revenue and expenditure proposals of a public authority (Gildenhuys 1993:392). Budgets include both financial and non-financial data. A limited definition of a budget would have it that it is a quantitative statement, for a defined period of time, which may include planned revenues, expenses, assets, liabilities and cash flows (Broadbent & Cullen 2003:115).

The budget is a culmination of a full year of preparation literally involving thousands of people at national, provincial and local government and in many of our departments and public entities (Manuel 2007:30).

Very few managers from the director-general to the lowest level are satisfied with their budgets because the greatest problems they face in budgeting are the uncertainty of the future and the uncontrollability of important outside factors that can significantly affect their department's destiny. These problems are inherent and no amount of number crunching will alleviate them (Finney 1993:20).

In business, the budgeting process is an appropriate financial management technique for the management of profitability including the acquisition of capital goods, projects and machinery (Blumentritt 2006:73). In the public sector, budgeting constitutes a financial inventory of what an authority should do to comply with the needs of the community it serves (Gildenhuys 1993:392).

2.3 THE DIFFERENT BUDGETING SYSTEMS

According to Thornhill (1984:13) a distinction should be made between a budget and a budgeting system. A budget is a document containing the estimates of revenue and expenditure of an organ of state for a financial year whereas a budgeting system refers to the relationship between the different stages in the compilation of a budget. The different stages in the compilation of the budget are explained more fully in section 2.6, below.

Traditionally budgets emphasised mainly expenditure control with the aim of preventing excessive and unauthorised spending. In government, the budgeting process originated as an item budgeting system focusing mainly on cash control. This in its rigid form would list every piece of equipment, stationery, maintenance and all other standard items. Once approved by the legislature, expenditure may only be incurred for that item and not for any other purpose (Gildenhuys 1993:508).

In spite of the claim that budgets are significant expositions of work programmes, the aim of eliminating excessive spending and misuse of public money has been pushed into the background. The application of the item budgeting system placed many obstacles in the way of sound financial management and as a result the following budgetary systems arose from these reform efforts (Gildenhuys 1993:509).

2.3.1 Programme budgeting system

Programme budgeting can take place over a single year or can be a multi-year budgeting system. In the South African context a programme budgeting system is based on a four dimensional approach to the classification of budget information, namely:

- The financial responsibility should be clearly identified.
- The purpose of the expenditure should be clearly identified.
- The required goods and services must be outlined.
- The source for funding the expenditure should be identified (Gildenhuys 1993:535).

2.3.2 Performance budgeting system

The performance budgeting system emphasises activities and the cost of each activity over the financial year. The advantage of this system is that budget information is structured per activity rather than individual standard items. Performance budgeting strives for the most economical, efficient and effective utilisation of personnel and other public resources for rendering public services (Gildenhuys 1993:516).

In previous systems of budgeting, “performance reports” were simply conceived as comparing actual expenditure versus budgeted expenditure. The performance reports in terms of this system compare actual and budgeted expenditures on a monthly basis. The unfortunate implication is that budgets are used as performance measures, which implies that when the budget is spent, public services are provided. This assumption is untrue as it implies that departments are funded based on input and not results (Ellingson & Wambsganss 2001:103).

2.3.3 Multi-year budgeting system

The multi-year budgeting system is a system that is based on realising predetermined objectives and often extends beyond the budget period. Although appropriations are made annually decision makers are presented with the total cost of the programme at the approval phase (Gildenhuys 1993:523).

Government programmes such as the Reconstruction and Development Programme (RDP) and Expanded Public Works Programme (EPWP) are not for the current financial year only, but they are continuous with objectives to be accomplished incrementally over long periods due to multi-year financial obligations. An example is the construction of stadiums for the 2010 World Cup with capital investment of R8,4 billion until 2010 (Manuel 2007:19).

2.3.4 Zero-based budgeting (ZBB) system

This system of zero-based budgeting originated in the United States and seeks to provide justification for expenditure required in the next budget period but at the same time analyses current expenditure trends and evaluates the effectiveness of each activity. The ZBB rejects the traditional incremental budgeting approach and involves setting up a system whereby the manager must justify every budget request and rationalise why the money must be spent at all (Broadbent & Cullen 2003:115).

The ZBB is not a rule driven approach to budgeting but rather a flexible budget approach that can be universally applied by any public institution to comply with its specific and peculiar circumstances. The system appears to be time consuming as each item is costed from zero, but in many respects it allows line managers to thoroughly apply their minds when submitting proposed costs for consideration (Gildenhuys 1993:526).

The system involves the compilation of a standard spreadsheet incorporating all budget items, such as travel, accommodation, stationery, communication expenses, et cetera, a description of each activity and the cost per activity. The budget projections in terms of this system commence at zero until each activity is fully costed (Broadbent & Cullen 2003:128).

2.3.5 Single year budgeting system

The single year budgeting system makes provision for the compilation of budgets over one financial year only. The composition of the budget comprises the financial responsibility for the requested funds based on the predetermined policy objectives including the purpose of the expenditure. The resources such as goods and services to be acquired to achieve its objectives and the funding source should be articulated (Gildenhuys 1993:534).

In the application of this budget method, the most important norm remains the total amount of expenditure that can be afforded. The priorities need to be ranked to clearly define community needs. Budget requests are judged on the basis of the broad policy strategies for coping with the total economic and social needs of the community (Gildenhuys 1993:536).

2.4 BUDGETING IN THE SOUTH AFRICAN CONTEXT

The choice of priorities should be determined by the relationship between the services required and those desired on the one hand and the total resources available on the other hand. In October 2007, when the medium term budget was tabled, departments were requested to identify R2,3 billion of cuts in spending that were not core service delivery items, to reduce the deficit on the national revenue fund (Manuel 2007:15).

This is a proactive approach over the next three years as public spending is projected to grow by 6,1% in comparison to 10,4% in 2007/2008. A moderate rate of expenditure will assist containing the overall demand, while protecting public spending in the event of an economic slowdown (South Africa 2008 e).

The spending proposals cannot accommodate any request by government departments tabled during the medium term expenditure planning process and from time to time the National Treasury will hear rumours of discontent from disappointed policy advisors. As it will always be, the Treasury must analyse an abundance of good ideas from loyal public servants and compare that against the total available resources (Manuel 2008:16).

With an expenditure budget of R534 billion in 2007/2008 rising to R650 billion in 2009/2010, the budget reflects a surplus of 0,6% of the Gross Domestic Product (GDP) in 2007/2008 reverting to a moderate deficit by the end of the forecasting period. The emphasis is on fiscal prudence and sound budgeting principles should be adhered to as South Africa gears itself to host the 2010 World Cup (Manuel 2007:11–19).

In modernising the governance framework, the emphasis is placed on value for money in public spending through scrutiny of the process of allocating additional funding, better monitoring and oversight of performance and improved coordination of public services at national, provincial and local levels of government (South Africa 2008 e).

To ensure that requests for funding are aligned to departmental objectives and properly motivated, departments in the public service are commonly using the zero-based budgeting system. In this instance, I refer to the National Department of Housing who use the zero-based budgeting system in the compilation of budgets (South Africa 2005 i).

The zero-based budgeting system is also used in the MQA in the compilation of budgets for consideration by the finance committee and approval by the Board (South Africa 2008 d). The department of finance in the MQA annually issues the format and guidelines for the compilation of budgets based on available funding. The budgets in the MQA are compiled annually in July by business unit managers. Budgets are scrutinised by Executive Management to ensure alignment with Board strategic objectives.

Once the MQA executive management is satisfied that budgets are aligned to the Board strategic objectives, the budgets are considered by the standing committees responsible for each business unit and the finance committee. The finance committee will after extensive scrutiny recommend the budget to the EXCO and MQA Board for approval. In cases where no alignment with Board strategic objectives could be determined, requested funds are channelled to other priority areas.

2.5 ESTIMATES OF NATIONAL EXPENDITURE (ENE)

The National Treasury annually provides a template to departments for the submission of budget requests (South Africa 2007 h). The template information includes:

1. **Aim of the vote:** The purpose of the department/entity should be included in this section. For example, in the case of the national Department of Housing the aim is to determine, finance, promote, coordinate, communicate and monitor the implementation of policy for housing and human settlements.
2. **Strategic overview (summary of programmes):** This section incorporates the different programmes of the department, for example: Programme 1 – Administration, Programme 2 – Human settlements and Programme 3 – Housing programme management, to name a few.
3. **Overview of service delivery environment:** This section will include an analysis of the financial performance of each programme including actual and planned expenditure. An assessment of the key deliverables to be achieved during the reporting period should also be outlined. The emphasis here is on measurable objectives introduced in the 2008/2009 ENE.
4. **Expenditure estimates:** The projected expenditure trends, including expenditure trends for the last seven years, should be articulated with a detailed trend analysis.
5. **Infrastructure spending:** This section is intended to discuss spending on fixed assets and the mechanisms to acquire such assets. Examples will include construction of houses, the Gautrain and the 2010 Soccer World Cup.

In terms of organs of state, the same concepts stated above have been introduced to ensure the continuation of the budget reform process with the ultimate aim of producing consolidated budgets for departments, including their associated public entities (South Africa 2008 f).

Below is a figure (2.1) of voted funds in respect of the national Department of Housing for the financial year ending 31 March 2004. The information indicated in section 2.5 above will be provided by a department as an annexure to the requested budget.

The template for the completion of departmental information as per the ENE should comply with the following format as set out in figure 2.2, below.

Figure 2 - 1: A typical budget of voted funds in respect of the national Department of Housing for the 2003/2004 financial year.

VOTE 16				
APPROPRIATION	**MAIN APPROPRIATION R'000**	**ADJUSTED APPROPRIATION R'000**	**ACTUAL SPEND R'000**	**UNDER-EXPENDITURE R'000**
	4,478,836	4,571,091	4,554,381	16,710
Minister	Minister of Housing			
Department	National Department of Housing			
Accounting officer	Director-general of Housing			

Figure 2 - 2: Template for key performance indicators as per the 2008 ENE.

	PERFORMANCE					
	PAST			**CURRENT**	**PROJECTED**	
INDICATORS	2004/2005	2005/2006	200620/07	2007/2008	2008/2009	2009/2010
Programme 1	TARGET vs ACTUAL vs PLANNED	TARGET vs ACTUAL vs PLANNED	TARGET vs ACTUAL vs PLANNED	TARGET PROJECTED	TARGET PROJECTED	TARGET PROJECTED

An example in respect of measurable objectives includes:

Strategic objective: Develop sustainable human settlements

Key performance indicator: Build 5 000 houses per province in 2004/2005.

Measurable objective: 5 500 built in 2004/2005. 1 000 houses in construction phase for completion in early 2005/2006.

The MQA annually submits its budget and objectives to be attained over the medium term expenditure framework (MTEF) to the Department of Labour as part of its service level agreement (Shareholder's Compact) in October (South Africa 2005 h).

The service level agreement between the MQA and the Department of Labour complies with the provision of Treasury Regulation 29 (2) that an organ of state must annually complete a shareholder's compact with the executive authority.

The alignment of the budget with key strategic objectives in line with the ENE guidelines is seen as a positive step in the right direction and will ultimately contribute to government's emphasis on attaining value for money in public spending (South Africa 2008 e).

2.6 THE BUDGET CYCLE

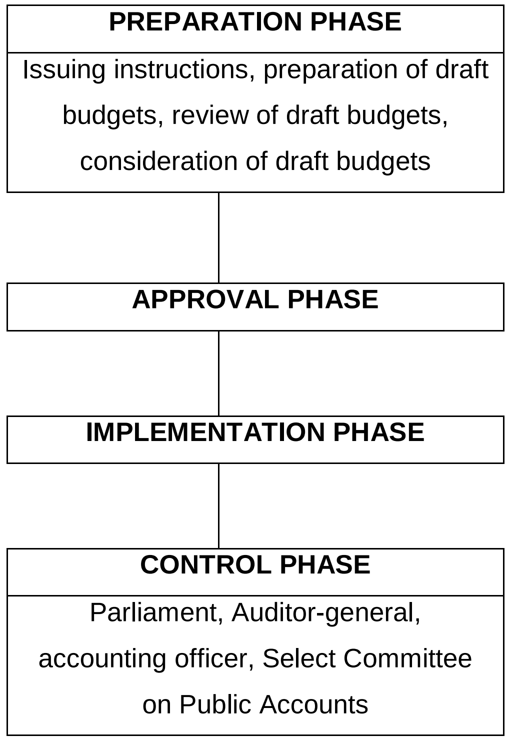
The budget cycle (figure 2 - 3) starts with the issuing of instructions to an institution by the National Treasury on how to complete their budget chapter for the ENE. The format of the budget must conform to the format issued by National Treasury (South Africa 1999 a).

During the preparation phase a budget starts as a departmental budget request that comprises executable programmes subject to approval by the executive authority. Each activity under the strategic overview mentioned in 2.5 above must be properly motivated, clearly indicating measurable objectives (South Africa 2008 f).

Once the budget is considered and approved, the implementation phase commences. In terms of section 38 (b) and (c) of the PFMA, the accounting officer is accountable for the economical spending of a department's available resources. The internal audit function will regularly audit the effectiveness of internal controls to safeguard public money and the spending thereof (South Africa 1999 c).

As part of the control phase, the external auditors of the MQA (who is the auditor-general) will conduct an audit on the financial and non-financial affairs of the Department and express an opinion on its findings. Dependent on the outcome of the external audit further control measures such as appearance at the Select Committee on Public Accounts (Parliament) will conclude the budget cycle (Erasmus & Visser 1997:241).

Figure 2 - 3: The budget cycle



2.7 AMENDMENTS TO BUDGETS AS A RESULT OF POLICY CHANGES

The impact of policy changes during the course of the financial year when budgets are already approved should not be underestimated. Adjustments in policy may result in no provision being made for expenditure associated with new or adjusted policies. Specific examples of policy changes is the budget speech of the Minister of Finance on 20 February 2008 outlining government's assistance of up to R60 billion over five years to Eskom to ensure a phased approach to infrastructure upgrades including building of power stations and maintenance of the electricity network (Manuel 2008:24).

In line with section 30 of the PFMA, the Minister of Finance may table an adjustments budget in Parliament for unavoidable and unforeseeable expenditure due to financial and economic events affecting the fiscal targets set by the annual budget. In the MQA a budget review annually takes place in October to review the projected income against actual income. This will also result in amendments to original budgeted amounts to projects and grants based on the income received. The National Treasury and Department of Labour is therefore accordingly informed of any adjustments made to the original budget after approval by the MQA Board.

The government identified specific goals to be achieved in terms of its Reconstruction and Development Programme (RDP) announced after the first democratic elections held in 1994. This required substantial funding to be incorporated in the adjustments budget in October 1994.

The RDP can be described as a large scale strategy by the Government of national unity to address problems facing the country in an integrated socio-policy framework that strives to mobilise citizens and the country's resources to build a democratic, non-racial and non-sexist future (Van der Waldt & Du Toit 1997:309).

The assumption that budgets should not change during a financial year is counterproductive because it does not recognise the unpredictability of the outside environment. It is however prudent that an audit trail of revisions be kept for future reference (Finney 1993:22).

In the MQA, the budget review takes place once each year in October. This allows management and the Board an opportunity to reflect on policy changes that could affect the environment in which the MQA operates. Policy changes include the Skills Development Bill, 2008 and Mine Health and Safety Bill, 2008 (South Africa 2008 d).

According to Van der Waldt and Du Toit (1997:125) the following are some of the areas that could have an impact on policy changes:

- the political opposition and pressure
- intergovernmental relations with national, provincial and local government
- agreements with foreign countries to execute amongst others the RDP in the South African context

According to the budget review of 2008 the allocations for that year aim to improve public performance and service delivery through improved planning, coordination and modernization of departmental systems and front line service delivery (South Africa 2008:117 f).

Whether this is possible in the short term remains to be seen, taking into consideration the bureaucratic time lags in the appointment of senior personnel and the procurement of goods and services (Pauw 2008:3).

The launch of the Joint Initiative on Priority Skills Acquisition (JIPSA) by former Deputy President Phumzile Mlambo Ngcuka to fast track critical and scarce skills in the different economic sectors had a major effect on the Departments of Education and Labour with emphasis on the contribution by SETAs to reduce the skills gap by 2013 (*Mail & Guardian* 2006).

In pursuit of economic growth initiatives such as the Growth Employment and Redistribution (GEAR) and the Accelerated Shared Growth Initiative of SA (ASGI-SA) were launched to focus on developing underprivileged communities and to also create a balance between the first and second economy. This in itself constituted a re-alignment of the budget to ensure that, after a decade and a half of decline, economic growth is indicative of impressive economic and social achievements since democracy in 1994 (South Africa 2007 i).

2.8 VARIABLES IMPACTING ON PUBLIC BUDGETING

The production of a public budget is guided by government's priorities in the delivery of services to the public. These priorities are the result of a political process comprising inherent tension between politics, the budget and the available resources (Gildenhuys 1993:417).

