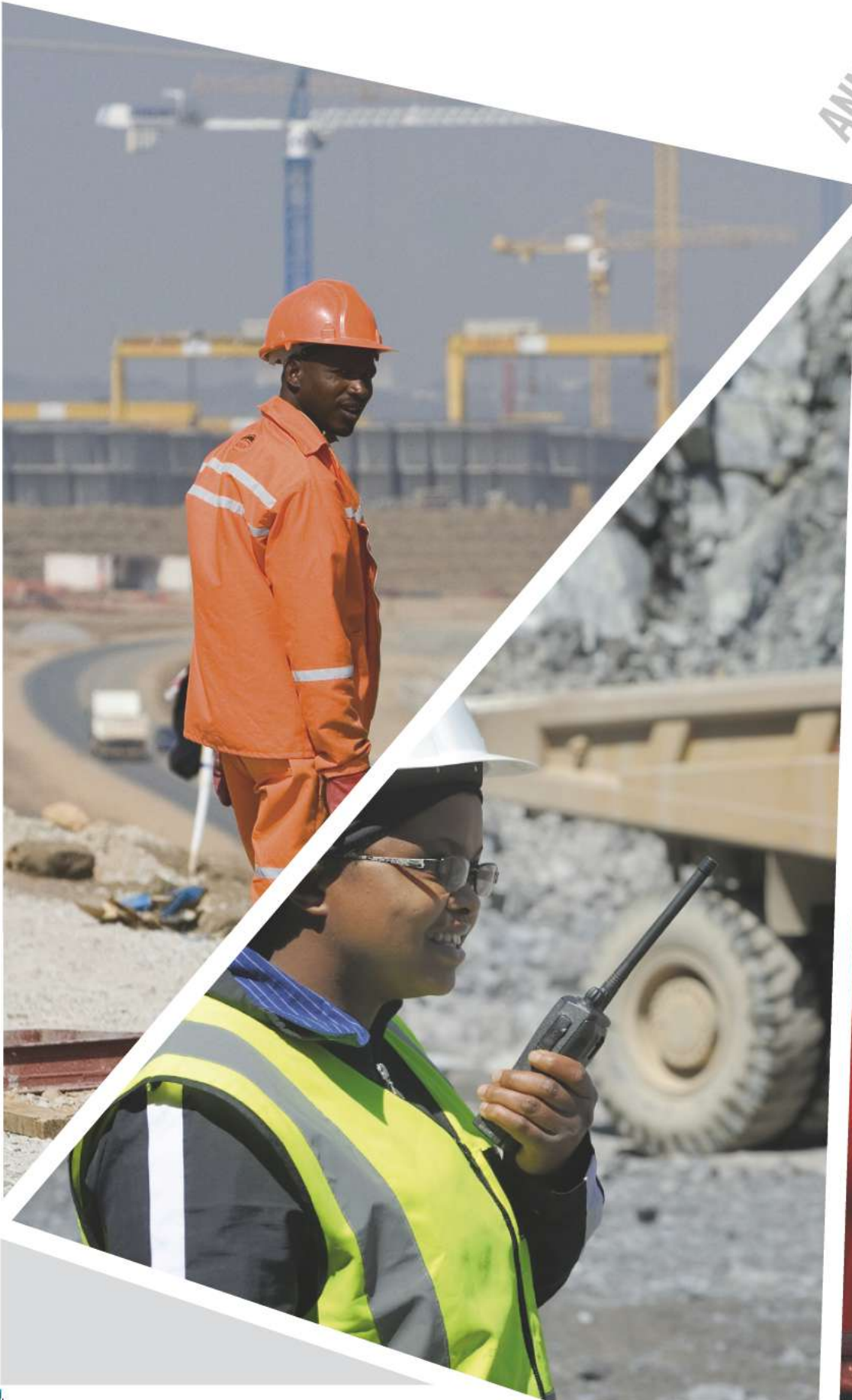
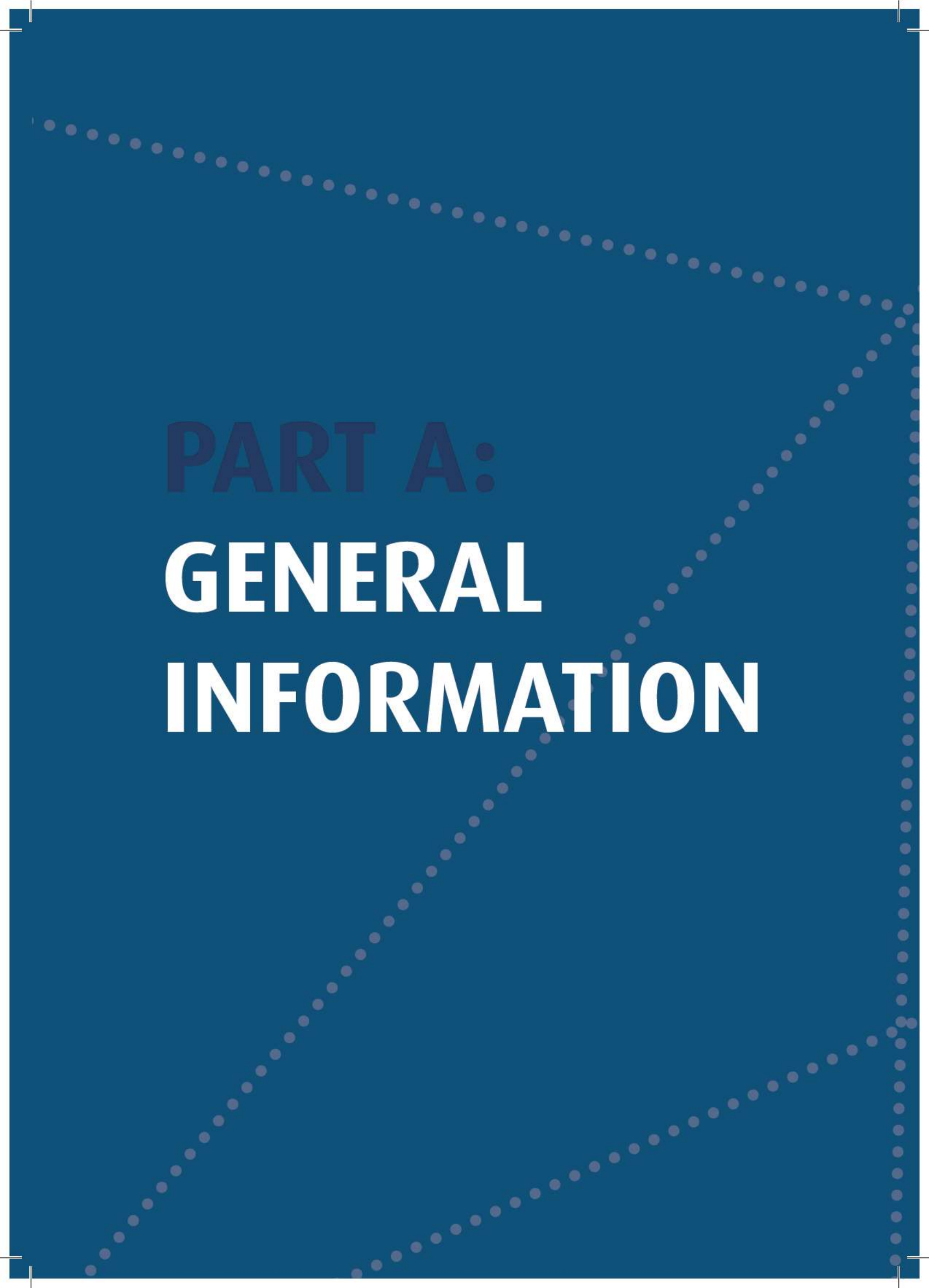




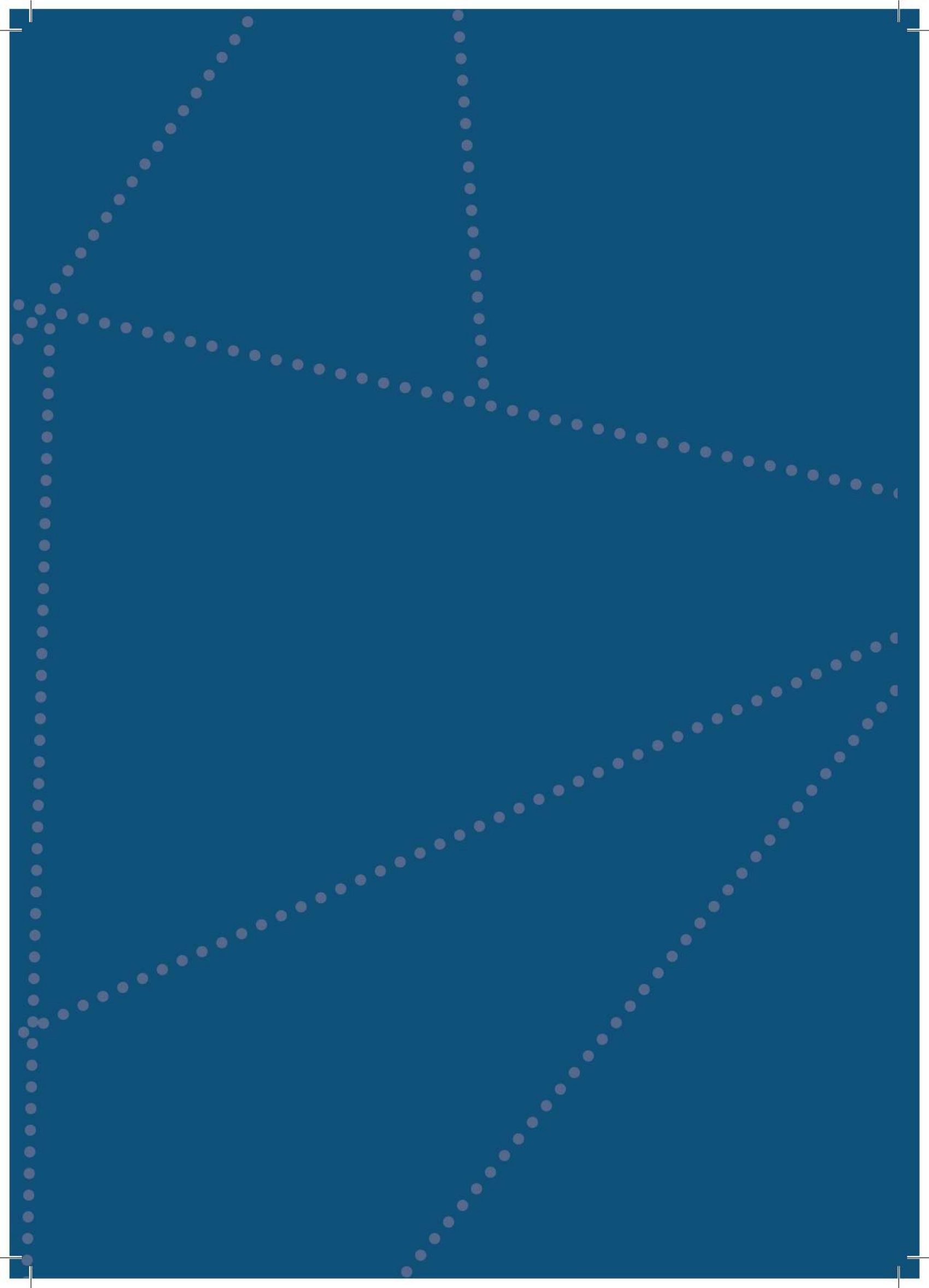


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PART A: **GENERAL** **INFORMATION**



ECSA GENERAL INFORMATION

REGISTERED NAME:	Engineering Council of South Africa
REGISTRATION NUMBER (if applicable):	N/A
PHYSICAL ADDRESS:	1st Floor , Waterview Corner Building 2 Ernest Oppenheimer Avenue Bruma 2198
POSTAL ADDRESS:	Private Bag X691 Bruma Johannesburg 2026
TELEPHONE NUMBER/S:	+27 11 607 9500
FAX NUMBER:	+27 11 622 9295
EMAIL ADDRESS:	engineer@ecsa.co.za
WEBSITE ADDRESS:	www.ecsa.co.za
EXTERNAL AUDITORS:	PricewaterhouseCoopers Inc. 2 Eglin Road Sunninghill 2157
BANKERS:	Standard Bank East Gate Bedfordview
COMPANY/ BOARD SECRETARY	None, Administration Department performs some of the duties

GLOSSARY OF TERMS

Abbreviations and Acronyms

ARC	Audit, Risk and Compliance Committee
BE	Built Environment
CBE	Council for the Built Environment
CC	Competitions Commission
CEO	Chief Executive Officer
CERTAC	Certificated Engineer Accreditation Committee
CHE	Council on Higher Education
CIM	Communication, Information and Marketing
COP	Code of Practice
CPD	Continuing Professional Development
CPUT	Cape Peninsula University of Technology
CRC	Central Registration Committee
CUT	Central University of Technology
DHET	Department of Higher Education and Training
DME	Department of Minerals and Energy
DOL	Department of Labour
DPW	Department of Public Works
DUT	Durban University of Technology
EC	Education Committee
ECN	Engineering Council of Namibia
ECSA	Engineering Council of South Africa
ECZ	Engineering Council of Zimbabwe
EMF	Engineers Mobility Forum
EP	Engineering Profession
EPA	Engineering Profession Act, 2000 (Act No 46 of 2000)
EPAC	Engineering Programme Accreditation Committee
EPQEC	Engineering Programme Qualifications and Examinations Committee
ESGB	Engineering Standards Generating Body
ETMF	Engineering Technologists' Mobility Forum
EXCO	Executive Committee
F&S	Finance and Staff Committee
GRAP	South Africa Standards of Generally Recognised Accounting Practice
HEQC	Higher Education Quality Committee
HEQF	Higher Education Qualifications Framework
HESA	Higher Education South Africa
IAC	International Affairs Committee
IC	Investigating Committee
ICE	Institution of Civil Engineers
IDOEW	Identification of Engineering Work Steering Committee
IETA	International Engineering Technologist Agreement
IFEES	International Federation of Engineering Education Societies
IFRS	International Financial Reporting Standards
IPEA	International Professional Engineers Agreement
IT	Information Technology Committee
JIC	Joint Implementation Committee
LMI	Lifting Machinery Inspectors Registration Committee
MoU	Memorandum of Understanding
MUT	Mangosuthu University of Technology
NATED	National Technical Education
NC	National Certificate