Debates in Parliament on the budget of a department have political connotations, as the political parties each have their own views on priorities. Extreme caution should be exercised in allocating budgets based on debates and media reports. Although public budgets should be subject to public scrutiny, consensus on decisions on budgets is difficult, if not impossible. The endeavours to reach consensus may push the direct cost of budgeting beyond the point of affordability (Gildenhuys 1993:71).

During election campaigns political parties adopt slogans aimed at improving government's service delivery to communities. The slogan of the African National Congress (ANC) in 1994 "A better life for all" was regarded as the gateway to accessing housing, free basic services, water and infrastructure services. After fourteen years of democracy, although major strides in all sectors of the economy have been made, there is still an outcry for clean water, transportation and basic services in rural communities. This is so, despite transfers of approximately R58,3 billion from the national government to municipalities from 2005–2008 (South Africa 2005 b)

2.9 CONCLUSION

In organs of state the challenge is to continue to modernise operational systems to accelerate service delivery to the public and find solutions to the bottlenecks such as appointments and procurement processes. From a historical point of view, government departments and organs of state have come a long way in revolutionising the budgeting systems to focus on outputs and service delivery to the communities we serve.

Poor planning often leads to noncompliance with policies and the end result is a qualified audit report by the Auditor-General and service delivery to communities is sacrificed. Cabinet took a strong stance on departments who receive qualified audit reports, as departments were requested to set out clear goals and improvement plans to fix recurring problems identified by the Auditor-General.

Budgets in the South African context are also flexible enough to cater for unexpected policy changes such as GEAR and ASGI-SA. The challenge is the choice of priorities based on the services required and those services desired on the one hand, and the limited resources available on the other hand. As South Africa gears itself to host the 2010 Soccer World Cup, emphasis is on fiscal prudence and a moderate rate of expenditure while protecting public spending in the event of an economic slowdown.

CHAPTER 3

THE DEVELOPMENT AND IMPLEMENTATION OF STRATEGIC PLANNING

3.1 INTRODUCTION

Strategic planning constitutes an important element of strategic management as an overarching concept. Senior management and policy makers should strategically evaluate the environment in which the institution operates and identify existing and potential opportunities and threats facing the implementation of community objectives, including weaknesses and strengths in terms of organisational structure, finance, productivity and service delivery that could impact on the timely delivery of objectives (Mercer 1991:6).

The strategic plan must outline objectives and income and expenditure estimates for the MTEF which is for a period of three years. The accounting officer of a department must annually prepare a strategic plan for the forthcoming MTEF period for approval by the relevant executive authority. The strategic plan must be submitted to Parliament seven (7) days before the discussion of the department's budget vote (South Africa 1999 c).

Government's primary thrust is the provision of services and the amount of services provided should serve as a basis of performance evaluation. Financial measures need to be developed directly related to the actual service provided. The challenge is to identify measures to comply with the efficiency and effectiveness of the services provided against the expectations of the communities we serve (Ellingson & Wambsganss 2001:103).

The strategic planning process can only succeed if the required financial and human resources are available to execute predetermined objectives (see section 1.2 for comments by PRC). Significant resource shortfalls invalidate original plans and necessitate their modification during execution (Jordan 2003:48).

Organisations design strategic plans without developing mechanisms to indicate how the strategic plan will be cascaded to all levels within the organisation. This leaves business units and individuals to set down their own priorities as best they can, whether or not these priorities are aligned with the overall strategic objectives (Aguilar 2003:44).

3.2 WHAT IS STRATEGY?

The definition of the term "strategy" by different authors is summarised below.

Strategy can be described as:

A pattern of behaviour that emerges over time
A firm's theory about how to gain a competitive advantage
A pattern of resource allocation that enables organisations to maintain or improve their performance
The plan enabling an organization to gain customer satisfaction through service excellence
The determination of the long run goals and objectives of an organisation and the adoption of a course of action and the allocation of resources necessary for carrying out these goals
A large scale, future orientated plan to achieve company objectives (Mintzberg et al 2003:12)

Although structured differently the various definitions refer to a plan developed by an organisation to achieve a set of predetermined objectives over a period of time.

3.3 CRITERIA FOR EFFECTIVE STRATEGY

Any strategy must conform to a specific set of criteria to ensure its effectiveness, namely (i) the strategy must be clear with decisive objectives and must be directed towards clearly defined and attainable goals, (ii) the strategy must have commitment from all in order to maintain the initiative, (iii) the strategy must concentrate on superior power to be decisive and at the right place and time, (iv) the strategy must allow for sufficient flexibility, (v) leadership must be coordinated and committed to implement the strategy effectively, (vi) the strategy must be developed intelligently enough to persevere through unexpected events and (vii) the strategy must have secure resource bases at all vital points of the enterprise (Mintzberg, Lampel, Quinn & Ghoshal 2003:15).

3.4 DEFINITION OF STRATEGIC PLANNING AND STRATEGIC MANAGEMENT

Strategic planning is a planning process that integrates an organisation's major goals, policies and action sequences into a cohesive whole. A well-formulated strategy helps to marshal and allocate an organisation's resources into a unique and viable posture based on the relative internal shortcomings and competencies, anticipated changes in an environment and contingent moves by intelligent opponents (Mintzberg, Quinn & Ghoshal 1998:5).

Strategic management can be defined as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve organisational goals (Pearce & Robinson 2007:3). Strategic management can also be defined as the process whereby all the organisational functions and resources are integrated and coordinated to implement formulated strategies which are aligned with the environment in order to achieve the long term objectives of the organisation through adding value for stakeholders and the communities (Ehlers & Lazenby 2007:2).

3.5 STRATEGIC PLANNING VERSUS STRATEGIC MANAGEMENT

Strategic planning is a process to enable public managers to evaluate, select and implement alternatives for rendering effective service. The effective application of strategic planning will ensure better utilisation of state resources (Van der Waldt & Du Toit 1997:285).

Strategic management has two opposing definitions. The one is that strategic management is the total management of the institution in a strategic way, whilst the other definition only refers to the implementation of strategic plans in an institution. In this context of the second definition, strategic planning is merely a tool of strategic management. The preferable view is that strategic management refers to the overall process, such as leading, controlling and organising strategy related decisions, not only strategic planning in an institution (Pearce & Robinson 2007:4).

3.6 STRATEGIC MANAGEMENT MODELS

Various authors outlined principles of the concept of strategic management. With the acceptance of basic principles the concepts differ in areas of focus (Pienaar 1987:35).

The strategic management model concepts of Andrews, Gluecks and Steiner will briefly be looked at.

The Andrews model

The model of Andrews is unique as it does not focus on institutionalisation, implementation or control of the strategic management process. The focus is on the development of strategy, identification of strengths, weaknesses, opportunities and threats (SWOT) to the achievement of organisational objectives (Pienaar 1987:34).

The Gluecks model

The Gluecks model includes a theory based on five steps of the decision-making model which comprises an analysis of the situation, determination of possible alternatives, evaluation of alternatives, selecting the most favourable alternative and implementation (Pienaar 1987:34).

The Steiner model

The Steiner model places strong emphasis on planning with specific emphasis on the corporate level where strategy is developed. The process is divided into two major steps, namely strategic and tactical planning. The strategic plan comprises the long term broad objectives of an organisation. The tactical plan refers to the development of more detailed medium and short range plans required to implement the strategic plan (Pienaar 1987:35).

3.7 LEVELS OF STRATEGY FORMULATION

The compilation of strategy takes place at three levels from an organisational point of view (see figure 3 - 1).

At the top is the corporate level, comprising of the chairperson of the board, executive committee and the organisation's executive management. The main responsibility of this level of decision making is the formulation of the vision, mission, strategic objectives and overall accountability for financial performance. The second level is the business level. This level comprises business and unit management. The main objective of the hierarchy is to articulate the strategic objectives and formulate more meaningful activities in terms of functional objectives. The final level of the strategic process is the functional level. This level is predominantly responsible for the formulation and implementation of operational strategies such as overseeing production schedules and finance and administration of the strategy process.

Figure 3 - 1: Levels of strategy formulation

Chairperson	**CORPORATE LEVEL**	Overall strategy
Executive committee		Finance
Executive management		Social responsibility

Business managers	**BUSINESS LEVEL**	Articulate strategy
Unit managers		Formulate activities
		Functional objectives

Supervisors	**FUNCTIONAL LEVEL**	Strategy implementation
Specialists		Production
		Finance and administration

In the MQA, strategy formulation takes place at the corporate level with the Board representing the state, employers and organised labour. This process also includes the chief executive officer, chief operating officer, chief financial officer and the executive manager corporate services (South Africa 2006 b).

The strategic planning session takes place every two years in September. A mini strategic planning session takes place every alternative year to review progress on the implementation of the strategic plan. The Andrews model of strategic management is used in the MQA (South Africa 2007 g).

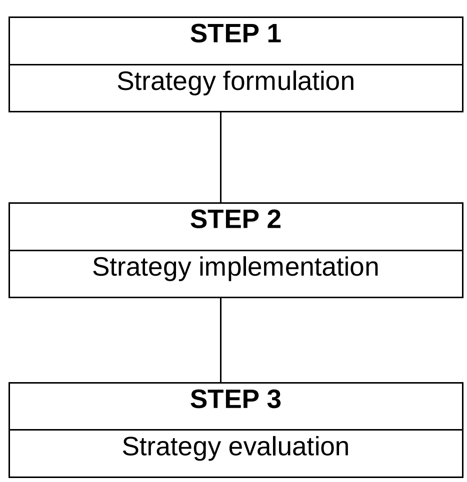
3.8 A DESCRIPTION OF THE STRATEGIC MANAGEMENT PROCESS

The strategic management process (figure 3 - 2) should start with an organisational analysis by determining the vision, mission and strategic objectives to guide management in the planning process. An environmental analysis of the strengths, weaknesses, opportunities and threats should guide the strategic management process (Ehlers & Lazenby 2007:7).

Mintzberg, Lampel, Quinn and Ghoshal (2003:81) describe four general principles of strategy evaluation, namely:

- Consistency: The strategy must not present mutually inconsistent goals.
- Consonance: The strategy must represent and adaptive response to the external environment and to critical changes.
- Advantage: The strategy must provide for the creation of a competitive advantage in selected areas of activity.
- Feasibility: The strategy must neither overtax available resources nor create unsolvable sub-problems.

Figure 3 - 2: The strategic management process



The strategic management process as illustrated in figure 3 - 2 comprises three critical steps to reduce the possible negative impact of change in an organisation. Firstly staff should be made aware of the process of change and the benefits to the organisation and staff as a whole. This should be followed with the appointment of an internal person that will oversee the concept of change from a human resources perspective. The final step would ensure reassurance of staff in the case of further resistance to change, and the monitoring and implementation of the process of change (Smit & Morgan 1996:309).

The driving force of any strategic plan is its effective implementation through the allocation of resources in a way that will continuously achieve corporate long term objectives. Once the plan is developed, the merging of information into functional plans and linking of short, medium and long term plans is critical for success. The implementation phase should continue with an appropriate monitoring tool to ensure regular feedback on planned and actual objectives (Magliore & McCracken 2001:43).

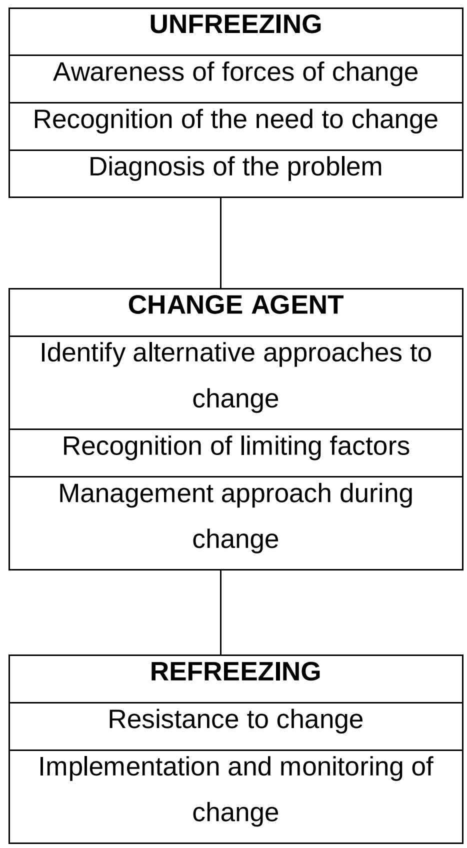
3.9 THE RELATIONSHIP BETWEEN STRATEGIC MANAGEMENT AND MANAGEMENT OF CHANGE

The fear of change has been cited as a risk to the implementation of the strategic management process (see section 3.11). Most of the failures of change management are as a result of insufficient communication and the uncertainty of what change is coming. In relation to this are the implications of the change for the organisation and the staff. Lack of information or inaccurate information and analysis could result in delays in the change management process (Pearce & Robinson 2007:242).

The appointment of a new board, management team or political leadership results in strategic change initiatives and change of this nature is associated with those at the top of an organisation (Pearce & Robinson 2007:238). An example of strategic change is the adoption of the slogan by the national Department of Housing “Breaking new ground” with the appointment of Minister Lindiwe Sisulu which placed renewed emphasis on providing sustainable human settlements (South Africa 2005 c).

The table below (3 - 3) explains the management of the change process. The process starts with the identification of the need to change and possible diagnosis of the problem. The appointment of a change agent follows to management the change process. The final phase is the implementation phase and the management of possible resistance to change.

Figure 3 - 3: The management of the change process



Other variables, in addition to the ones mentioned above, bringing change in an organisation include (i) transformational changes in the environment in which an organisation operates as a result of political, social and economic change, (ii) implementation of new strategies and (iii) the concept of change in general creates uncertainty and if not managed effectively the organisation could suffer from the loss of critical and scarce skills that is significant to see them through the change process (Smit & Morgan 1996:298).

3.10 STAGES OF THE STRATEGIC PLANNING PROCESS

Planning writers have elaborated on the fact that to implement and outline a vision, mission and strategic objectives, various stages of strategic planning have to be undertaken (Mintzberg 1994:52). The stages of objective setting, external and internal audit, evaluation and implementation in the formulation of a strategic plan will be briefly discussed.

The process of objective setting serves primarily to identify relevant strategic alternatives, where or in what strategic direction the organisation as a whole as well as its organisational sub-units should go. This includes the vision, mission and strategic objectives to guide the process of planning (Mintzberg 1994:53).

The external audit stage is merely an assessment of the external environment and identification of possible obstacles that could impact on the achievement of strategic goals and objectives. This stage will also involve the identification of mechanisms and possible checklists to cover every conceivable external factor after an extensive analysis of the external environment (Mintzberg 1994:54).

The internal audit stage involves a study of internal strengths and weaknesses. This technique assesses the internal ability and competence of available human resources to deliver the strategic goals and objectives (Mintzberg 1994:56).

The evaluation stage includes the monetary consequences of strategy and performance. In private organisations, the obsession with financial quantification can have an opposite effect by putting the financial carriage before the actual performance (Mintzberg 1994:59). In the public sector this phenomenon differs substantially because although the principle of value for money drives objectives, the concept of excellence in service delivery based on time and effort is an important cornerstone for success (Mintzberg 1994:59).

The operationalisation phase of the strategy may be hampered by the lack of internal capacity, which is a common stumbling block in the public sector. Strategies must be broken down into sub-strategies for successful implementation. The final step in implementation involves controlling and motivating people to take actions in accordance with plans (Mintzberg 1994:62).

The implementation phase focuses on monitoring and reporting mechanisms to identify bottlenecks and implement timely corrective action (Ehlers & Lazenby 2007:7).

3.11 BENEFITS AND RISKS OF STRATEGIC MANAGEMENT

Ehlers and Lazenby (2007:7 & 8) describe the benefits and risks of strategic management as follows:

> Strategic management facilitates better communication at all levels and ensures that employees take part in the decision-making process. There is also a sense of discipline that will facilitate more effective time management as objectives are aligned to deadlines. More effective resource management will take place as resources will be allocated to different functions according to strategies.

The most important criticism is that the strategic management process may result in unrealistic expectations and the management is not always aware of the status of the implementation of objectives. The culture of change is an important obstacle in strategic management as people feel that new objectives may result in change. Finally, management should always look at the successes achieved, spend more time identifying difficulties and obstacles in time to implement corrective action.

3.12 THE RELATIONSHIP BETWEEN STRATEGIC PLANNING, HUMAN RESOURCES PLANNING (HRP) AND TACTICAL PLANNING

Strategic planning does not only mean planning all organisational activities. It also implies that units with a strategic role may also have long term, medium term and short term plans. Human resources planning as a stand-alone function should not be divorced from strategic planning, as it will also have long term, medium term and short term implications for the strategic planning process (Cascio 1993:143).