NHBRC	National Home Builder Registration Council
NQF	National Qualifications Framework
NRCS	National Regulator for Compulsory Specifications
PAC	Professional Advisory Committee
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Coordinating Commission
SAC	Strategic Advisory Committee
SACPE	South African Council for Professional Engineers
SALGA	South African Local Government Association
SAQA	South African Qualifications Authority
SASEE	South African Society of Engineering Education
SAYEP	South African Youth into Engineering Programme
TECHNO SGG	Technology Standard Generating Group
TPAC	Technology Programme Accreditation Committee
TPQEC	Technology Programme Qualifications and Examinations Committee
TUT	Tshwane University of Technology
UCT	University of Cape Town
UK	United Kingdom
UKZN	University of KwaZulu-Natal
VA	Voluntary Association
VC	Vice-Chancellor
WA	Washington Accord
WSU	Walter Sisulu University

FOREWORD BY THE PRESIDENT



Minister of the Department of Public Works, Mr. Thembelani Nxesi, members of the Engineering Council of South Africa (ECSA) and all stakeholders within the engineering fraternity, it is my pleasure to present ECSA's Annual Report for the financial year ending 31st March 2014.

The year under review marks the second anniversary of the current Council, following its installation and the implementation of changes that were announced by the Minister in relation to the landscape of ECSA.

Part of the year was dedicated to familiarizing the new Council with the structures and processes within ECSA. This included revisiting previous business plans, strategies, financial plans and aligning them with ECSA's current operating environment. The strategies were largely proportioned within the statutory functions and systems of the Council, the legal frameworks and policies, strategic repositioning of both internal and external systems and improving the infrastructure within ECSA.

The Council took a decision to comply with the Public Finance Management Act (PFMA) which ECSA is subordinated to as a statutory body according to the Engineering Professions Act (46 of 2000). It is important to note that this is a process, not an event. Therefore it will take some time for ECSA to fully comply with the Act; however, ECSA has made significant progress in this regard. I would like to thank the executives, managers and all employees of ECSA for making such a significant effort to comply with the Act.

The Council has vigorously engaged with stakeholders in its sector on issues of common interest and to create a common understanding of ECSA's strategic direction and mandate under the EPA. This also helped to outline each party's roles and responsibilities. Such stakeholder forums were kick-started and further emphasized with government and industry i.e. Presidential Infrastructure Coordinating Committee (PICC), Infrastructure Project Implementation Plan, Thought Leadership and support towards the DHET's Strategic Infrastructure Projects (SIPs), just

to name a few.

The Council engaged various stakeholders with a view to strategically forge partnerships that will help ECSA not only to deliver on its mandate, but also to provide engineering programmes that are relevant to the country's developmental needs.

The Council endeavours to improve its effectiveness and efficiency. ECSA is on the final stages of implementing the much awaited New Registration System (NRS) which will primarily benefit the applicants and registered persons. This will improve the efficiency of processing registration applications and management of the Continuing Professional Development (CPD) system. The NRS is mainly designed to minimise the logistical burden for applicants and to enhance the overall efficiency of the registration process.

The Council took a decision to accelerate the transformation of ECSA structures, processes, infrastructure and its interaction with the external environment. This meant that the committees had to create room for diversified representation, skills transfer and succession planning. This task will also translate to the experience and expertise that will have to incorporate the younger breed of engineers who are the future leaders of the engineering community. The Council will capacitate these committees to have meaningful and valuable input to the overall growth of ECSA and the development of the engineering profession in order to meet the growing demand of scarce skills across the country.

In the second year of my four years that I have served as the President of ECSA, I have learnt a lot in as much as I have shared my experiences to ensure that ECSA lays a solid foundation that will build a legacy of the engineering profession.

I wish to take this moment to thank the Vice President, Mr. Adrian Peters and fellow Council members for their commitment to ECSA. I would also like to give special thanks to the Chairpersons and Vice Chairpersons of High Impact Committees for their leadership in giving a strategic direction to the many committees of ECSA that enable us to achieve our mandate.

I also wish to thank all stakeholders, volunteers and staff members of ECSA under the leadership of the Acting CEO, Edgar Sabela, who continue to make the vision and mission a realisable task.

Lastly, I wish to thank the Department of Public Works for their positive interaction with ECSA, provision of overall guidance and strategic direction.

Cyril Vuyani Gamede, Pr Eng
ECSA President

CHIEF EXECUTIVE OFFICER'S OVERVIEW



It is an honour to present the 2013/2014 Annual Report. As I reflect on the report; the task resonates well with the slogan adopted by managers building their team building exercises: **"Engage, Comply, Strive and Aspire"** which coincidentally forms the acronym ECSA.

ECSA's responsibility is to regulate the engineering profession in South Africa. The Engineering Professions Act (46 of 2000) empowers the Council to collect registration and associated fees for the operations of the Council. ECSA has realised surplus amounts for the year under review.

With a substantial increase of registration figures from 41 125 to 43 967 within the financial year under review, it is important to note that the year marks the beginning of a challenging but fruitful period in terms of the set developmental outputs.

A reasonable amount of the expenditure went into IT equipment, the development of a new ECSA website, the development and finalisation of the New Registration System (NRS), marketing initiatives, accounting software, HR premier software package and security systems, just to mention a few. Administration expenses escalated due to an increase in the cost of employment which was due to the takeover of several staff members who largely filled in the gaps in registration, supply chain, human resources and finance. At executive level, there were two key appointments, the Statutory Function Executive and Corporate Services Executive. A Supply Chain Management specialist was appointed as we are positioning the Council to comply fully with the PFMA.

Plans to transcend the ECSA corporate image and perceptions thereof are also in full operation. The highlights for the year under review were roadshows that were hosted in the Western Cape, Free State, Mpumalanga, Limpopo and the Eastern Cape Provinces.

The primary objective of these roadshows is to communicate ECSA's key strategic business objectives to diverse stakeholders and increase ECSA's footprint nationally. The roadshows also highlighted the benefits of registration in order to encourage graduates to register.

Transformation is the Council's priority. There are a number of initiatives underway. The transformation implementation plan was approved and is being rolled out in an incremental way.

Council also reviewed the current strategy, the new strategy demonstrates the ability to transform ECSA as well as show relevance to the South African context and beyond. The shift is imperative to ensure effective, transparent, credible and accessible ways of fulfilling its traditional mandate with regard to registering and accrediting professionals. The following are the Strategic Thrusts following the highly consultative process:

Thrust 1 – Professional – Engineering practitioners enjoy the benefit of world class registration and education.

Thrust 2 – Public - Public awareness of the profession and its standards and regulation to ensure the implementation of those standards in the public interest.

Thrust 3 – Socio-economic - Engineering practitioners proactively responsive to local and national socio-economic requirements.

Thrust 4 – Organisational - A sustainable, transformed and coherent organisation that is capable of delivering the impact desired by its stakeholders and society.

Several initiatives were introduced by the HR department to support staff and structure the system in a much more efficient manner. Change management workshops are on-going and positive changes have been duly rewarded.