The importance of human resources in the strategic planning of the organisation should not be underestimated, because without a committed team of line management the human resources team is less likely to achieve their objectives (Cascio 1993:143).

Figure 3 - 4: The relationship between the business (strategic) planning process and human resources planning process.

Strategic planning: **long range perspective** 2–5 years Corporate philosophy Environmental scan Strengths and constraints Objectives and goals	**Operational planning:** **middle range perspective** Planned programs Resources Organisational strategy Plans new business acquisitions Divestitures	**Budgeting:** **annual perspective** Budget units Individual performance Programme scheduling Monitoring and control
Issues analysis Business needs External analysis Management applications	**Forecasting** Staffing level & mix Job design Project resources Net requirements	**Action plans** Staff authorisations Promotions, transfers, training, compensation Labour relations

The figure above (3 - 4) stipulates long range planning of an organisation of two to five years and focuses on the formulation of broad strategic objectives. The middle range perspective of 1–2 years involves formulating operational strategy to meet strategic objectives. This also includes the identification of the human resources to meet the set objectives (Cascio 1993:143).

The annual budgeting estimates provide for the allocation of resources and standards for the implementation of strategic and operational plans. At a tactical planning level human resources planning comprise the forecasting of employee supply and demand and the identification of issues analysis (Cascio 1993:143).

At the level of strategic planning, HRP is tasked with:

(i) the assessment of management implications for future business needs

(ii) assessing external factors relating to supply and demand of resources over the long term

(iii) assessing demographic and social trends

(iv) the accurate financial projections of human resources expenditure (Cascio 1993:143.)

3.13 THE IMPACT OF POLITICS ON STRATEGIC PLANNING

The political landscape and changing economic conditions no longer require companies only to perform its vision, mission and strategic goals. Organisations will be required to be more explicit about their goals, particularly those relating to the education of its workforce and their contributions to corporate social responsibility (Mintzberg, Quinn & Ghoshal 1998:56).

This is evident in state owned enterprises in which government is the 100% shareholder. Particular reference is made to the Rand Water Board, a public entity in the Department of Water Affairs and Forestry who must elucidate the support of poor communities through the upliftment and infrastructure development to eliminate the bucket water system (South Africa 2006 d).

Political activity carries both benefits and risks because once government intervention is an issue on behalf of an organisation, then political intervention becomes legitimate, regardless of whose interests are promoted. This is evident when political leadership campaign for nomination to Parliament or when political imbizo's are undertaken. It often results in changes to an organisation's strategic direction or the reallocation of resources to satisfy political needs (Quinn, Mintzberg & James 1988:329).

Political activity is regarded as detrimental to planning because planning is comprehensive and objective whilst political activity is subjective and parochial and threatens strategic planning (Mintzberg 1994:196). This corresponds to Wildavsky view that politics is pressure, expedient adjustments, haphazard acts and unresponsive to a planned analysis of needs and of efficient design (Wildavsky 1966:210).

It is important that strategy should emanate from the top of a hierarchy and that goals can be agreed upon at that level. These goals should be cascaded down to all levels of the hierarchy. To ensure successful implementation, politics should not be involved in this process due to the neutral nature of implementation. The presence of politics in the implementation phase will result in failure (Mintzberg 1994:412).

In spite of the views of Mintzberg and Wildavsky, the principles of democracy in my view preclude the unqualified exclusion of executive influence in the workings of the MQA. However, it is advisable that the view of political principals be solicited during the planning phase and not at the implementation phase. In the case of the MQA, the view of the executive authority (Minister of Minerals and Energy) should be solicited prior to the strategic planning session to ensure that funding is allocated in advance for political objectives aligned to the strategic objectives of the MQA.

3.14 THE ROLE OF A BOARD IN STRATEGIC PLANNING

A board operates as representatives appointed by the shareholders of a company or department. In the case of the MQA the government is the 100% shareholder and the Board is appointed by the executive authority (see section 1.2 and the definition of "executive authority" under Terminology in section 1.8).

The board acting on behalf of the shareholder is responsible to (i) develop vision, mission and set broad policy and strategic objectives, (ii) appoint the CEO, (iii) ensure legislative compliance and (iv) ensure financial sustainability of the organisation (South Africa 2006 b).

The budgeting process is the ideal vehicle for strategic discussions between the board and management. The board is turned to the organisation’s critical factors for success based on the critical analysis of management’s assumptions in deciding strategy and actions (Finney 1993:23). The MQA annually convenes a workshop where the strategic direction of the institution and the available funding for strategic objectives are discussed.

The role of the board is to develop strategy and steer the organisation from a strategic perspective. One of the so-called pitfalls is the obsession of a board with control by being involved in the operational detail of the organisation. This leaves limited scope for the chief executive officer to develop operational plans from the broad strategic goals (Mintzberg 1994:152).

This was also the situation in the MQA with the Board being involved in operational matters until the Balanced Scorecard as a monitoring tool was introduced (South Africa 2007 b). The Balanced Scorecard is a system developed in 1996 by Kaplan and Norton which translates an organisation's mission into a comprehensive set of performance measures around four key areas, (1) financial, (2) customer, (3) internal business processes and (4) learning and growth (Ellingson & Wambsganss 2001:104).

The board must also oversee the measuring of performance of the CEO and executive management in an attempt to distinguish between controllable and uncontrollable factors. Thus, at the same time as it ensures meeting predetermined objectives and goals, it should discharge its responsibilities in terms of corporate governance without engaging in micromanagement (Finney 1993:23).

3.15 CONCLUSION

The strategic planning process is an important tool for an organ of state to guide objectives and critical success factors for a particular financial year. Due to the limited resources available to provide public services, it becomes imperative that political and administrative office-bearers at national, provincial and local government strategically plan the objectives for a particular year and align the objectives to available funding.

Balancing the budget in terms of available funds against the strategic objectives is a major challenge for the MQA, taking into consideration the legacy of the mining industry with an estimated 50% illiterate people. It is also imperative to acknowledge the complexity of the strategic planning process of a governing body comprising three different stakeholders, each with its different areas of interest.

Furthermore, it is a well-known fact that strategy imposed by top management may not necessarily be compatible with the systems of organisational operation that influences daily decision making. This action reflects dissociation between the formulation of strategy and requirements at operational level. This could be eliminated if all levels of the organisation are involved in the formulation of strategy. Although the strategic planning process in the MQA involves the Board and executive management only, the details of the strategic plan is conveyed to all staff and inputs are solicited prior to approval by the Board.

To maximise resources, input and commitment to service delivery and the execution of the strategic plan, all staff need to know the strategy and their role in it to ensure that the whole organisation is aligned behind the goal of turning the strategic plan into effective action.

CHAPTER 4

STRATEGIC PLANNING, BUDGETING AND MONITORING IN THE MQA

4.1 INTRODUCTION

This chapter will provide an analysis of the budgeting and strategic planning process of the MQA within the context of its statutory mandate, license to practice and organisation. It will also focus on over/under expenditure and whether sufficient resources and capacity are allocated to execute programmes effectively. Emphasis will be placed on the strategic planning process, the formulation of strategic objectives and the achievement/non-achievement thereof.

Public administration as it manifests itself in South Africa today is governed by democratic values and principles as entrenched in the Constitution of the Republic of South Africa, 1996. The Constitution further stipulates that a high level of professional ethics must be maintained and promoted and the limited financial and human resources must be managed efficiently and effectively (South Africa 1996 b).

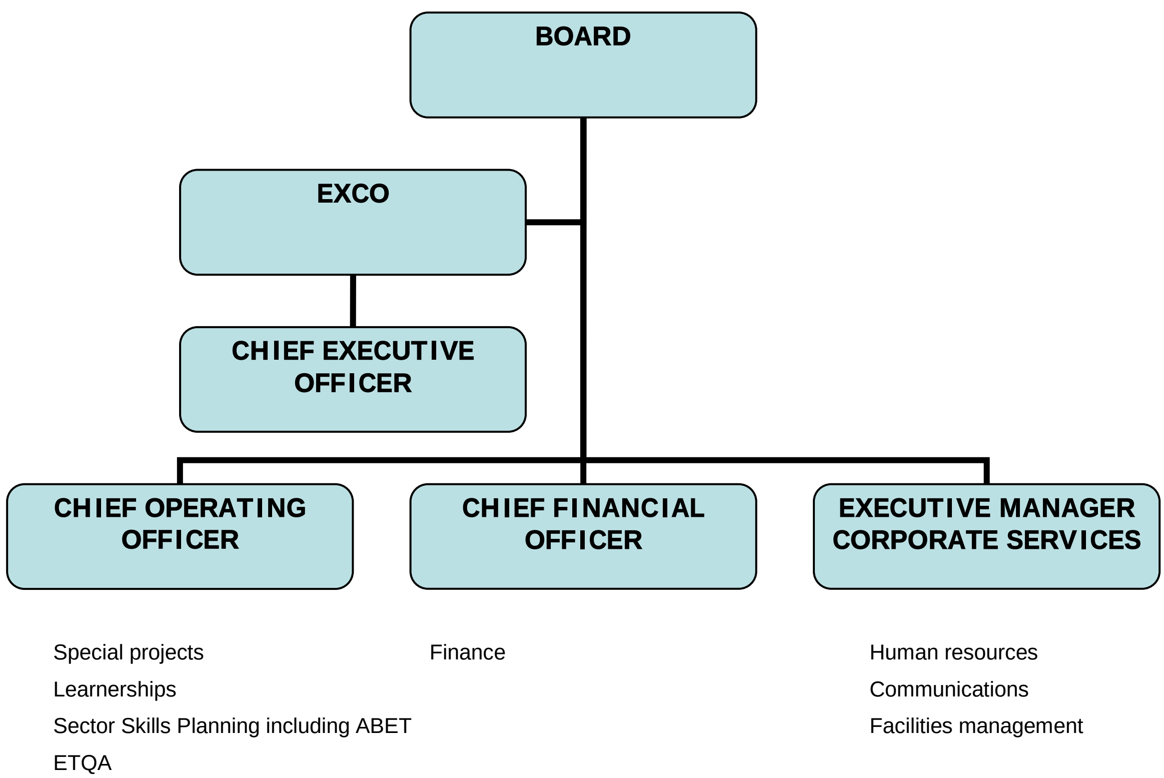
It is against this background that public budgets must be thoroughly evaluated and driven by the needs of the community it intends to serve. They must be objective driven and based upon priorities. Policy changes often result in budget changes and realignment of the strategic positioning of an institution. Most notably was the change in leadership when former President Thabo Mbeki took over from former President Nelson Mandela in 1999 when he introduced a policy of service delivery and the re-engineering of local government by enforcing the concept of developmental local government (Cloete & Wissink 2000:241).

4.2 THE ORGANISATION OF THE MQA

It is necessary for us to set out the organisation of the MQA because, firstly personnel expenditure is a significant item on the administrative budget (see table 4 - 11) of the MQA as it comprises 43% of the administrative expenditure and secondly to show the relationship between organisational components and strategic objectives of the MQA. The MQA had a total staff complement of 54 permanent staff members. In addition, there are also 10 internship positions allocated to the various business units for a period not exceeding twelve months. Following months of consultation, the Board approved a new organisational structure at its meeting held on 29 May 2008. The new positions were aligned to the new strategic objectives adopted at the strategic planning session of the Board on 1 and 2 November 2007. The additional 7 approved positions bring the total staff complement to 71 staff members including internship posts (South Africa 2008 a).

Below (figure 4 - 1) is the strategic organisational structure of the MQA. The structure includes the Board, executive committee (EXCO), the CEO and the executive management reporting to the CEO.

Figure 4 – 1: The strategic organisational structure of the MQA



The organisational structure is a direct reflection of the administrative budget as set out in table 4 – 11, as each function mentioned above is linked to a business unit as per the administrative budget to monitor expenditure per business unit. In the assessment of the strategic objectives against the available resources, the following assessment was made:

1. The skills development unit in the office of the chief operating officer is not appropriately staffed to deal with research based activities (South Africa 2007 e).
2. The communications unit in the office of the Executive Manager Corporate Services is not appropriately staffed to facilitate internal and external communications in the sector (South Africa 2007 f).
3. A more progressive approach to a health and safety agenda is imperative due to the increased fatalities in mines (South Africa 2007 f).
4. The interpretation of statutes, legislation and accreditation policies in line with SAQA regulations require in-house legal capacity (South Africa 2007 e).

The possible causes for not meeting objectives include (i) increase in staff turnover due to the review of the SETA landscape, (ii) late advertising and allocation of tenders, (iii) lack of timely guidance by the finance department in terms of the availability of funds, (iv) late finalisation of targets between the MQA and DoL, (v) delays in the roll-out of projects upon approval by Board and (vi) cancellation and postponement of meetings due to unavailability of Board and committee members (South Africa 2007 f).

The additional functional areas approved by the Board include

(i) a more aggressive approach to internal and external communication with the creation of a post of Corporate Communications and Customer Relations Manager.

(ii) research capacity to ensure an accurate analysis of skills development.

(iii) the expansion of the supply chain management unit to facilitate the centralisation of acquisition of goods and services.

(iv) quality assurance capacity to ensure ongoing verification of learner achievements on the National Learner Record Database (NLRD) in line with the South African Qualifications Authority (SAQA) regulations.

(v) internal restructuring focusing on rationalisation of the Adult Basic Education and Training (ABET), small, medium and micro enterprises (SMME), strategic projects and learning programmes units (South Africa 2008 a).

4.3 THE STATUTORY MANDATE OF THE MQA BOARD

The statutory mandate of the MQA Board as the accounting authority to allocate funds for projects and grants will be analysed based on the legislation applicable to the MQA. The legislation applicable to the MQA is as follows:

1. The Mine Health and Safety Act 29 of 1996
2. The Skills Development Act 97 of 1998
3. The Skills Development Levies Act 9 of 1999
4. The Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999)
5. The MQA Constitution, gazetted in 2006, issued in terms of the Skills Development Act 97 of 1998

A brief summary of the legislation focusing on the mandate of the MQA to allocate funds will be discussed.

1. <u>Mine Health and Safety Act (MHSA) 29 of 1996</u>

In terms of section 41 (3), the MQA is established to advise the Minister of Minerals and Energy on the framework for qualifications, learning achievements, standards and competency setting of the mining industry. Read in conjunction with section 46 (2), the MQA may administer and control its own financial affairs and do anything necessary to achieve its objectives.

The MHSA is silent on the role of the Minister of Minerals and Energy in the allocation of funds. Therefore, the responsibility for the allocation of funds for projects and grants rests with the MQA.

2. <u>The Skills Development Act (SDA) 97 of 1998</u>

In terms of section 10 (iii) of the SDA, it is a function of a SETA to allocate grants in the prescribed manner and in accordance with any prescribed standards and criteria to employers, education and training providers and workers. In terms of section 13, the Minister of Labour must approve the Constitution of a SETA in line with the guidelines stipulated in section 13 (3) & (4).

3. The Skills Development Levies Act (SDLA) 9 of 1999

The SDLA deals with the collection of levies by SETAs and is silent on the role of the Minister of Labour in the allocation of funds for MQA projects and grants. Therefore, the responsibility for the allocation of funds for projects and grants rests with the MQA.

4. Public Finance Management Act (PFMA) 1 of 1999 (as amended by Act 29 of 1999)

The PFMA stipulates in section 38 that the Accounting Officer is responsible for effective, efficient and transparent systems of financial management and internal control. The Accounting Officer is therefore totally responsible for the allocation, management and controlling of departmental funding.

Read in conjunction with section 51 of the PFMA, an accounting authority of a public entity/organ of state must ensure that the public entity/organ of state has and maintains systems of internal control and risk management and must take effective and efficient steps to collect all revenue and prevent wasteful, fruitless and irregular expenditure.

5. The MQA Constitution, gazetted in 2006

In terms of section 9 of the MQA Constitution, the MQA has the authority to approve the annual strategic plan, budget and the targets contained therein (section 9.5 and 9.6). Read in conjunction with section 9.8, the MQA has all the necessary powers to carry out its functions and makes rules regarding its financial affairs consistent with the PFMA and any other legislation. The MQA Constitution does not give the Minister of Minerals and Energy or the Minister of Labour any responsibility in the allocation of funds.

Based on the interpretation of the preceding legislation, it is concluded that the Board of the MQA is responsible for the allocation of funding for projects and grants and the Executive Authority is responsible to exercise oversight in terms of performance of the MQA (Interview with Barry 2008).

4.4 LICENSE TO PRACTICE

The MQA as a SETA is established for a period of five years aligned to the targets set by the National Skills Development Strategy (NSDS). The certificate to practice is issued by the Minister of Labour dependent on the performance of the SETA in the preceding period under review. The current certificate is applicable from 01 April 2005–31 March 2010 (South Africa 2005 a).

The MQA received a 4,5 rating for the period ending 31 March 2005. This implies that the MQA achieved and exceeded 80% of its targets and was regarded as one of the five best performing SETAs. The re-issuing of the certificate by the Minister of Labour is a confirmation of the excellent performance by the MQA. During the process of re-issuing certificates to practice, poor performing SETAs were merged with performing SETAs based on similarities in its area of specialisation within a specific economic sector, for example the Primary and Secondary Agriculture SETAs were merged and the Safety and Security and the Public Services SETA were rationalised (South Africa 2005 f).

4.5 STRATEGIC PLAN

The strategic planning process of the MQA identifies the strategic objectives inclusive of targets set by the Board and outlines the budget provisions for a particular financial year. Following the strategic planning session, a service level agreement is compiled that serves as the shareholders compact in terms of section 29 of the Treasury Regulations to be entered into on an annual basis with the executive authority (South Africa 1999 c).

The most recent strategic planning session of the Board was held on 1 and 2 November 2007. At this session agreement was reached that in future a full strategic planning session will be held every two years and a mini strategic planning session will take place every alternative year. The strategic planning session will be attended by the members of the Board, which is partially composed of five representatives each from the state, employers and organised labour. It will also include the four executive managers in the MQA, namely the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Executive Manager Corporate Services. That session will be chaired by an external consultant who is an expert in the functioning of organs of state and strategic planning processes (South Africa 2007 f). Each stakeholder group has a convener.

4.6 FORMAT OF THE STRATEGIC PLANNING PROCESS

The format of the strategic planning process is as follows:

Upon appointment of the facilitator, interviews prior to the strategic planning session will be scheduled with each stakeholder convener and at least one other senior member of that stakeholder. The purpose of the pre-interview is to determine the perception of the stakeholders regarding the MQA performance over the past year, the constraints, challenges and the possible future direction of the MQA from a stakeholder perspective.

Interviews with executive management will take place to ascertain the level of support from stakeholders, achievement of objectives, constraints and challenges facing the MQA over the short, medium and long term.

The scanning of the internal and external environment will follow, including an assessment of the strengths, weaknesses, opportunities and threats (SWOT) to the achievement of objectives.

In the preparation of the strategic planning session, the MQA Executive Management will prepare (i) a report on the action plans identified at the last strategic planning session and the status of their implementation, (ii) any documents/legislative provisions impacting on the mandate of the MQA, (iii) a report on the financial status of the MQA and (iv) an overview of governing structures, including an audit committee report and their contribution to the strategic objectives of the Board (Interview with Ramphomane 2008).

On the day of the strategic planning session, the process will commence with an introduction by the facilitator explaining the purpose, objectives and the expectations of each stakeholder at the session. The chairperson of the Board will formally welcome stakeholders and highlight national and sectoral issues that the Board needs to take note of in the identification of strategic objectives. The chairperson will highlight achievements, challenges and constraints of the Board and finally outline his/her strategic view of how the MQA should proceed in the short, medium and long term through the identification of strategic focus areas (South Africa 2007 f).

The CEO will provide an operational review of performance against targets, a report on the statement of the MQA's financial position and an overview of governance structures and its support to the Board objectives (South Africa 2007 f).

Each stakeholder convener will present the viewpoint of his or her constituency on the way forward and what the priority areas are of his or her constituency (South Africa 2008 b).

This information will provide the facilitator with a good platform to summarise discussions and articulate the context in the identification and prioritising of critical success factors (Interview with Ramphomane 2008).

A summary of the views by the Board after the 2007 strategic planning session compiled by the author is attached as Appendix A. The Board also took note of the various changes in the mining industry that could potentially have an impact of the future revenue of the MQA. The various changes in the mining industry at the time are attached as Appendix B.

4.6.1 Outcomes of the strategic planning session

The strategic objectives adopted by the Board have been articulated at a management planning session to identify suitable activities, projects and grants for the achievement of the objectives. These objectives form the basis of the shareholders compact entered into with the Department of Labour. The implementation of strategic objectives is monitored on a quarterly basis by the Board to identify bottlenecks and implement timely corrective action. The broad strategic objectives approved by the Board including activities per objective are outlined in section 4.7 below (South Africa 2007 f).

4.7 STRATEGIC OBJECTIVES OF THE BOARD FOR THE PERIOD 2005–2010

The Board adopted the following strategic objectives at its strategic planning session:

1. Transformation of the sector through skills development.
2. Development of a health and safety environment for the mining and minerals sector.
3. Development of the current workforce.
4. Development of new entrants to the market.
5. The stimulation of new enterprise development.
6. The delivery of quality training and development.
7. Transition of individuals from employed to unemployed (South Africa 2007 f).

To support the execution of strategic objectives, activities in the form of projects and grants were established and aligned to each strategic objective (South Africa 2007 e).

To investigate the alignment of projects and grants to strategic objectives, each project will be analysed below in table format to determine alignment to a specific strategic objective. These tables manifest analyses of the data found in Annexure C. For every project an evaluation was made on achievement and non-achievement of project objectives. One of the aspects of these analyses is the evaluation regarding the success of the various projects against the targets.

The achievements of each project are marked with the symbol *.
If project objectives have not been achieved, it is marked with the symbol #.
A new project is marked with the symbol $. This will also apply to projects whose objectives cannot be assessed at this point in time.
Projects will be clustered under a strategic objective based on its description and focus. If a project links to more than one strategic objective, the project description that matches the strategic objective more closely, will be used to indicate alignment. Each strategic objective taking into consideration the activities will be analysed to determine whether the targets have been achieved or not achieved.

This exercise is necessary because budgets should be aligned to measurable objectives. Budgeting as it has been reformed over the last decade is not just the result of a technical process but a systematic process which is drawn up for a particular financial year with clear objectives for the evaluation of financial performance (Broadbent & Cullen 2003:138).

Table 4 - 1: Transformation of the sector through skills development

Board strategic objective 1: Transformation of the sector through skills development				
Project No:	Activity	Key performance indicator 2005–2010 and targets	Achievements against key performance indicators for the period 2005–2008	Mandate Sector Skills Plan (SSP), National Skills Development Strategy (NSDS), Mining Charter, Beneficiation (Diamond and Jewellery) Employment Equity (EE)
* 502	Small scale mining	1 000 small scale miners to benefit from formal training.	1 201 small scale miners trained	Mining Charter Beneficiation
* 504	Women in mining technical training	Development of 150 women to support mining charter target of 10% women.	150 women supported in 2007–2008	Mining Charter NSDS
* 101	University employment equity project	4 Universities to be supported. 15 lecturers to be HDSAs	4 Universities supported. 15 historically disadvantaged individual (HDSA) lecturers appointed	Mining Charter NSDS, EE
* 302	Graduate development programme	116 HDSAs to complete two year structured learning programmes	116 HDSAs trained	Mining Charter NSDS EE
* 103	Bursary and practical training scheme	755 bursars per year in priority learning areas	1 095 bursars assisted. 428 practical training	NSDS Mining Charter
$ 106	Jewellery industry support	Supporting the jewellery industry with skills development	Project plan to be developed with jewellery council	Mining Charter
$ 107	Diamond industry support	Supporting the diamond industry with skills development	Project plan developed with Diamond Board.	Mining Charter

The strategic objective 1 is the only strategic objective that is specific for the sector. All other strategic objectives are generic in nature.

Table 4 - 2: Development of a health and safety environment for the mining and minerals sector

Board strategic objective 2: Development of a health and safety environment for the mining and minerals sector				
Project No.	Activity	Key performance indicator 2005–2010 and targets	Achievements Accumulative 2005–2008	Mandate
# 201	Register and review standards and qualifications	Register 400 unit standards and 35 qualifications	Registered 388 unit standards and 21 qualifications	Mine Health and Safety Act SSP
# 202	Incentivise participation in standards setting activities	Develop 25 learnerships Develop 52 skills programmes Support the development of 500 unit standards and 45 qualifications Develop 100 learnerships. Ratify 1200 learning packs Ratify 25 learning packs of electronic learning material Develop 20 learning programmes	Developed 22 learnerships Developed 33 skills programmes Supported the development of 350 unit standards and 30 qualifications. Developed 26 learnerships Ratified 760 learning packs. Developed 10 learning programmes	Mine Health and Safety Act SSP
* 508	Skills development research and analysis	Develop 2005–2010 SSP including research report and submit to Department of Labour annually by 30 September. Scarce and critical skills guide published.	SSP for 2005–2010 developed and submitted to Department of Labour by 30 September. Guide on scarce and critical skills published	SSP, NSDS Mining Charter
* 303	Learnerships, skills programmes and apprenticeships	Promote uptake of 5 590 learners in learnerships, skills programmes and 1 000 apprenticeships	6 801 learners in learnerships, 118 935 learners in skills programmes and 136 in apprenticeships	SSP, NSDS Mining Charter
# 301	Learning material development	1 250 learning material packs to be developed	776 learning material packs developed.	SSP, NSDS Mining Charter
* 505	ABET grant	31 310 ABET 4 learners supported	34 000 learners supported.	NSDS
# 601	ABET Practitioners	623 ABET practitioners supported	523 ABET practitioners supported	NSDS Mining Charter
* 404	RPL Assessment	Implementation of RPL assessment for NQF 1–4 MQA registered qualifications	RPL guideline completed and implemented	NSDS Mining Charter ASGI-SA , JIPSA

Table 4 - 3: Development of the current workforce

Board strategic objective 3: The development of the current workforce				
Project No.	Activity	Key performance indicator 2005–2010	Achievements Accumulative 2005–2008	Mandate
$ 509	Skills audit	Skills audit framework, guidelines and toolkit developed and pilots supported to promote implementation of skills audit within the sector	New project	SSP NSDS Mining Charter
* 503	Skills development facilitators support	500 skills development facilitators to be developed to assist companies to participate in the MQA levy grant system	663 skills development facilitators developed to support companies in the levy grant system	SSP NSDS Mining Charter
$ 510	Training committee support	Training committees developed to carry out their functions effectively	New project	SSP, NSDS Mining Charter

Table 4 - 4: Development of new entrants to the labour market

Board strategic objective 4: Development of new entrants to the labour market				
Project No.	Activity	Key performance indicator 2005–2010 and target	Achievements Accumulative 2005–2008	Mandate
* 303	Unemployed learners in learnerships, skills programmes and apprenticeships	Promote uptake of 5 590 learners in learnerships, skills programmes and 1 000 apprenticeships and blasting certificates by paying incentive grants to participating companies	6 801 learners in learnerships, 118 935 learners in skills programmes and 136 learners in apprentice-ships and blasting certificates	SSP NSDS Mining Charter
* 501	Levy grant system participation	Support 150 large companies. Support 130 medium companies. Support 1 500 small companies	194 large companies 141 medium companies 2 274 small companies assisted	SSP NSDS Mining Charter
# 601	National Skills Fund (NSF) Project 1	69 learners in Graduate Development Programme (GDP) per year supported. 64 learners in learnerships supported	30 learners supported. 37 learners supported	SSP NSDS Mining Charter
# 602	NSF Project 2	1 120 learners in learnerships supported in engineering and beneficiation learnerships	1 000 learners supported	SSP NSDS Mining Charter

The high number of learners trained in project 303 (118 935) represent short courses.

Table 4 - 5: The stimulation of new enterprise development in the sector

Board strategic objective 5: The stimulation of new enterprise development in the sector				
Project No.	Activity	Key performance indicator 2005–2010 and target	Achievements Accumulative 2005–2008	Mandate
# 105	New Venture Creation	445 learners assisted with new venture enterprise learnership	223 learners assisted with new enterprise learnership	SSP NSDS
* 305	Black Economic Empowerment (BEE) firms and BEE co-operatives supported	Identify and support 5 BEE firms and BEE co-operatives	5 BEE firms and BEE co-operatives supported	NSDS Mining Charter
* 305	Non-levy paying enterprises, Non-governmental organisations (NGO), community based organisations (CBO) supported	Identify and support non-levy paying enterprises, NGOs, CBOs	All non-levy paying enterprises, NGOs and CBOs identified and supported	NSDS Mining Charter

Table 4 - 6: Facilitation of the transition from being employed to unemployed

Board strategic objective 6: Facilitation of the transition from being employed to unemployed				
Project No.	Activity	Key performance indicator 2005–2010 and target	Achievements Accumulative 2005–2008	Mandate
# 506	Beneficiation training support.	500 beneficiation learners to be identified and supported.	200 beneficiation learners identified and supported.	SSP, NSDS. Mining Charter
# 507	Ex-miners support.	150 district municipalities supported to develop skills of unemployed mineworkers.	60 district municipalities trained unemployed mineworkers.	Mining Charter.

Table 4 - 7: The delivery of quality training and development

Board strategic objective 7: The delivery of quality training and development				
Project No.	Activity	Key performance indicator 2005–2010 and target	Achievements Accumulative 2005–2008	Mandate
# 401	Assessor, moderator and trade test officers registration	1 600 assessors and 325 moderators registered	1 409 assessors and 200 moderators registered	SAQA Act
* 102	Further Education and Training (FET) support	16 FET colleges supported.	16 FET colleges supported	SSP NSDS
# 402	Providers supported to achieve Internal Standards Organisation (ISO) certification	72 Providers supported to achieve ISO certification	45 providers supported to achieve ISO certification	SAQA
*Adm	MQA remain an accredited Education Training and Quality Assurance (ETQA) body with the South African Qualifications Authority (SAQA)	MQA to maintain ETQA status through SAQA	MQA maintained ETQA status through SAQA	SAQA
# Adm	New venture institutions accredited per province	5 new venture institutions accredited per province	3 new venture institutions accredited per province	NSDS
# 405	Institutions of sectoral or occupational excellence recognised and supported	20 institutions of sectoral or occupational excellence recognised and supported	5 institutions of sectoral or occupational excellence recognised and supported	NSDS
* 403	PDA Software	PDA software to be developed for all registered qualifications	PDA software pilot done	SAQA Act

4.8 OVERALL ASSESSMENT

The table below reflects the overall assessment of strategic objectives based on the projects linked to each strategic objective. The overall expenditure of projects and grants is reflected in table 4 - 12 later in this chapter. Based on the assessment below, it is my view that the MQA performed very well seen against the strategic objectives approved by the Board. The achievement rate would have been much higher had it not been for the new projects and projects that extend beyond one year that cannot be evaluated at this point in time.

Table 4 - 8: Overall assessment of strategic objectives

STRATEGIC OBJECTIVE	TOTAL PROJECTS	ACHIEVED	NOT ACHIEVED	NEW PROJECT
Transformation of the sector thorough skills development	7	5	0	2
Development of a health and safety environment for the mining and minerals sector	8	4	4	0
Development of the current workforce	3	1	0	2
Development of new entrants to the labour market	4	2	2	0
The stimulation of new enterprise development in the sector	3	2	1	0
Facilitation of the transition from being employed to unemployed	2	0	0	2
The delivery of quality training and development	7	3	4	0
TOTAL	**34**	**17**	**11**	**6**

From the seven (7) strategic objectives, 34 activities in the form of grants and projects in the industry were embarked upon. The overall assessment of achievement of strategic objectives is as follows:

Achieved	: 10 projects	29%
Not achieved	: 13 projects	38%
Exceeded	: 7 projects	21%
New projects	: 4 projects	12%
	TOTAL	100%

4.9 INCOME OF THE MQA

The Income of the MQA is for the large part defrayed from companies (employers) in the MMS whose core responsibilities are in the areas of mining or areas incidental to mining based on the classification by the DoL. Companies in the MMS must register with the South African Revenue Services (SARS) and obtain a unique levy number. Companies whose payroll is in excess of R500 000 per month must pay 1% of their payroll as a levy to SARS to facilitate skills development in the MMS. Companies whose payroll fall below the threshold of R500 000 per month are exempted from paying levies (South Africa 2001 a).

See table 1 - 2 below for MQA revenue.

The 1% of the payroll paid by employers in the MMS is divided as follows:

- 20% of the 1% is kept within the DoL for utilisation by the National Skills Fund
- 80% of the 1% is transferred to the MQA (South Africa 1999 b)

The 80% of the levies received is allocated as follows:

- 50% is paid to employers in the form of a mandatory grant upon the submission and approval of a Workplace Skills Plan/Annual Training Report (WSP/ATR)
- 40% is used for discretionary grants and projects to the industry
- 10% is utilised for administration expenditure (South Africa 1999 b)

The skills development levy paid to the SARS is transferred to the DoL on a monthly basis. The DoL transfer funds to the MQA on a monthly basis. Levies are received two months in arrears. The MQA must, keep a four month reserve for contingency purposes, in line with the fund management provisions issued by the DoL (South Africa 2001 a).

In the event that the MQA foresees a substantial drop in income from SARS due to incorrect classification of levy paying companies after administrative and projects budgets for a particular financial year have been approved, the MQA shall, through its Finance Committee, review the matter and recommend to the Board appropriate measures to ensure the continuous sustainability of the MQA as a going concern (South Africa 2007 c).