Ladies and gentlemen, as I invite you to go through this detailed account of our operations for the year under review, let me take this opportunity to thank the ECSA Council under the leadership of Mr. Cyril Gamede. I would like to express my appreciation to all staff members, as they form the backbone of the operations of ECSA to deliver on its mandate. I also thank the Council for the Built Environment (CBE) under the leading strides of Ms. Gugu Mazibuko for their unwavering support to the vision of ECSA. My sincere gratitude goes to staff members who are committed and dedicated to making sure that ECSA's operations are effectively executed. I trust that as a team, we will have even greater achievements in the new financial year.

A handwritten signature in black ink, appearing to read 'Edgar Sabela'.

Edgar Sabela
Acting CEO
31 July 2014

STRATEGIC OVERVIEW

Vision Statement

ECSA's vision is to ensure that South Africa enjoys all the benefits of a strong, competent, growing, sustainable and representative engineering profession, able to provide all the expertise necessary for the socio-economic needs of the country and to exert a positive influence in South Africa.

Mission Statement

Our mission is to create the circumstances in which society is confident that the engineering profession in South Africa is able to carry out the functions necessary for the socio-economic growth in the country. ECSA achieves this objective through:

- Setting and monitoring of standards to international norms;
- Certifying and ensuring the competence of individuals through registration;
- Ensuring quality of engineering education through accreditation;
- Regulating professional conduct; and
- Growing the profession in quantity and quality in partnership with stakeholders.

ECSA'S Value Statement

ECSA is a complex organisation that is enabled by legislation, and governed by its Council. It operates through committees populated by professionals and public representatives who give their services voluntarily and it is supported by administrative staff and systems. The parties commit themselves to a set of values, stated below, that guides ECSA's operations and actions:

- A service orientation;
- Integrity;
- Transparency of criteria and processes;
- Impartiality and non-discrimination in decision making;
- Confidentiality with regard to personal information;
- Innovation and responsiveness; and
- Overall upliftment of the profession and society being paramount.

What do we offer?

- (a) Registration;
- (b) Accreditation;
- (c) Generation of standards;
- (d) Disciplining of errant engineering professionals;
- (e) Identification of engineering work;
- (f) Publication of guideline tariff of fees;
- (g) Advising the Council for the Built Environment (CBE) and Minister of Public Works, or any other minister, or relevant stakeholders on matters relating to the engineering profession;
- (h) Establishment of new specified categories.

Whom do we serve?

- (a) The Public;
- (b) Engineering practitioners;
- (c) Industry and commerce;
- (d) Academic institutions;
- (e) Government;
- (f) Voluntary Associations and other relevant professional learned bodies and institutions.

Why do we matter?

ECSA is the sole organisation empowered by government, through an Act, to promote the public interest and protect public health and safety in relation to engineering work. As such, ECSA sets and maintains standards that are nationally relevant and internationally comparable and serves the public through ensuring the educational quality, competence and professional conduct of registered engineering practitioners.

ECSA'S Mandate

The principal focus of the Engineering Professions Act, (No.46 of 2000), which embodies the mandate of ECSA, is on promoting the safety, health and interests of the public in relation to the Engineering Profession. In order to achieve this mandate, ECSA Council is empowered to perform a number of functions as provided for in the EPA.

ECSA performs both a regulatory and service function to regulate the profession and enhance its ability to protect the public.

Regulatory Functions

The following regulatory functions are mandatory:

- (a) Registration of candidates, professionals and in specified categories;
- (b) Accreditation of engineering programmes;
- (c) Regulation of engineering practice through:
 - (i) Managing a Code of Conduct;
 - (ii) Managing complaints, investigation and disciplinary processes within the profession;
 - (iii) Managing continual professional development;
 - (iv) Identification of Engineering Work; and
- (d) Regulation of financial reports.

The following service functions are empowered by the Act to support the mandatory functions, develop the profession and serve the public interest:

- (a) Take measures to protect public health and safety;
- (b) Conduct research;
- (c) Uphold the integrity and dignity of the profession;
- (d) Improve standards of services provided by registered persons;
- (e) Create awareness of the need to protect the environment;
- (f) Recognise voluntary associations;
- (g) Advise the Council for the Built Environment (CBE) and Minister of Public Works, or any other minister, on matters relating to the engineering profession;
- (h) Provide strategic services to serve and develop the engineering profession; and
- (i) Establish new specified categories for engineering.

STRATEGIC OBJECTIVES

The following Strategic Objectives are identified in the ECSA Strategic Plan for 2010-2014. Five strategic objectives flow from ECSA's mandated functions that relate to the quality of engineering education, the competence of engineering practitioners and professional conduct. These strategic objectives ensure:

- a) Competent engineering practitioners through effective registration and continuing professional development processes;
- b) Appropriate development of engineering practitioners through accreditation of engineering programmes;
- c) Regulation of practice by investigating complaints and disciplinary processes;
- d) That South African registered engineering practitioners are recognised when measured against international standards; and
- e) The development of relevant standards for identification of engineering work, and regulation thereof.

Two strategic objectives arise from ECSA's recognition that South Africa as a nation has a longstanding and severe shortage of engineering practitioners of various types:

- f) Determine engineering skills requirements for the country and provide direction and solutions to the pipeline for engineering skills development; and
- g) Ensure the marketing of the profession to educate and attract learners to build the future engineering skills pipeline.

Four strategic objectives arise from ECSA's role in the promotion, standing, visibility, influence and mobilization of the profession to provide expert advice to government and other decision makers on national matters relating to the engineering profession across all disciplines:

- h) Promote public health and safety;
- i) Ensure that the ECSA, with its partners as appropriate, provide expert advice to policy makers and implementers ;
- j) Ensure sustainability of the engineering profession through conducting research to highlight areas for improvement, and provision of solutions thereof; and

- k) Ensure appropriate stakeholder engagement through participation in existing forums and the creation of new stakeholder forums where necessary.

ECSA recognises its obligations to be an effective and efficient organisation and therefore sets the following strategic objectives to ensure:

- l) Effective and efficient operations of ECSA;
- m) Adequate and appropriate resources (financial and other) for the sustainability of ECSA's operations.

LEGISLATIVE AND OTHER MANDATES

The Engineering Council of South Africa (ECSA) is a statutory body established in terms of the Engineering Profession Act, (Act No. 46 of 2000). This Act superseded the Acts of 1990 and 1968 and progressively extended ECSA's scope beyond the original purpose, namely to regulate Professional Engineers. ECSA and its predecessor have thus regulated engineering practice for forty years.

ECSA exists as a regulatory body for the profession of engineering because of the recognition that, while engineering activity is essential and beneficial to society and the economy, substantial risks to health, safety and the environment accompany engineering activity that must be managed by competent professionals. In addition, engineering services must be of adequate quality in the interests of economy and avoidance of waste.

With these objectives in mind, the EPA requires and empowers ECSA to perform the following functions:

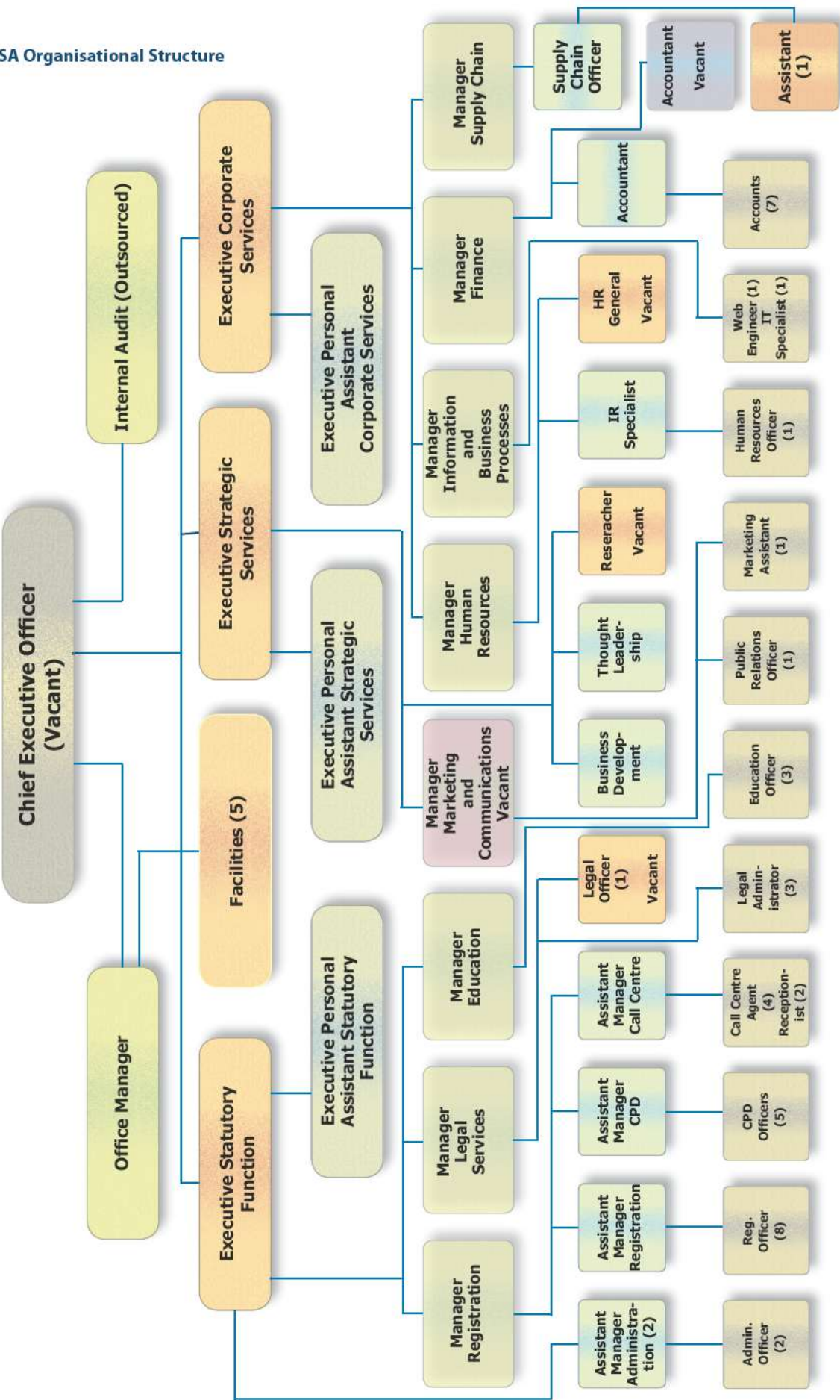
- Establish an engineering standards generating body (ESGB) and develop standards for engineering education and professional competency;
- Visit education providers to evaluate programmes and accredit educational programmes that meet the educational requirements toward registration in each of the categories;
- Register persons in professional categories who demonstrate competency against the standards for the categories;
- Evaluate educational qualifications that are not already accredited or recognised;
- Restrict professional requirements in each category;
- Establish specified categories of registration to meet specific health and safety licencing requirements in each category;
- Require registered persons to renew registration at intervals and under conditions that the council prescribes;
- Enter into international agreements for the recognition of educational programmes and registration;
- Develop and maintain a code of conduct, supported where necessary by codes of practice;
- Investigate complaints of improper conduct against registered persons and conduct enquiries and impose sanctions as each case requires;
- Annually publish guideline professional fees and scope of work;
- Recognise voluntary associations (VA's); and
- Recommend to the Council for the Built Environment (CBE) ECSA's identification of the type of engineering work which may be performed by persons registered in any category.

In addition, ECSA is empowered to advise government and other parties to take necessary steps to protect the public interest, health and safety, improve standards of engineering services, to create awareness of the need to protect the environment and conduct research.

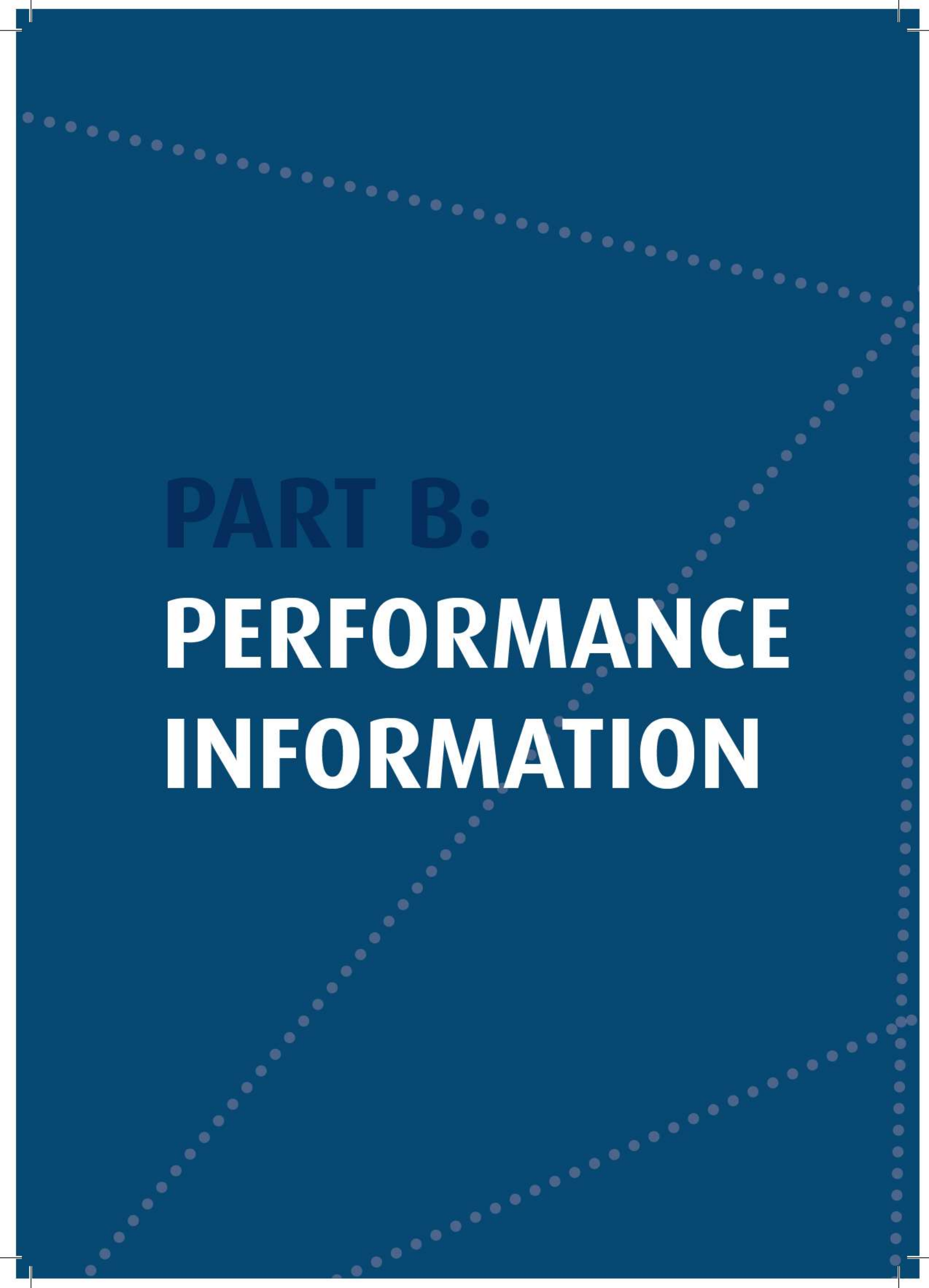
Professional Regulation of engineering in South Africa dates from the Professional Engineers' Act (Act 81 of 1968) that provided for the registration of professional engineers. The Engineering Profession Act, 1990 (Act No 114 of 1990) expanded registration to engineering technologists, engineering technicians and certificated engineers. The EPA established ECSA in its present form and gave professional status to Engineering Technologists, Engineering Technicians and Certificated Engineers.