The appropriate measures shall include an immediate review of budgets, priorities, projects and grants, withdrawal of identified projects and grants, cancellation of projects and grants, identification of projects to be put on hold and/or communication to the sector of any amendments without delay (South Africa 2007 c).

4.10 DEFINITIONS OF MANDATORY AND DISCRETIONARY GRANTS

A mandatory grant is a grant payable to levy paying companies upon submission and approval, by 30 June each year, of a WSP/ATR. In terms of section 6(3) of the skills development grant regulations of 2001, the SETA shall pay 50% of the total levies paid back to the employer upon approval of the WSP/ATR. Payments for mandatory grants shall be made quarterly and any mandatory grants not claimed in one year will be transferred to the discretionary fund reserve (South Africa 2001 a).

A discretionary grant is a grant paid to employers and accredited training providers at the discretion of the MQA, for skills development projects in a sector, in this case the MMS (South Africa 2001 a). These projects are discussed in section 4.12.

4.11 FIVE YEAR CASH FLOW STATEMENT

The table 4 - 9 below shows that the MQA budgeted for a loss and although this is unacceptable for an organ of state, in the MQA scenario, this is acceptable due to the huge reserves in its banking account.

To budget for a deficit will ensure that reserves deplete in the 2009/2010 financial year. Based on the cash flow strategy, it should be noted that the reserves of R174 930 (2006/2007) and R195 774 (2007/2008) will deplete or be kept to an absolute minimum in the 2009/2010 financial year (South Africa 2005 e).

The MQA used a very conservative approach to budget compilation due to the uncertainty of the mining industry and the rapid decline of the gold mining industry (see Appendix A).

Although income increased by 10% each year, the uncertainty of potential income, made the MQA to budget for a 6% increase which is 4% below the actual income received (South Africa 2008 e).

The conservative budget process, including the slow spending of discretionary projects and grants were the reasons for the increase in reserves in the MQA bank account (South Africa 2006 a and 2007 a).

The table below reflects the projected cash flow and expenditure of mandatory grants (50% of total income), discretionary projects and grants (40% of total income) and administrative expenditure (10% of total income) for four financial years.

The table also indicates the actual reserves for the 2006/2007 and 2007/2008 financial years and projected reserves for the 2008/2009 and 2009/2010 financial years.

The cash flow statement is a strategy by the MQA to reduce the amount of reserves in its banking account from 2006 until 2010.

Table 4 - 9: Five year cash flow statement including projections

REVENUE	**2009/2010 R'000**	**2008/2009 R'000**	**2007/2008 R'000**	**2006/2007 R'000**
INCOME				
Mandatory grant	256 175	243 976	222 835	228 956
Discretionary grant	102 470	97 590	89 134	86 714
Administrative	51 235	48 795	44 567	44 784
Sub-total	**409 880**	**390 362**	**356 536**	**360 454**
Investment	16 750	17 632	15 907	17 691
Other	0	0	0	271
TOTAL	**426 630**	**407 994**	**372 443**	**378 416**
ADMIN & MANDATORY GRANTS EXPENSES				
Admin	(46 111)	(44 305)	(40 411)	(34 429)
Mandatory grants	(230 557)	(219 578)	(200 552)	(196 012)
Funds available for discretionary projects	**149 961**	**144 110**	**131 480**	**147 975**
DISCRETIONARY GRANTS FUNDING				
Funding from current year revenue	(89 773)	(97 590)	(89 134)	(87 370)
Funded from Interest revenue	(16 750)	(17 632)	(15 907)	(17 691)
Funding from available funds	(106 523)	(115 222)	(105 041)	(105 061)
Funded from prior year reserves	(43 679)	(68 511)	(42 233)	(22 070)
Budgeted expenditure	(150 202)	(183 733)	(147 274)	(127 131)
RESERVES				
Surplus reserves at beginning of year	127 558	167 181	195 774	174 930
Surplus (deficit) for the year	(241)	(39 623)	(15 794)	20 844
Surplus funds (reserves) at year end	127 317	127 558	179 980	195 774
Minimum four months reserves required	136 627	130 121	118 845	120 151
Excess funds (shortages) to minimum reserves	**(9 310)**	**(2 563)**	**61 135**	**75 623**

Based on tables 4 - 9 and 4 - 10 it is clear that the budget preparation process of the MQA needs to be revised to find solutions for the high reserves and the continuous negative media statements about SETAs in particular (South Africa 2008 b).

The projected income of R372 443 million for 2007/2008 (table 4 - 9) was well below the actual audited income of R448 393 million reflected in table 4 - 10 (South Africa 2007 a).

The projected income of R378 416 million for 2006/2007 (table 4 - 9) was in line with the audited income of R378 418 million in table 4 - 10 for 2006/2007 (South Africa 2006 a).

Table 4 - 10: Statement of financial performance

	2007/2008 R'000	2006/2007 R'000	2005/2006 R'000	2004/2005 R'000
	REVENUE			
Revenue from non-exchange transactions	**420 466**	**360 645**	**332 152**	**312 822**
Skills development levy income	416 314	358 045	323 381	279 790
Skills development levy: penalties and interest	2 291	2 410	1 807	1 379
Transfers from other government entities	-	190	1 553	-
Government grants and donor funding	1 861	-	5 411	31 653
Revenue from exchange transactions	**27 927**	**17 773**	**14 412**	**19 228**
Investment income	27 855	17 691	14 395	19 227
Other income	72	82	17	1
TOTAL REVENUE	**448 393**	**378 418**	**346 564**	**332 050**
EXPENSES				
Employer grant and project expenses	(321 901)	(323 143)	(431 568)	(287 243)
Administration expenses	(38 357)	(34 419)	(39 568)	(28 024)
Finance costs	(9)	(10)	(7)	-
Government grant and donor funding	(1 861)	-	(5 411)	(31 653)
TOTAL EXPENSES	**(362 128)**	**(357 572)**	**(476 454)**	**(346 920)**
NET SURPLUS (DEFICIT) FOR THE YEAR	**(86 265)**	**20 846**	**(129 890)**	**(14 870)**

4.12 BUDGETS

MQA budgets are compiled based on the principles of zero-based budgeting. The administrative expenditure is classified in standard items and consists of fifteen business units as outlined in table 4 - 11. Administrative expenditure is similar to programme activities associated with programme 1 in a public service department and is based on 10% of the total income of the MQA. The line function elements in table 4 - 11 have counterparts in the other two sub-budgets, namely the sub-budget for mandatory grants and the sub-budget for discretionary grants.

Table 4 – 11: Administrative budgets of MQA business units

BUSINESS UNIT	**BUDGET 2008/2009 R'000**	**BUDGET 2007/2008 R'000**	**BUDGET 2006/2007 R'000**	**BUDGET 2005/2006 R'000**
Board and EXCO	298	239	273	212
Chief Executive Officer	697	571	408	273
Chief Operating Officer	768	787	570	1 370
Executive Manager Corporate Services	225	396	364	283
Communications	3 495	2 778	2 674	2 879
Office management	5 361	4 644	4 687	4 307
Human resources	1 739	1 900	1 824	1 461
Finance*	22 094	19 501	17 485	15 516
Management information systems	2 654	3 222	1 617	2 083
Education, training, quality assurance	1 972	854	967	1 227
Learnerships	1 501	657	644	1 014
Sector skills planning	1 082	1 471	1 299	832
Standards generation	3 463	3 174	2 739	2 789
Project management	395	210	467	-
TOTAL ADMIN BUDGET	**45 744**	**40 404**	**36 018**	**34 246**
TOTAL ADMIN EXPENDITURE	**0**	**38 433**	**34 212**	*** 39 468**

*The budget of the finance unit is substantially higher in comparison with all other units. This is as a result of the salaries budget that is incorporated in finance which represents 42% of the total administrative budget.

*The total administrative expenditure in table 4 - 11 was well within the budgets except for the 2005/2006 financial year. Reasons for the over expenditure in the 2005/2006 financial year is as a result of the increased utilisation of consultants for the development of unit standards and qualifications and the commission of a national stakeholder satisfaction survey and implementation of a performance management system.

The administrative budgets of business units were examined for the last four financial years. The budgets form an integral part of the strategic planning process. The budget and strategic plan is submitted annually to the DoL for approval by the executive authority by no later than 31 October each year (South Africa 2008 e).

4.13 ASSESSMENT OF ADMINISTRATIVE EXPENDITURE FOR THE 2005/2006 AND 2006/2007 FINANCIAL YEAR

The overall increase in administrative expenditure in comparison with the two financial years is 5% with a rand value of R1 772 700. This also included the newly established projects unit, dealing with the implementation of strategic projects.

The major increases in the business units are as follows:
- Board and EXCO, 29%
- CEO, 49%
- Executive Manager Corporate Services, 17%
- Learnerships, 31%

The overall expenditure in the administrative budget for the 2005/2006 financial year was R39 468 000 against a budget of R34 246 000. This reflects an overexpenditure of R5 222 000. This was due to increases in travel and accommodation expenses, additional office accommodation and meetings of governance structures.

The overall expenditure in the administrative budget for the 2006/2007 financial year was R 34 212 000 against a budget of R36 018 000. This reflects underexpenditure of R1 806 000. The under expenditure is due to reduced costs in the management of the outsourced database base system and more stringent control measures.

Based on the assessment of the documentation, it is concluded that administrative expenditures were incurred for all strategic objectives identified as part of the 2005–2010 sector skills plan (South Africa 2005 g).

4.14 ASSESSMENT OF ADMINISTRATIVE EXPENDITURE FOR THE 2007/2008 AND 2008/2009 FINANCIAL YEAR

The overall increase in administrative budget in comparison with the two financial years is 13 % with a rand value of R5 340 000.

The major areas of increases are as follows:
- Board and EXCO, 21%
- CEO, 22%
- Communications, 22%
- Education, training and quality assurance, 109%
- Projects management, 27%

The reasons for the increases are accelerating communications to the industry, increased meetings of governing structures, verification of bursars and learner achievements in compliance with SAQA regulations. The overall expenditure in the administrative budget for the 2007/2008 financial year was R38 433 000 against a budget of R40 404 000. This reflects underexpenditure of R1 971 000.

Based on assessment of documentation, it is concluded that expenditures were incurred for strategic objectives identified as part of the MQA Board strategic planning session in 2007.

4.15 DISCRETIONARY PROJECTS AND GRANTS FOR THE PERIOD 2005/2006–2009/2010

Discretionary projects are funded and grants in the MQA are paid to employers and accredited training providers for skills development projects linked to the scarce and critical skills disciplines in the MMS (South Africa 2007 c).

The discretionary budgets, expenditure and variances for the 2005/2006, 2006/2007 and 2007/2008 financial years are reflected in table 4 - 12. The budget for 2008/2009 and 2009/2010 is projected based on income and expenditure projections stipulated in table 4 - 9 above.

A list of discretionary projects and grants and the objectives is attached as Appendix C.

Table 4 – 12: Budget, expenditure and variances of discretionary projects and grants

LINE ITEM	BUDGET 2009/2010	BUDGET 2008/2009	BUDGET 2007/2008	BUDGET 2006/2007	BUDGET 2005/2006
BUDGET	150 202 000	183 733 000	147 274 000	258 192 000	244 712 000
EXPENDITURE	0	0	105 000 000	127 131 000	156 561 000

The implementation of discretionary grants and projects has been a problem since 2003. The under expenditure levels for the last few years was between 35% and 55% which is not a good reflection on MQA performance. The major problem with the roll-out of discretionary projects and grants could be summarised as follows:

Upon approval of the strategic plan and budget by the Board in January each year, the planning process involving selection of service providers and tender processes only starts then. The process is already delayed by one month as a result of the compilation of documentation such as the terms of reference. Against the background stated above, the appointment of the service provider only takes place after April and the commencement of training in July which is three months after the start of the financial year (South Africa 2008 b).

I am of the view that once the strategic plan and budget is recommended to the MQA Board by the EXCO and Finance Committee, the management of the MQA should then already start preparing the roll-out of the projects and grants. Upon approval by the MQA Board, the tender request for proposals could be advertised in the national media and government tender bulletin on the first Sunday and the roll-out of projects and grants will be expedited.

The request by Eskom in 2008 that the mining industry should save at least 10% on electricity from its operations could also have had an impact on the potential income of the MQA. With the problem of under projecting the revenue potential is likely to continue. Innovative ways of how to reallocate funds to existing projects or the timely identification of new projects should be investigated. I am also of the view that it may be possible to approve a certain number of projects in sequence of priority as a contingency measure, should additional funds become available or if actual income received is more than the projected income. If additional projects are approved in advance, the roll-out thereof can commence immediately without awaiting approval of the Board.

4.16 MONITORING AND EVALUATION IN THE MQA

The Board raised concerns that the MQA does not have an appropriate monitoring and reporting framework in place to facilitate timely reporting to governance structures. When reporting takes place it is often on operational matters and not in line with the seven strategic thrusts adopted by the Board. The Board approved a monitoring and reporting framework aligned to the principles of the Balanced Scorecard (South Africa 2007 f).

The Balanced Scorecard is an approach to performance measurement that includes financial and non-financial data derived from an organisation's strategy. This strategy map can help an organisation describe and test the cause and effect linkages in key strategic themes such as growth and service delivery (Frigo 2003:10).

Governmental organisations are nowadays requested to have a mission-driven approach which means that a different focus to planning and evaluation techniques must be considered. In the past the focus was on cost control and compliance with line item budgets, but the Balanced Scorecard approach to measurement developed by Kaplan and Norton in 1996 creates a flexible solution that can be adapted to the governmental arena (Ellingson & Wambsganss 2001:104).

This is consistent with the discussions in chapter 2 that stipulates that the line item budgeting system placed many obstacles in the way of sound financial management: hence the evolution of budgetary systems in organs of state with the utilisation of the zero-based budgeting system.

The four basic principles of performance measurement in terms of the balance scorecard is financial, customer orientation, internal business processes and learning and growth. The financial principle focuses primarily on the organisation's finances, the management and sustainability of the organisation as a going concern which is particularly important for public entities in comparison to departments. The customer orientation principle is the needs of the community that we serve and the value principles of timely and value for money customer services. The internal business process focuses on modernising internal operational systems to the benefit of the customer. The final principle of learning and growth focuses on the development of staff to continuously provide value adding to services to the customer (Ellingson & Wambsganss 2001:104).

In the MQA, a gradual approach to the implementation of the Balanced Scorecard has been adopted and all business processes have been aligned to ensure timely and correct reporting. Amended internal processes include the Board and Committee agendas, performance agreements of executive management and management and quarterly reporting to the Executive Authority (South Africa 2007 b).

4.17 CONCLUSION

It is important to note that a major area of concern is the increase of the amount of reserves and underspending particularly based on discretionary projects and grants. Although income increased over the last five years, the administrative expenditure was kept within the prescribed 10% of income received and is also a sign of good corporate governance (South Africa 2008 b).

It is clear from the assessment of documentation that the budgeting and strategic planning process is integrated and funds are spent only for those objectives identified as part of the MQA Board strategic objectives. The identification of measurable objectives forms part of the budgeting process to ensure linking to funding.

The MQA must identify suitable interventions to reduce the huge reserves in its banking account, which in 2007 was an important area of media attention in which SETAs were accused of keeping huge reserves when those funds are earmarked for skills development.

The shrinking of certain sectors of the mining industry (see Appendix A) makes accurate budgeting impossible, as the MQA is running a risk of over commitment on projects and grants which in the event of a decline in income could leave the MQA bankrupt.

The strategic planning and budgeting process is working fairly well, except for planning constraints that result in the cancellation of meetings and the late finalisation of the shareholders compact with the Department of Labour. The cancellation of meetings has a direct bearing on the approval of budgets and the ultimate implementation of board objectives.

The Board is also convinced that the monitoring and reporting framework in line with the balanced scorecard methodology will improve oversight and accelerate the achievement of objectives.

CHAPTER 5

STAKEHOLDER VIEWS ON THE BUDGETING AND STRATEGIC PLANNING PROCESS IN THE MQA

5.1 INTRODUCTION

Stakeholders representing the state (Department of Minerals and Energy), employers (Chamber of Mines) and organised labour (National Union of Mineworkers) participate in all MQA activities through informal working groups, task teams, standing committees, executive committee (EXCO) and the Board (South Africa 2006 b).

Based on the assessment of documentation, there is some evidence that stakeholders come to meetings with a mandate from their constituencies without taking into consideration the MQA requirements and, most importantly, the requirements of the MMS (Interview with Ramphomane 2008; South Africa 2008 d).

Motivated by this evidence, this chapter will provide the outcomes of informal interviews with stakeholder conveners focusing on their perceptions relating to MQA performance over the past years and their views on the possible strategic direction of the MQA.

This chapter will take a look at the results of the observation of meetings of the different governing structures involved in the budgeting and strategic planning process and their terms of reference. Interviews with stakeholder conveners, a synopsis of the similarities in their responses and a discussion on the strengths and weaknesses within the MQA will conclude this chapter.