ORGANISATIONAL STRUCTURE

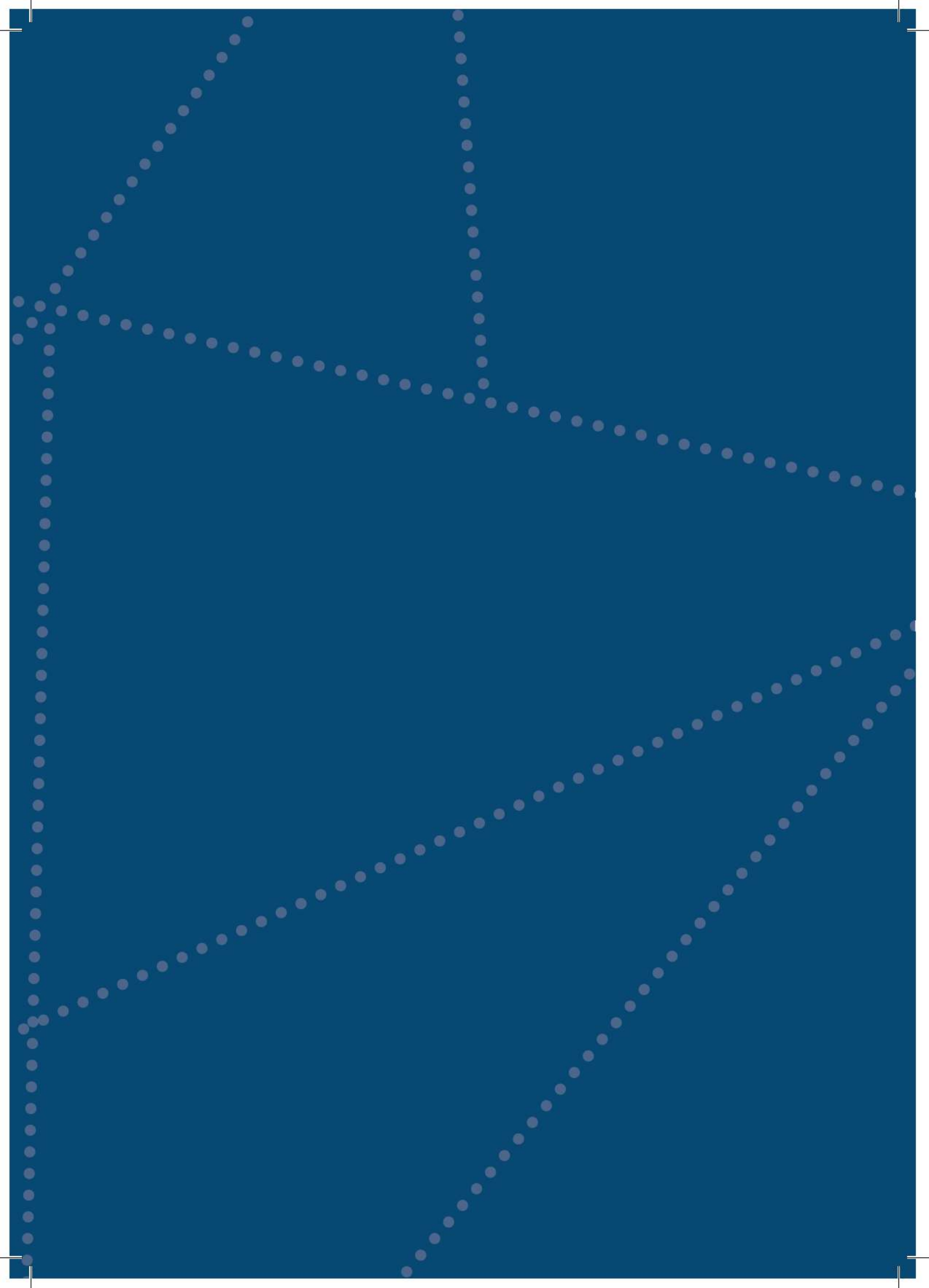
Figure 1: ECSA Organisational Structure







PART B: **PERFORMANCE** **INFORMATION**



ORGANISATIONAL PERFORMANCE 2013/14

Key Strategic Performance areas

- Enhancement of the quality of the engineering profession
- Growing of registration number of practitioners
- Promotion and positioning of the profession, and
- Strengthening of the business operations

The methodology used for managing the set key strategic performance areas is through monitoring of planned performance as set. The table below highlights significant milestones per key strategic area.

Key: **Green** – Achieved
Orange – Largely achieved above 80%
Red – Not achieved

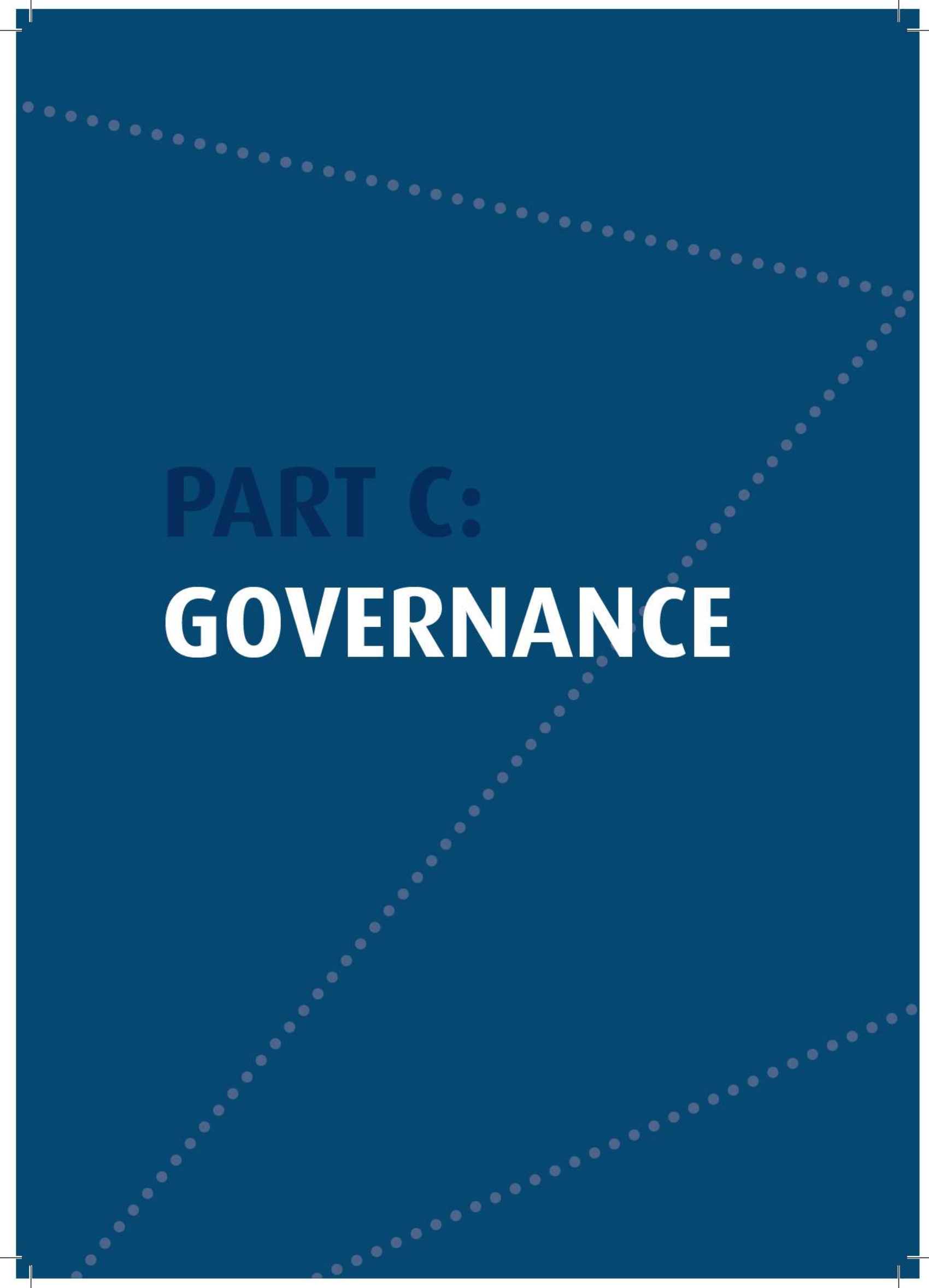
Table 1: Performance Information

Strategic Programmes	Objective	Measure	Target	Actual Performance	Reasons for non-achievement
1.Provision, enhancement and upholding of the quality of the engineering education, competence of engineering practitioners and professional conduct	Ensure compliance with Continuing Professional Development (CPD) Policy	Number of persons who complied with the CPD requirements	100% CPD compliant members	100% compliant. 3874 practitioners complied with CPD requirements	
	Development of engineering practitioners through accreditation of engineering programmes	Number of accreditation visits and adherence to time schedule	Ten (10) accreditation visits by March 2014	Ten (10) Accreditation visits were conducted	
		Accreditation workshops conducted	Three (3) accreditation training workshops by March 2014	Six (6) accreditation workshops were conducted; they were all institution based workshops	
		Conduct roadshows to educational institutions on the approved qualifications	Four (4) roadshows	Six (6) roadshows were conducted	
	Regulation of practice by investigating complaints and disciplinary processes	Improved turnaround time for investigating complaints and processes	To finalise 20% of new investigations (at first sitting of investigations committee)	9.8% of the new investigations were finalised	Capacity constraints
		Improved turnaround time for investigating complaints and processes	To finalise 20% of investigation (previous investigations)	17.1% of investigations were finalised	Capacity constraints
			To finalise 15% of disciplinary matters	1.8% of investigations were finalised	Capacity constraints
	That South African registered engineering practitioners are recognised when measured against international standards;	Improved processing of applications for the evaluation of foreign educational qualifications	Process 400 applications for the evaluation of foreign educational qualifications by the end of March 2014	406 applications for the evaluation of foreign educational qualifications were processed by the end of March 2014	

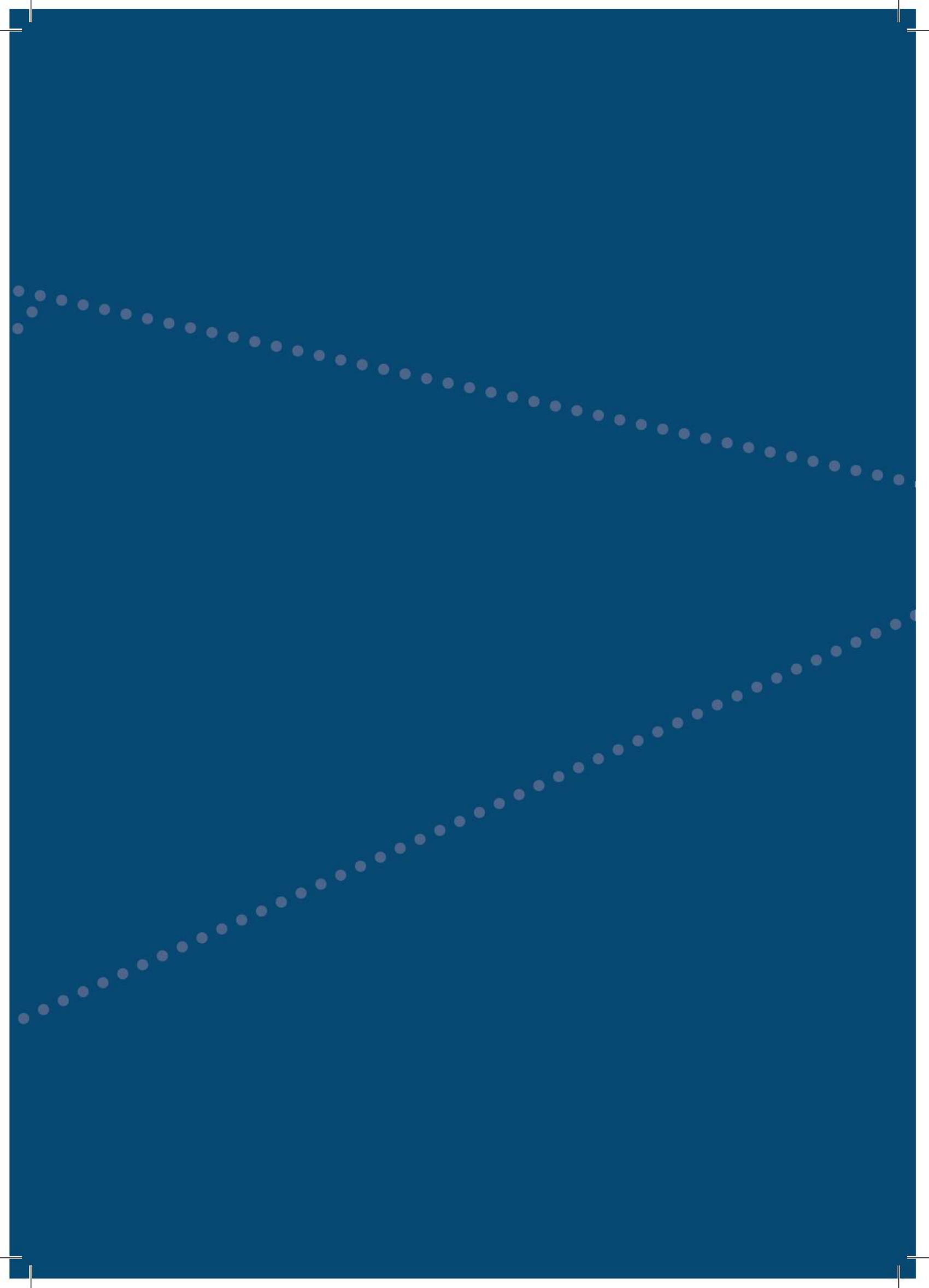
Strategic Programmes	Objective	Measure	Target	Actual Performance	Reasons for non-achievement
		Turn-around time for processing new qualifications for educational evaluations	Six (6) weeks turn-around time for complete submissions		
		Development of specified categories for building inspectors at the request of NHBRC	Consultation with NHBRC regarding registration of building inspectors	Only 1 meeting was held with NHBRC	NHBRC is the driver of the process. ECSA awaits feedback from NHBRC following the meeting held on the 11 July 2013
	Finalize ECSA's recommendations on the IDoEW with CBE	Draft IDoEW regulations to be approved by Council by December 2013	Council approval of draft regulations.	Draft IDoEW regulations were approved by Council on 22 November 2013	
	Submit exemption application with the competitions commission for the guidelines for service and processes for estimating fees for the registered persons	Finalise exemption application with the Competitions Commission (CC) and publish 2014 guideline fees	Apply for exemptions with the Competitions Commission through the CBE	Exemption application was submitted to the Competitions Commission via CBE	
	Promote public health and safety and protection of the environment by publishing at least 1 case study/advisory note	Publication of case study/advisory note	1 case study/ advisory note	No case study/ advisory note was published	Establishment of the task team took longer. Topics were short-listed and a case for publication has been identified
	Improve turnaround times in registering applicants in all four categories	Period in weeks	4-8 weeks Professional Technicians, Technologists and Certificated Engineers	An average of 9 weeks was taken to complete all complete applications	Capacity constraints
			12-20 weeks for civil Engineering	An average of 21 weeks was spent on completing applications for civil engineers.	Capacity constraints
			12-16 weeks for all Engineering discipline, except Civil	An average of 14 weeks was spent on completing applications for all Engineering discipline except civil engineers.	Capacity constraints
			2-4 weeks for candidates	An average of 6 weeks was spent on completing applications for candidates	Capacity constraints