5.2 OBSERVATION OF MEETINGS

The observation of meetings took place during the months February to July 2008. Meetings of the Board, executive committee, audit committee and finance committee were observed.

Below is a synopsis of the important aspects observed in the following meetings:

MQA Board

The MQA Board meets quarterly. The Board adopted a board charter reflecting its activities for the 2008/2009 financial year. Progress reports on the implementation of the strategic plan and budget are compiled on a quarterly basis for consideration by the Board. Reports on revenue collection, expenditure versus budgeted funds, variance reports and disbursement of discretionary projects and grants are considered by the Board. A report by the chief executive officer on national and sectoral strategies completes the Board agenda (South Africa 2007 d).

In July 2008, the Board approved the annual financial statements for the year ended 31 March 2008 including the auditor-general management letter (South Africa 2007 d).

The meeting of 29 July 2008 also took note of the new agenda of the MQA Board aligned to the Balanced Scorecard.

The Board approves all policy decisions, strategic plans and budgets for implementation (South Africa 2006 b).

Executive committee (EXCO)

The executive committee is a standing committee of the Board and deal with urgent operational matters on behalf of the Board. The EXCO does not make any policy decisions. Any policy matter is recommended to the Board for approval. The EXCO considers all reports by line functions and makes its own decisions on whether items should be referred to the Board or not.

The EXCO considers management accounts and financial reports on a bi-monthly basis. Progress reports on the implementation of the strategic plan and budget are considered on a quarterly basis and recommended to Board (South Africa 2006 b).

The EXCO also serves as the remuneration committee and is delegated by the Board to review the performance of the CEO on a bi-annual basis (South Africa 2006 b).

Finance committee

The finance committee is tasked with the responsibility of overseeing the financial affairs of the MQA (South Africa 2006 b). This committee recommends the budget and strategic plan to the Board for approval after extensive scrutiny of motivations by line management. This committee also recommends financial policy to the Board for approval and monitors expenditure against the approved budget (South Africa 2007 i).

Audit committee

The audit committee is tasked with responsibilities encapsulated in regulation 27 of the Treasury Regulations issued in terms of the PFMA. The audit committee operates under a formal terms of reference approved by the Board (South Africa 2007 h).

The meeting of 30 April 2008 approved the risk management strategy, three year audit plan including the one year audit operational plan. The meeting also took note of control measures implemented in mitigating the potential impact of pervasive risks. A progress report relating to the compilation of annual financial statements and management accounts was provided for information (South Africa 2007 d).

The audit committee convened a special meeting for consideration and recommendation of the annual financial statements for the period ended 31 March 2008 to the Board for approval (South Africa 2007 d).

Standing committees

The MQA Board established the following standing committees in addition to the audit and finance committee stated above (South Africa 2006 b).

- The learnerships committee is responsible for the registration of learnerships, apprenticeships and skills programmes.
- The standards generation committee is responsible for the development of unit standards and qualifications.

- The education training and quality assurance committee is responsible for the quality of training provision through the appointment of accredited training providers, moderators and assessors.
- The sector skills planning committee is responsible for the compilation of the five year sector skills plan and the disbursement of mandatory grants to employers after the approval of a Workplace Skills Plan and Annual Training Report (WSP/ATR).

The standing committees are also responsible for the budget of the respective business unit and recommendation of policy to EXCO and Board for approval (South Africa 2007 i).

5.3 ASSESSMENT OF MEETINGS OBSERVED

Based on the meetings that were observed, the following assessment could be made:

- Each standing committee outlined in section 5.2 operate under a formal terms of reference approved by the MQA Board. Standing committees are technical committees and are not involved in the strategic planning process.
- Each standing committee focuses on its responsibilities based on its terms of reference.
- No deviation from the terms of reference could be detected during the meetings that were observed.
- The MQA Board has a board charter reflecting the activities for a particular financial year.
- All stakeholders do not participate fully in standing committee meetings. This could be attributed to a lack of understanding of the MQA mandate and possibly a lack of formal training on the role and functioning of organs of state.
- Standing committees are technical committees that make recommendations to the EXCO and MQA Board for approval.

5.4 INTERVIEWS WITH STAKEHOLDER CONVENERS

The views of stakeholders in the MQA play a pivotal role in the achievement of objectives. These views also influence the strategic direction of the MQA from a stakeholder perspective. Interviews with stakeholder conveners from the state, organised labour and employers were conducted. The nature of the interviews was informal and was based on clarifying information read in MQA documentation and the observation of meetings. The informal interviews proved to be more reliable as it provided for a relaxed atmosphere where respondents could take their own time and think constructively when answering questions (Bailey 1987:192). Stakeholder conveners were interviewed in May 2008.

The structured interviews tried to find answers to the following questions:

- Why is there a decline in the achievement of strategic objectives over the last two years?
- Is planning aligned to the Board calendar of events and financial year?
- Is there synergy between the budgeting and strategic planning process?
- What are the reasons for the low disbursement of discretionary grants?
- Is the Board satisfied with control measures relating to monitoring and implementation of the strategic plan and budget?
- Do the shortcomings identified by the Presidential Review Commission (PRC) in 1998 (section 1.2) also exist in the MQA?

Below is a summary of the most important similarities in stakeholder responses where at least two of the stakeholder representatives were of the same opinion.

Strategic planning and budgeting

1. The budget and strategic planning process is integrated. However more emphasis should be placed on the monitoring and implementation of the strategic plan and budget.

2. The Board monitors the implementation of the strategic plan and budget on a quarterly basis. Stakeholder conveners are however concerned that management does not apply timely corrective action if it appears that objectives will not be met.

3. All stakeholder representatives are in agreement that the slow disbursement of grants (particularly in ABET) is as a result of poor planning and the lack of timely

corrective action. Poor planning involves late advertisement and appointment of service and training providers. The unspent funds have an impact on the huge reserves in the MQA banking account.

4. Stakeholder representatives do not have the relevant financial management capacity to effectively contribute to the oversight of financial management activities in the MQA.

5. The shortcomings identified by the PRC in 1998 (section 1.2) have been addressed by the MQA, particularly the alignment of strategic plans to the budget.

6. The strategic planning process is well-formulated. The concern is that stakeholder representatives arrive with a mandate from their constituencies without taking into consideration the needs of the MMS.

7. The projects and programmes that support strategic objectives are too many and the real impact of these initiatives is difficult to determine.

8. The strategic planning process should review projects and programmes with the aim of eliminating slow and low impact projects. The focus should be on a few value adding projects where impact could be measured.

Policy and legislative matters

1. The Skills Development Amendment Bill of 2008 should be seen as an opportunity to influence the possible direction of SETAs. The establishment of the Quality Council for Trades and Occupations as part of the NQF will change the scope of education, training and quality assurance bodies.

2. The changing role of the chief inspector of mines and the review of the Mining Charter in 2009 will see additional responsibilities added to the MQA mandate.

3. The balancing of JIPSA and ASGI-SA initiatives in support of skills development remains a challenge for the MQA. This requires an increased effort in the development of artisans supported by MQA and NSF funding.

4. A closer working relationship with the Mine Health and Safety Council should be established to collaborate on mine health and safety initiatives. The discretionary budget of the MQA comprises 1% of a total budget of R183 733 000 (section 4.15: table 1 - 4) that is limited to the development of unit standards and qualifications. A budget for training of shop stewards and occupational health and safety representatives should be set aside for the new financial year.

The overall view from stakeholders is that the MQA have come a long way in ensuring alignment of projects and programmes to Board strategic objectives and the budget (Interview with Ramphomane 2008).

Stakeholder representatives are also of the opinion that the MQA is not committed to serve its clients, who is the levy paying companies (employers) in the mining and minerals sector. The planning for the roll-out of projects and programmes starts too late. Once the budget estimates for the following financial year is submitted to the Department of Labour in October each year, stakeholders are adamant that planning should commence at that point in time. This will alleviate the late appointment of service providers and facilitate timely disbursement of grants (South Africa 2008 b).

5.5 STRENGTHS AND WEAKNESSES

In the interview process, it was important to hear from a stakeholder perspective the balance of strengths and weaknesses in the MQA that could possibly have an impact on the execution of Board strategic directives. In terms of strengths, the MQA stakeholders view the steady revenue stream, competent management team and sound internal working processes as major cornerstones for success (South Africa 2008 b; Interview with Ramphomane 2008).

With reference to weaknesses, the MQA stakeholders cite poor management information systems, poor project management capabilities, inaccurate analysis of skills development, poor planning in terms of goal realisation and the lack of strategic focus as areas that may impact on the achievement of strategic objectives and operational efficiency (South Africa 2008 b; Interview with Ramphomane 2008).

A major weakness is the lack of a retention framework to retain suitably qualified and experienced staff and maintain institutional memory (Interview with Ramphomane 2008).

5.6 CONCLUSION

The observation of meetings provided useful information on the ability of the MQA to execute its legislative mandate. It also gave an opportunity to assess the monitoring mechanisms in place to meet objectives and facilitate timely corrective action.

It is clear that all stakeholders have a major problem with customer services. Meeting and exceeding customer expectations are common goals throughout the public service. The public and similarly so the stakeholders regard good service as being quick to respond, able to show empathy and being reliable. It is also observed that the poor management information system is expressly articulated in most MQA documentation. This may have a negative effect on the analysis of skills development in the mining and minerals sector (South Africa 2008 b).

The Skills Development Amendment Bill of 2008 and the introduction of the Quality Council for Trades and Occupations will most certainly see changes in the functioning of education, training and quality assurance bodies within SETAs (South Africa 2007 g).

The lack of skills and training by stakeholder representatives in the functions of the MQA may result in wrong decision making by standing committees. The fact that stakeholders arrive at meetings with a mandate from their constituencies means that the needs of the mining and minerals sector may not be appropriately addressed.

It is also my conclusion that the shortcomings identified by the PRC in section 1.2 do not exist in the MQA. The budget of the MQA is aligned to the strategic objectives approved by the MQA Board.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter will review the objectives outlined in chapter 1, the literature used and process adopted to ensure that research objectives are met. This chapter will provide concluding remarks relating to the study, recommendations and areas of possible future research.

Two critical problems have always bedevilled attempts to arrive at a systematic approach for strategic planning and for adequately linking budgeting to long term as well as short term planning. The first problem is the time horizons for formulating strategic plans and the second problem is the integration of the strategic plan laterally across functions and vertically across time horizons within functions (Jaques, Bygrave & Lee 2001:257).

If strategic plans are established over the long term, it is difficult to make a meaningful connection between those plans and plans at shop floor or office level. However, if strategic plans are set over a short period of time, they will not be satisfactory for corporate strategic planning and the linking thereof to the performance management system of executives. Corporate strategic plans refer to broad strategic plans compiled at the level of the chief executive officer (CEO) (Jaques, Bygrave & Lee 2001:259).

In the MQA, budgets and strategic plans are linked to the Medium Term Expenditure Framework (MTEF) to comply with the provisions of the Treasury Regulations issued in terms of the Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999).

The budgets are reviewed on an annual basis to ensure continuous alignment with strategic objectives. The strategic planning process takes place every two years with a mini strategic planning session every alternative year (South Africa 2008 d).

It is therefore imperative that income and expenditure estimates over a financial year are realistic and reasonably achievable taking into consideration political objectives which at times need to be achieved within unrealistic timeframes (Thornhill 2003:160).

6.2 OBJECTIVES OF THIS STUDY

The objectives of the study were to describe and explain the relationship between strategic planning and budgeting in the MQA. As the points of focus were strategic plans and budgets, it was important to examine these concepts to arrive at a definition and description that would shed light on the acceptable method of implementation. It was also imperative to analyse the current situation within the MQA and evaluate the alignment of budgets with the strategic planning process.

To reach these objectives, the researcher focused on the following aspects:

- available literature on strategic planning, strategic management, budgeting and financial management in the public sector
- assessment of MQA documentation relating to budgeting and strategic planning
- assessing the relationship between the strategic planning and the budgeting process
- interviews with stakeholder conveners to determine perceptions of the strategic positioning of the MQA, planning of activities, the overall performance of the MQA in relationship to the strategic plan and objectives and over/under expenditure of programmes

The researcher is also confident that the following research questions outlined in chapter 1 have been adequately addressed in the dissertation.

1. How well are strategic planning processes implemented in the MQA?
2. Does the MQA have a functional strategic plan aligned to budget allocation?
3. How were budgets compiled and allocated? Who are the people who were involved in the budgeting process?
4. What are the expenditure patterns, which are over/under expenditure?
5. Are timeframes realistic and achievable in terms of its objectives?

6.3 CONCLUDING REMARKS

From the assessment of documentation and interviews with stakeholder conveners, the following concluding remarks could be drawn from this study:

1. The MQA is the only SETA that reports to two executive authorities, the Minister of Labour in terms of the Skills Development Act of 1998 and the Minister of Minerals and Energy in terms of the Mine Health and Safety Act of 1996 (section 1.2).

2. The changing role of the inspectorate (Chief Inspector of Mines in the department of Minerals and Energy) and the review of the mining charter in 2009 could have legislative and constitutional implications that will ultimately change the MQA mandate (section 5.3).

3. The political landscape has an impact on the strategic objectives of the MQA. It also has an impact on the formulation of strategic objectives. It may be advisable that the MQA consults with the executive authority (Minister of Minerals and Energy) before the strategic planning session of the Board in order to incorporate the executive authority view in the formulation of strategic objectives (section 2.7).

4. The development of artisans in line with Joint Initiative on Priority Skills Acquisition (JIPSA) initiatives and the National Skills Fund (NSF) requires a more proactive approach including additional funding if the MQA were to sustain an experienced pool of artisans beyond 2010. A study on artisans in the manufacturing and engineering industries indicates that the average age of artisans is between 47 and 55 years (section 1.2 & 5.3).

5. The strategic planning process in the MQA is well-formulated. The problem is that board members represent the interest of their constituencies and the interest of the MQA and, that the MMS is not the primary focus (section 5.4).

6. The MQA should only adopt the approach of single year budgets due to the impact of political objectives that may vary on a year to year basis. Learning programmes such as learnerships, adult basic education and training and apprenticeships involve multi-

year financial commitments, as the duration is three years with a further one year option to extend (section 2.7 & 2.8).

7. Although budgets in the MQA are formulated based on zero-based budgeting principles, the lack of budgetary guidelines by the finance department often results in late submission of unit budgets. This also has an impact on the incorrect costing of certain commodities that may ultimately result in an incorrectly costed budget in monetary terms (section 2.4).

8. The poor achievement of strategic objectives needs critical interventions. A more progressive monitoring and reporting framework to the MQA Board needs to be adopted to implement timely corrective action (section 4.16).

9. The MQA was originally established as an organ of state in terms of the Mine Health and Safety Act of 1996. However, in terms of strategic objective 1, the budget for Mine Health and Safety comprises only 1% of the MQA discretionary fund budget that is limited to the development of unit standards and qualifications. This is an area that requires further funding due to the increases in mine fatalities (section 4.17 & 5.3).

10. A closer working relationship with the Mine Health and Safety Council should be fostered to collaborate on best practices in reducing mine fatalities (Section 4.17 & 5.3).

11. The huge reserves in SETA banking accounts and in particular the MQA must be investigated and similarly the high drop-out rates in MQA programmes. An assessment should be undertaken to determine whether the same problems are experienced in other SETAs (section 5.3).

12. Some board members do not have sufficient experience in corporate governance, financial management in organs of state and knowledge of the legislation governing the functioning of the MQA (section 5.3).

6.4 RECOMMENDATIONS

Emanating from this study, the following high level recommendations could be formulated:

1. The MQA Board and committee members with no financial background should attend training in financial management to understand budgeting and financial management in the public sector.

2. The MQA Board should focus on the strategic objectives in line with its legislative mandate. Stakeholder representatives should attend the training course specifically developed by the University of South Africa (Unisa), namely "Roles of a board in the management of public entities" for Board and committee members.

3. The political landscape impacts on the MQA strategic objectives and it is advisable that the MQA consults with the executive authority (Minister of Minerals and Energy) before the strategic planning session of the Board in order to incorporate the executive authority's view in the formulation of strategic objectives.

4. The strategic planning and budgeting process should be aligned to the MTEF over a period of three years.

5. The MQA should play a more central role in health and safety in the MMS through the development of health and safety programmes aimed at reducing mine health and safety fatalities. The budget of the MQA is not indicative of its mandate in terms of health and safety as the current budget for this function comprises 1% of its discretionary budget.

6. A closer working relationship with the Mine Health and Safety Council should be fostered to collaborate on initiatives and best practices in reducing mine fatalities through cross subsidisation of activities and research.

7. The development of artisans in line with JIPSA initiatives and the NSF requires a more proactive approach and additional funding if the MQA were to sustain an experienced pool of artisans beyond 2010.

6.5 AREAS OF POSSIBLE FUTURE RESEARCH

It is proposed that further research could cover the following:

Results of this study are very encouraging. A replication of this study involving five other SETAs with a similar revenue stream, staff and approximately three to five stakeholders will determine whether the results of this study or problems and limitations encountered could be generalised to all SETAs.

Further research would also include the reasons for the low registration, high drop-out and low completion rates in ABET and learnership programmes and whether this is linked to incentive schemes or low learner payments. Further emphasis can be placed on the budgeting process, prioritisation of projects, grants and programmes if the MQA or SETA receives more revenue than what was originally planned for, the strategic planning process and the role-players involved in these processes.

6.6 CONCLUSION

This research study provides a good basis for future research on this particular concept. It will however be useful to include five other SETAs in future studies to ensure that results can be stratified to all twenty three SETAs. This study also proves that the MQA has made major strides when preparing budgets using the zero-based budgeting system.

The concern however is that budgets have increased gradually over a period of three to five years, indicating the principles of an incremental budgeting model. Some of the reasons for increases were increases in revenue, which automatically increases the portion of administrative expenditure, which in terms of legislation shall not exceed 10% of a SETA's revenue.

Further encouragement derived from this study is the major impact of the MQA in the MMS in terms of upskilling areas identified as critical and scarce, an increase of women in all occupational categories and the provision of ABET and learnerships.

A comprehensive impact study on the different projects and programmes by the MQA including support rendered in terms of the Mining Charter should be undertaken in 2009 to expressly indicate its achievements in strengthening its strategic positioning leading to the review of SETAs by the Minister of Labour in 2009/2010.

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APPENDIX A

SUMMARY OF VIEWS BY THE BOARD AFTER THE TWO DAY STRATEGIC PLANNING SESSION HELD IN 2007

1. The key focus areas were analysed, after which the seven strategic objectives formulated in the 2005–2010 Sector Skills Plan (SSP) were confirmed (see chapter 4, table 4 - 7 for board strategic objectives). The strategic objectives deal with both the skills development needs of the sector and needs of the National Skills Development Strategy (NSDS), the mining charter and beneficiation strategy (South Africa 2008 d).

2. The MQA should investigate the review of governance structures, positioning the MQA in terms of the changing Sector Education and Training Authority (SETA) landscape and the development of an effective staff retention strategy. The chairperson of the board requested the MQA to adopt the Balanced Scorecard approach in the management of its performance (South Africa 2007 d).

3. The MQA management should attend a business planning workshop to translate the strategies into activities to be implemented during the 2008/2009 and 2009/2010 financial year. The MQA also took note of the Board's intention to refocus the key performance areas and place emphasis on (i) ensuring integrity and compliance including risk factors and deployment of resources, (ii) approving and monitoring the business strategies in terms of legislation and stakeholder needs, (iii) approving major financial decisions, (iv) selecting and evaluating executives and (v) counseling and supporting the CEO for improved performance (South Africa 2008 c).

4. The 2000–2005 NSDS came to an end on 31 March 2005. In terms of the Department of Labour (DoL) scorecard for 2006–2007, the MQA was rated at 4,5 out of a possible 5 score. The MQA must develop plans to increase the intake of learners in Adult Basic Education and Training (ABET) programmes to improve the rating to 4,8 in the 2008/2009 and 2009/2010 financial year (South Africa 2005 f).

5. The 2005–2010 SSP was adopted by the Board in August 2004 and forms the basis of the current and future strategic plans (South Africa 2005 d).

6. The Board accepted all the targets set by the DoL with the exception of ABET targets. This target has been set based on what can realistically be expected from the sector. Interventions should be adopted to deal with the poor intake of ABET learners following the ABET summit. The ABET summit took place in 2006 to solicit support from industry role-players to enroll more learners in ABET programmes (South Africa 2005 h).

7. The uptake of learners in learnerships has been oversubscribed and this greatly affected the MQA's ability to pay learnerships incentive grants. This resulted in a significant restructuring of the discretionary fund projects allocations (South Africa 2007 g).

8. The equity targets set by the DoL have been based on those reflected in the NSDS. The NSDS set equity targets at 60% historically disadvantaged South Africans, 54% women and 4% disabled. The mining charter requires of the mining industry to achieve the following equity targets: 60% historically disadvantaged South Africans, 54% women and 4% disabled (South Africa 2005 h).

9. The Department of Minerals and Energy (DME) administers both the Mine Health and Safety Act 29 of 1996 and the Minerals and Petroleum Resources Development Act (MPRDA) 28 of 2002. Both Acts require the MQA to support the objectives of these Acts. The DME representatives serving on the MQA Board and Standing Committees are well-placed to ensure effective support of these two Acts.

10. Emphasis was placed on the increased participation of the CEO in the Sector Partnerships Committee (SPC). The SPC was established to ensure human resources development in the mining industry in terms of the MPRDA. The need to exchange information was identified and closer cooperation between the SPC and the MQA will become essential in future (South Africa 2006 c).

11. The troubled relationship with the South African Qualifications Authority (SAQA) significantly delayed the registration of qualifications and unit standards and measures to improve thereon must be identified as a matter of urgency (South Africa 2007 g).

12. The amendment of DME certificates of competence to MQA unit standard based qualifications resulted in various debates at joint sessions with the Engineering Council of South Africa and the Mine Health and Safety Council. Comprehensive strategies that will eventually see all the DME certificates converted to unit standards based qualifications located within the MQA, will be rolled out in the next financial year (South Africa 2007 g).

13. In 2005, the Deputy President of the Republic of South Africa announced the Accelerated Shared Growth Initiative for South Africa (ASGI-SA) and introduced an intervention for the historic bottleneck of poor skills development in South Africa, the Joint Initiative for Priority Skills Acquisition (JIPSA). Both the DoL and JIPSA started focusing their attention on the scarce and critical skills needed by the South African economy.

14. The MQA attempted to list the scarce and critical skill in its 2005–2010 SSP. It soon became clear that different stakeholders have different ideas about what these scarce and critical skills should be. The MQA commissioned a research study to review the scarce and critical skills in the Mining and Minerals Sector (MMS). The results of this study will be incorporated into the activities of business units in the new financial year (Van Zyl 2006:10).

15. The relationship with the National Business Initiative (NBI) should be strengthened to enable the NBI to conduct further research, and capacity building in the Further Education and Training (FET) college environment (South Africa 2007 g).
16. A provincial linkages strategy dealing with skills development initiatives in each province should be established as the MQA does not have regional offices in each province (South Africa 2007 g).

17. It is anticipated that the current review of SETA performance will eventually lead to a significant change in the SETA landscape. It is highly likely that the number of SETAs will be significantly reduced. The MQA board recognised the need to position the MQA to survive this rationalisation process (South Africa 2005 f).

18. The establishment of the State Diamond Trader and the sale of rough diamonds to the industry require the MQA to play a leading role in developing skills for the diamond industry (South Africa 2005 g).

19. The Diamond and Precious Metal Regulator will require the MQA to increase efforts on broad based beneficiation. The MQA's current focus on jewellery manufacturing should be enhanced with industry stakeholders (South Africa 2005 g).

20. The MQA is proud of its unqualified audit report in the management of its financial affairs and the preparation of annual financial statements. This is a direct result of good corporate governance practices established in the MQA and should be maintained (South Africa 2007 a).

APPENDIX B

SIGNIFICANT CHANGES IN THE VARIOUS SECTORS OF THE MINING INDUSTRY

The Board placed emphasis on the following changes in the various sectors of the mining industry, as retrenchments and the decline in certain sectors could have an impact on the potential income of the MQA (South Africa 2005 g).

Gold production will continue to decline as gold reserves are running out quite rapidly. Remaining gold reserves are situated relatively deep underground and given the current economic situation (rand value, gold price and local costs of mining) it will become more and more difficult for the gold mines to remain profitable. Currently many gold mines are mining at a loss and the closure of operations is inevitable unless there is a dramatic change in the economic situation.

Coal mining is expected to continue at the same level over the next five years. However, export quality coal is also running out and export production is expected to cease within seven to ten years. The unexplored coal reserves in the country are situated in remote areas, far from infrastructure and it will therefore not be possible to continue mining profitably for the export market.

Platinum mining has been growing rapidly due to the high demand for this commodity and the concomitant high price for the product. The growth in this sub-sector will not compensate for the decline in other sub-sectors. This sub-sector has also been affected by the strength of the rand.

Other mining activities are relatively small compared to the three mentioned above. Production is expected to continue and may grow slightly over the next five years. Cement, Limestone, Aggregates and Sand (CLAS) is expected to benefit from the construction activities related to the 2010 World Cup.

Jewellery manufacturing has declined over the last few years. This component of the sector is also highly sensitive to international markets and international economic conditions. Raw materials are bought at international prices and therefore the volatility of the exchange rate increases the risk for small manufacturers to hold stocks and materials. Furthermore, economic conditions influence the demand for luxury goods (including jewellery) as well as tourism. The local jewellery industry is quite dependent on the tourism market. However, one of the most important factors influencing this sub-sector is competition from mass producers and countries that are able to produce at lower cost. It is anticipated that the ASGI-SA initiative will stimulate this sub-sector over the next three years.

Diamond processing is also highly sensitive to international markets and international economic conditions. It is anticipated that the ASGI-SA initiative will stimulate this sub-sector over the next three years. The proposed Diamond Amendment Act of 2008 will significantly influence skills development needs in this sub-sector.

APPENDIX C

MINING QUALIFICATIONS AUTHORITY

PROJECTS AND GRANTS FOR THE 2007/2008 FINANCIAL YEAR

(South Africa 2008 e)

Project No. 101
Universities Employment Equity Project

1. Objective

   To help the universities to achieve the employment equity and transformation within their mining engineering and mine surveying departments.

   In support of the National Skills Development Strategy (NSDS) target: Indicator 5.1

   In support of the mining charter objectives

2. Project value

   Approved budget 2008 - 2009 R 5 621 000

3. Project outcomes

   To ensure that twelve (12) lecturers from the historically disadvantaged background are employed to participate in this project.

4. Location of delivery

   Province – Gauteng
   Participating universities: Unisa
   University of Johannesburg
   Wits University
   Pretoria University

5. Beneficiary selection criteria

   Graduates, (Mining Engineering or Mining Survey fields).
   Historically Disadvantaged Individuals
   Disabled Persons

6. Delivery mechanism

   Project

7. Responsible unit

   Projects unit

Project No. 102
FET Support – National Business Initiative (NBI) Project

1. Objective

   The MQA is required to support close and sustainable partnerships between colleges and the mining and mineral industry, which will benefit both the colleges and the industry concerned.

   In support of the NSDS target: Indicator 5.1

   In support of the mining charter objectives

2. Project value

   Approved budget 2008- 2009 R 500 000

3. Project outcomes

   To ensure that 16 selected mining and minerals related Further Education and Training (FET) colleges participate in the MQA/NBI college partnerships strategy.

4. Location of delivery

   Gauteng

5. Beneficiary selection criteria

   16 FET colleges that offer mining related qualifications.

6. Delivery Mechanism

   Memorandum of Understanding (MoU) with NBI.

7. Responsible unit

   Projects unit

Project No. 103
Higher Education Bursary Project

1. Objective

   To create a pool of graduates to pursue careers within the Mining and Mineral Sector.

   In support of NSDS target: Indicator 4.1

   In support of the mining charter objectives

2. Project value

   Approved budget 2008 - 2009 R 15 100 000

3. Project outcomes

   In 2008 – 2009, a total of 400 students will be supported with bursaries.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Applicants were screened on the following criteria:
   - Financial need
   - Academic merit
   - Employment interest and suitability for the sector
   - Previously disadvantaged profile
   - Citizenship

6. Delivery mechanism

   Project

7. Responsible unit

   Projects unit

Project No. 104
Higher Education Practical Training Project

1. Objective

   To create a pool of graduates to pursue careers within the mining and minerals sector by assisting them in funding their practical training.

   In support of NSDS target: Indicator 4.2

   In support of the mining charter objectives

2. Project value

   Approved budget 2008 - 2009 R21 092 000

3. Project outcomes

   To support 200 students with practical training.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Applicants were screened on the following criteria:
   - Financial need
   - Academic merit
   - Employment interest and suitability for the sector
   - Previously disadvantaged profile
   - Citizenship

6. Delivery mechanism

   Project

7. Responsible unit

   Projects unit

Project No. 105
New Venture Creation Project

1. Objective

   To assist historically disadvantaged individuals who have just established or want to establish their own mining related enterprises, by enrolling them in the level 2 or level 4 new venture creation learnerships.

   In support of the NSDS target: Indicator 4.3

   In support of the mining charter objectives

2. Project value

   Approved budget 2008 - 2009 R 6 500 000

3. Project outcomes

   To ensure that 130 men and women including the disabled in the mining related environment are trained through a learnership to successfully developed their businesses.

4. Location of delivery

   - Mpumalanga
   - Free State
   - Kwa-Zulu Natal

5. Beneficiary selection criteria

   Historically Disadvantaged Individuals (HDI) that have established or want to establish new enterprises in the mining and minerals sector.

6. Delivery mechanism

   Project. MoU with Small Enterprise Development Agency (SEDA)

7. Responsible unit

   Projects unit

Project No. 106
Jewellery Industry Support Project

1. Objective

   To jointly with the Jewellery Council of South Africa develop and implement suitable Jewellery Industry support skills projects.

   In support of NSDS: Indicators 2.8 and 4.1

2. Project value

Approved budget 2008 - 2009	R 2 000 000

3. Project outcomes

   Details of project outcome still need to be developed jointly between the MQA and the Jewellery Council of South Africa.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Criteria will be developed jointly between the MQA and the Jewellery Council of South Africa.

6. Delivery mechanism

   Project. MoU with Jewellery Council of South Africa

7. Responsible unit

   National skills fund unit

Project No. 107
Diamond Industry Support Project

1. Objective

   To jointly with the Diamond Council of South Africa develop and implement a suitable diamond beneficiation support skills project.

   In support of the NSDS: indicators 2.8 and 4.1.

2. Project value

   Approved budget 2008 - 2009 R 2 000 000

3. Project outcomes

   Details of project outcome have been developed jointly by the MQA and the Diamond Council of South Africa. The project will train 200 learners in learnerships and 226 learners in other and non-core learnership programmes.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Criteria will be developed jointly between the MQA and the Diamond Council of South Africa.

6. Delivery mechanism

   Project. MoU with Diamond Council of South Africa

7. Responsible unit

   National skills fund unit

Project Number – 201
Standards Setting Project

1. Objective

   To encourage employers to continue contributing to the design of qualifications and writing of unit standards for registration on the National Qualifications Framework (NQF) as required by the Mine Health and Safety Act 29 of 1996 and South African Qualifications Authority Act No. 58 of 1995. This includes the development of learnerships, learning programme and skills programmes and the ratification of learning materials.

2. Project value

   Approved budget 2008 – 2009 R 1 300 000

3. Project outcomes

   To develop and register qualifications and unit standards and to also develop learnerships, learning programmes and skills programs including the ratification of learning and electronic material.

4. Location of delivery

   No external projects supported.

5. Beneficiary selection criteria

   Employers who release subject matter experts in the mining and minerals sector subject to approval by the stakeholder convenor.

6. Delivery mechanism

   Project.
   An attendance grant is payable to the releasing organisation/employers including small enterprises and self employed individuals.

7. Responsible unit

   Standards setting unit

Project Number – 202
Registration of Unit Standards and Qualifications

1. Objective

   To facilitate the design of qualifications and writing of unit standards for registration on the National Qualifications Framework (NQF), as well as the development of learnerships, learning programmes, skills programmes and also for editing and validation activities as required by the Mine Health and Safety Act 29 of 1996 and South African Qualifications Authority Act 58 of 1995.

2. Project value

   Approved budget 2008 – 2009 R 500 000

3. Project outcomes

   Utilising the services of professional consultants to develop unit standards and qualifications for submission to the South African Qualifications Authority (SAQA) for approval and registration.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Consultants that have the requisite subject matter expertise.

6. Delivery mechanism

   Payment of grants to subject matter experts upon completion of unit standards and qualifications.

7. Responsible unit

   Standards setting unit

Project No - 301
Development of Learning Materials

1. Objective

   To provide funding to accredited training providers through the Chamber of Mines for the development of learning materials for the unit standards populating all qualifications that are regarded as core to the MQA.

   In support of section 10 c (ii) of the Skills Development Act 97 of 1998.

2. Project value

   Approved budget for 2008-2009 R 4 000 000

3. Beneficiaries / Project outcomes

   Development of 194 learning materials packs required by the mining and minerals sector to enable the implementation of learnerships and skills programmes.

4. Location of delivery

   Nationally in 9 Provinces.

5. Beneficiary selection criteria

   Beneficiaries must be part of the implementation of an MQA registered learnership agreement to have access to the learning materials.

6. Delivery mechanism

   Project. MoU with the Chamber of Mines.

7. Responsible unit

   Learnerships unit.

Project No - 302
Graduate Development Programme (GDP)

1. Objective

   This project was initiated to train and provide on the job experience to young unemployed graduates from Universities and diplomats from Universities of Technology and FET Colleges (only N6) with qualifications in the scarce skills disciplines in the Mining and Mineral Sector.

   In support of the NSDS target: Indicator 4.2

   In support of the mining charter objectives

2. Project value

   Approved budget 2008 – 2009 R 9 300 000

3. Project outcomes

   The beneficiaries are 50 young unemployed graduates and diplomats who have completed qualifications in the scarce skills disciplines identified in the MQA sector skills plan. The required end result is for these graduates to gain 2 years of structured and relevant industry experience to gain access to full time employment within the mining industry.

4. Location of delivery

   Nationally in all provinces.

5. Beneficiary selection criteria

   - Graduates
   - Discipline (must be identified as scarce) in which qualification was achieved
   - Average academic score obtained
   - Unemployed people
   - Gender
   - HDI's

6. Delivery mechanism

   On the job training at employer sites and off the job training at the training provider sites for soft skills.

7. Responsible unit

   Learnerships unit

Project 303
Learnerships Grants

1. Objective

   To provide funding for the registration of learners into the core learnerships of the MQA.

   In support of the NSDS objectives: Indicators 2.8 and 4.1

   In support of the mining charter objectives

2. Project value

   Approved budget 2008 – 2009 R 69 902 000

3. Beneficiaries / Project outcomes

   To train 1718 employed and 1717 unemployed learners in the core learnerships of the MQA.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Employed learners within the mining industry.
   Unemployed learners who wish to pursue a career in the mining industry.

6. Delivery mechanism

   Off the job training done at accredited training provider sites and on the job training done at employer sites.

7. Responsible unit

   Learnerships unit

Project No. 304
Apprenticeship Grants

1. Objective

   To provide funding for the indenture of apprentices in apprenticeship programmes.

   In support of the NSDS objectives: Indicator 2.8

   In support of the mining charter objectives.

2. Project value

   Approved budget 2008 - 2009 R 2 860 000

3. Project outcomes

   To train 250 apprentices indentured in the MQA designated trades.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Apprenticeships identified as critical and scarce by the MQA.

6. Delivery mechanism

   "Off the job" training done at accredited training provider sites and "On the job" training done at the employer sites.

7. Responsible unit

   Learnerships unit

Project Number: 305
Support to Black Economic Empowerment (BEE) Firms and BEE Co-Operatives

1. Objective

   Annually increasing number of small BEE firms and BEE co-operatives supported by skills development. Progress measured through annual survey of BEE Firms and BEE Co-operatives within the sector.

   In support of the NSDS: Indicator 2.5.

2. Project value

   Approved budget 2008 - 2009 R 500 000

3. Project outcomes

   Annual survey conducted as required by the NSDS: Indicator 2.5.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Small BEE firms and BEE co-operatives operating within the mining and minerals sector.

6. Delivery mechanism

   Project

7. Responsible unit

   Projects unit

Project Number: 306
Supporting of Non Levy paying Enterprises, Non Governmental Organisations (NGO) and Community Based Organisations (CBO)

1. Objective

   Supporting of non levy paying enterprises, NGO's and CBO's by skills development. Progress measured through annual survey within the sector.

   In support of the NSDS: Indicator 3.2.

2. Project value

Approved budget 2008 - 2009	R 500 000

3. Project outcomes

   Annual survey conducted as required by the NSDS: Indicator 3.2.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Non Levy paying Enterprises, NGO's and CBO's operating within the mining and minerals sector.

6. Delivery mechanism

   Project

7. Responsible unit

   Projects unit.

Project Number: 401
Assessor and Moderator Registration Grant

1. Objective

   To support the registration of assessors and moderators in the mining and mineral sector to ensure verification of learner assessments as per the SAQA regulations.

2. Project value

   Approved budget 2008 - 2009 R 450 000

3. Project outcomes

   To incentivise accredited training providers and mining companies who encouraged staff to become trained and registered assessors and moderators.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Selection of candidates is at the discretion of the employers who wish to register learners to become qualified assessors and moderators.

6. Delivery mechanism

   Grant

   On achieving competency in the relevant unit standards for assessor / moderator, and being registered by the MQA, the grants are automatically generated by the Education Training and Quality Assurance (ETQA) unit.

7. Responsible unit

   ETQA unit

Project No: 402
International Standards Organisation (ISO) Grant

1. Objective

   In terms of SAQA requirements, all training providers require a quality management system for accreditation. The grant is offered to achieve uniformity in the industry by adopting the ISO 9001:2000 as the preferred standard.

   In support of NSDS target: Indicator 2.8
   In support of mining charter objectives
   In support of the SAQA Act and Regulations

2. Project value

   The payment of the grant is an ongoing incentive to achieve the ISO certification.

   Approved budget 2008 – 2009 R 450 000

3. Project outcomes

   The payment of an incentive grant to training providers who wish to achieve MQA accreditation.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Training providers and levy paying organisations may apply for the grant. Preference will be given to SMME's.

6. Delivery mechanism

   Grant

7. Responsible unit

   ETQA unit.

Project No.403
Personal Digital Assistant (PDA)
Development of Standardised Assessment Guides

1. Objective

   This project is in support of the SAQA performance auditing model for ETQA's to create effective, efficient and economical avenues to maintain the integrity and quality of learning provision and assessment.

2. Approved budget 2008 - 2009 R 300 000

3. Project outcomes

   To provide funding to develop MQA software for the use by accredited training providers to:
   1. Create effective usage of PDA's.
   2. Develop a uniform standard type of assessment to ease up Quality Assurance verification.
   3. Develop software that is compatible with MQA policies and processes.
   4. Reduce and eliminate duplication of assessment of specific outcomes of unit standards.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Beneficiaries must be part of the MQA accredited training providers, MQA levy paying companies and registered assessors with the MQA shall have access to the PDA software.

6. Delivery mechanism

   Project

7. Responsible unit

   ETQA unit.

Project No. 404
Recognition of Prior Learning (RPL) Assessment

1. Objective

   To develop and implement a RPL assessment toolkit that will enable accredited providers to assess artisan type learners who wish to obtain an artisan qualification.

2. Project value

   Approved budget 2008 - 2009 R 500 000

3. Project outcomes

   The development of RPL toolkits for various scarce skills artisan qualifications.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Employed workers who wish to be tested in order to obtain an artisan qualification.

6. Delivery mechanism

   Project

7. Responsible unit

   ETQA unit

Project No. 405
Institutes of Sectoral or Occupational Excellence (ISOE)

1. Objective

   In line with NSDS 2005 - 2010, Objective 5 "improving the quality and relevance of provision" indicator 5.1, SETAs are expected to recognise Institutes of Sectoral or Occupational Excellence (ISOE).

   In support of NSDS target: Indicator 5.1
   In support of mining charter objectives

2. Project value

   Approved budget 2008 - 2009 R1 500 000

3. Project outcomes

   The payment of the grant is an ongoing incentive to assist identified institutions to achieve the high level of excellence in support of the mining and minerals sector. According to NSDS target at least 5 institutions should be recognised as an ISOE.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Training providers and levy paying organisations may apply for the grant.

6. Delivery mechanism

   Grant

7. Responsible unit

   ETQA unit

Project No. 406
Upskilling of Education Training and Development Practitioners (ETDP)

1. Objective

   The MQA recognised the need to upskill existing ETDP's to enable them to successfully deliver the fundamental component of MQA registered qualifications.

   In support of NSDS target: Indicator 2.4
   In support of the SAQA act and regulations

2. Project value

   Approved budget 2008 - 2009 R 1 000 000

3. Project outcomes

   To identify and train suitably qualified ETDP's to deliver the fundamental component of the MQA registered qualifications.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Current ETDP's who meets the ETQA requirements.

6. Delivery mechanism

   Project

7. Responsible unit

   ETQA unit

Project No. 501
Levy/Grant System Participation Improvement

1. Objective

   To increase the number of levy-paying companies who participate in mandatory and discretionary grants.

   In support of the NSDS target: Indicators 2.1 and 2.2

2. Project value

   Approved budget 2008 - 2009 R 500 000

3. Project outcome

   Increase participation in mandatory and discretionary grants by companies in the mining and minerals sector.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   The company must be paying levies to the MQA.

6. Delivery mechanism

   Project.

7. Responsible unit

   Sector skills planning unit.

Project No. 502
Small Scale Miners Technical Training Projects

1. Objective

   To train and build the capacity of small-scale miners (SMME's) in the mining and minerals sector.

   In support of NSDS target: Indicator 1.2

   In support of the mining charter objectives

2. Project value

   Approved budget 2008 - 2009 R 3 000 000

3. Beneficiaries / Project outcome

   Small Scale miners (SMME's) that are registered on the MQA database as SMMEs to be trained.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Small scale miners in the mining and minerals sector.

6. Delivery mechanism

   Project.
   Training providers to be appointed to deliver the project in all 9 provinces.

7. Responsible unit

   Sector skills planning unit.

Project No. 503
Support of Skills Development Facilitators

1. Objective

   To support Skills Development Facilitators (SDF) in the mining and minerals sector through regular communication and capacity building.

   To support the SMME's in the mining and minerals sector with skills development activities such as the completion of workplace skills plans and annual training reports.

   In support of the NSDS target: Indicators 1.2; 2.1 and 2.2.
   In support of the mining charter objectives

2. Project value

   Approved budget 2008 - 2009 R 2 000 000

3. Project outcome

   - Support provided to all SMME's paying levies to the MQA as well as the newly registered SMME's wishing to pay their levies to the MQA. Thereby, promoting increased participation of the SMME's in skills development matters.

   - Capacitated SDF's in the mining and minerals sector.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   - Companies (SMMEs) paying levies to the MQA and those newly registered SMME's wishing to pay their levies to the MQA.

   - Skills development facilitators in the mining and minerals sector.

6. Delivery mechanism

   Project.
   The MQA will appoint independent skills development facilitators to support the SMME's

7. Responsible unit

   Sector skills planning unit.

Project No. 504
Women in Mining Project

1. Objective

   To increase the participation and entry of women into the mining and minerals sector.

   In support of NSDS target: Indicator 2.1

   In support of the mining charter objectives

2. Project value

   Approved budget R 2 000 000

3. Project outcomes

   Women involved in the Mining Industry to be targeted. These women will be made up of the following:

   - Community based women who have an interest in mining.
   - Entrepreneurial women who are already active in the mining sector.
   - Women identified by the DME (Department of Mineral and Energy).
   - South African Women in Mining members.
   - Women identified by organised Labour.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   All women in the mining and minerals sector based on the criteria stipulated in 3 above.

6. Delivery mechanism

   Project.

7. Responsible unit

   Sector skills planning unit

Project No. 505
Provision of Adult Basic Education and Training (ABET)

1. Objective

   - To incentivise mining companies to provide ABET training for their employees.
   - To increase levels of literacy in the sector.
   - Incentivise learners who attend and complete ABET training.

   In support of NSDS target: Indicator 2.7

   In support of the mining charter objectives

2. Project value

   Approved budget 2008 - 2009 R 20 000 000

3. Beneficiaries/Project outcomes

   30 000 learners to participate in ABET programmes and to increase levels of literacy and work towards achieving NSDS targets.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Participating companies must be levy paying companies to the MQA.

6. Delivery mechanism

   Grant.
   Once learners are registered on the Datanet system by employers and accredited training providers, grant applications are processed using the datanet system

7. Responsible unit

   Sector skills planning unit.

Project No. 506
Beneficiation Support Project

1. Objective

   To train informal and formal SMMEs beneficiaries in diamond evaluation and mineral processing. Training will be on mineral beneficiation from raw materials to the end product.

   In support of NSDS target: Indicator 2.7

   In support of the mining charter objectives

2. Project value

Approved budget	2008 - 2009	R3 000 000

3. Project outcome

   SMME to acquire beneficiation skills in diamond evaluation, polishing and precious metals beneficiation.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   SMME's involved with the beneficiation of minerals. The MQA, DME and the Chamber of Small Scale Miners will participate in the selection process.

6. Delivery mechanism

   Project.

7. Responsible unit

   Sector skills planning unit

Project No. 507
Ex-Miners Support Project

1. Objective

   Support the re-skilling of ex-mineworkers, proxies and community members.

   In support of the NSDS target: Indicators 2.5 & 3.2

   In support of the mining charter objectives

2. Project value

   Approved budget 2008- 2009 R 3 000 000

3. Project outcomes

   Support district municipalities at which ex-mine workers, proxies and community members will be trained.

4. Location of delivery

   District municipalities, labour sending areas, poverty nodes and where mining used to take place.

   - Mpumalanga
   - Free-State
   - Limpopo
   - Northern Cape
   - Eastern Cape
   - Kwa-Zulu Natal

5. Beneficiaries selection criteria

   Mining communities and surrounding areas where mining used to take place.

6. Delivery mechanism

   Project.

7. Responsible unit

   Sector skills planning unit.

Project No. 511
Company DataNet Support

1. Objective

   To assist accredited training provider staff who work on the datanet system by conducting regular training sessions that will enable them to upload company training information successfully.

2. Project value

   Approved budget 2008 - 2009 R 500 000

3. Beneficiaries / Project outcome

   To assist accredited training provider staff who work on the datanet system by conducting regular training sessions that will enable them to upload company training information successfully.

4. Location of delivery

   Nationally in all 9 provinces

5. Beneficiary selection criteria

   Accredited training provider staff members who regularly upload training information on the MQA datanet system.

6. Delivery mechanism

   Project

7. Responsible unit

   Learnerships unit

Project No. 601
National Skills Funding Projects (1)

1. Objective

   This project was initiated to provide on the job experience to young unemployed graduates from Universities and Universities of Technologies who have qualifications in the disciplines identified as scarce skills in the mining and minerals sector.

   In support of the NSDS target: Indicator 4.1 and 4.2

   In support of the mining charter objectives

2. Project value

Approved budget 2008 - 2009	R 5 300 000

3. Beneficiaries / Project outcome

   The project will provide skills development support to the following:

   - 64 unemployed learners in the plater boiler making, fitting and turning and fitting including machining learnerships;
   - 69 unemployed learners to be placed in the MQA graduate development programme.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Unemployed graduates who completed qualifications in the scarce skills disciplines.

6. Delivery mechanism

   Project

7. Responsible unit

   National skills fund unit

Project No. 602
National Skills Funding Projects (2)

1. Objective

   This project is aimed at providing funding for the registration of unemployed learners into selected core learnerships of the MQA.

   In support of the NSDS targets indicator 4.1

   In support of the mining charter objectives

2. Project value

   Approved budget 2008 - 2009 R 4 000 000

3. Beneficiaries / Project outcome

   The project will provide the skills development support for 1000 unemployed learners in selected core learnerships of the MQA.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   Unemployed graduates who completed qualifications in the scarce skills disciplines.

6. Delivery mechanism

   Project

7. Responsible unit

   National skills fund unit

Project No. 603
Career Information Booklet

1. Objective

   To provide a comprehensive career guide to prospective work seekers and students who wishes to pursue careers in the mining and minerals sector.

   In support of the NSDS target: Indicator 4.1

   In support of the mining charter objectives.

2. Project value

   Approved budget 2008 - 2009 R 1 000 000

3. Beneficiaries / Project outcome

   The project will provide the booklets to the high school learners who wish to pursue a career in the mining and minerals sector.

4. Location of delivery

   Nationally in all 9 provinces.

5. Beneficiary selection criteria

   All students and work seekers in all provinces

6. Delivery mechanism

   Project

7. Responsible unit

   Corporate services

APPENDIX D

QUESTIONNAIRE FOR BOARD AND COMMITTEES

1. Are all Board members aware of the approved strategic objectives?
2. Why is there a decline in the achievement of strategic objectives over the last two years?
3. Is planning aligned to the Board calendar of events and financial year?
4. Is there synergy between the budgeting and strategic planning process?
5. What are the reasons for the low disbursement of discretionary grants?
6. Is the Board satisfied with control measures relating to monitoring and implementation of the strategic plan and budget?
7. Do the shortcomings identified by the Presidential Review Commission (PRC) in 1998 (section 1.2) exist in the MQA?
8. Are there sufficient monitoring tools to monitor the execution of Board strategic objectives?
9. Does stakeholder representatives have the relevant financial management capacity to effectively contribute to the oversight of financial management activities in the MQA?
10. If the answer to question 9 is no, what do you recommend?
11. Do stakeholder representatives take into consideration the best interest of the MQA when making decisions?
12. How will the new legislation such as the Skills Development Amendment Bill and Mine Health and Safety Bill of 2008 affect the functioning of the MQA?
13. What is the relationship between the MQA and Mine Health and Safety Council relating to mine health and safety?
14. Do the initiatives of JIPSA and ASGI-SA affect the MQA and skills development in particular?