Strategic Programmes	Objective	Measure	Target	Actual Performance	Reasons for non-achievement
		Engenius project reaching previously disadvantaged girl children in rural areas	Reach out to 12 000 disadvantaged children from rural areas through the Engenius project	12 000 disadvantaged children from rural areas. Work was done through role models in provinces such as Gauteng, North West, Limpopo, Western Cape and Free State	Engenius programme piggybacks on partner programmes such as "apply now" campaign by DHET, "Sci bono", Voluntary Associations national roadshows and national science centres events
2. Growing the number of registered Engineering practitioners of various types in addressing shortage of Engineering practitioners.	Registration of new persons	Number of new persons registered in the various registration categories	4 000 registered persons by December 2013	4 722 new persons were registered by December 2013	
		Number of presentations made on ECSA activities	Conduct 60 presentations to companies, government departments, Municipalities and Universities on request	64 presentations were made	
3. Repositioning the profession	Establishment of relationships	Number of signed MOUs in providing expert advice on matters relating to the engineering profession	To sign MOU/ MOI with atleast 3 institutions	1 MoU with the Gauteng Department of Infrastructure Development and University of Johannesburg	Process underway to finalise other MoU, process is dependent of external stakeholders
	Stakeholder engagement and build public relations and ensure appropriate stakeholder engagement	Engage government and its agencies to influence policy development and implementation	Finalise and sign MoU with PICC	Draft MoU finalised and submitted to PICC	Process dependant on external stakeholders
			Get involved and/or formalise relationships with decision makers on ongoing basis and influence atleast two Government policies by March 2013	Participate in DHET joint committee emanating from skills summit.	
		Number of stakeholder engagement	Hosts one thought leadership forum	The Thought leadership forum was held on the 12 April 2013. More than 100 delegates attended representing decision makers, academia, voluntary associations and government	The planned thought leadership forum was postponed from the 13 March 2013 as it clashed with Built Environment Indaba
			Hosts one road show in three province	3 roadshows were held in Mpumalanga, Free State and Cape Town	

Strategic Programmes	Objective	Measure	Target	Actual Performance	Reasons for non-achievement
		Number of roadshows	Conduct 4 x roadshows on quality standards to Universities and SETAs	6 x roadshows were conducted to NMMU, DUT, TUT, WSU, VUT and CUT	
		Number of meetings	Conduct 2 x Deans advisory committee meetings	2 x Deans advisory meetings were held in May and November 2013	
		Number of meetings	2 x Presidents forum meetings	2 x Presidents forum were held in April and October 2013.	
4. Effective operations	Effective and efficient operations of ECSA	Develop and launch the new registrations system	Launch of the new registration system	90% of the project milestones achieved.	Resource constraints



PART C: **GOVERNANCE**





Third term Council

1st Row: Sitting – Ms T Nkambule; Dr T Mathe; Ms P Mangakane; Prof T Marwala; Mr A Peters; Mr C Gamede.

2nd Row: Mr R Patel; Mr K Greenwood; Mr R Vogt; Mr C Stuurman; Mr T B Maswanganyi; Dr B Mwaka.

3rd Row: Mr S Makhetha; Mr N Myataza; Mr N Van den Burg; Mr D J Van Niekerk; Mr S Jacobs; Prof B Van Wyk; Mr W Burger; Mr M Thunzi

Absent from the photo: Mr MMG Mofokeng;
Mr D Matthee;
Mr T Maphumulo;
Mr Y Brijmohan;
Prof B Lacquet;
Mr K Nyangoni;
Mr R Jennings;
Mr C Soga;
Mr L Dhlamini;
Mr N Nqandela;
Mr M Jele;
Mr L Mashile.



Ms R Botha; Dr A Lawless; Ms N Magubane; Dr N Tutu; Ms T Zuma; Ms A M Sassenbeg.

Mr P Erasmus; Adv. A Singh; Mr RJ Moloisane; Ms T Phiri; Prof L Masu; Ms M Padayachee – Saman; Mr M Ngcobo; Mr O Leburu.

Dr K Jacobs; Mr K Mistry; Mr E Sabela; Mr P Petlane; Mr M Gxamza.

GOVERNANCE OF ECSA

The Engineering Professions Act (no. 46 Of 2000) establishes the Council as the governing body of ECSA. The composition of the Council is in terms of the provision of Section 3 of the EPA. It consists of 50 members appointed by the Minister of Public Works as the Executive authority as follows:

- Section 3(1)(a) – Thirty (30) registered persons, excluding candidates, of whom at least 20 are actively practicing in the Engineering Profession;
- Section 3(1)(b) – Ten (10) persons in the service of the state;
- Section 3(1)(c) - Ten (10) members of the public nominated through an open process of public participation.

In line with good governance and legislative compliance, there is full compliance with the provisions of the EPA in so far as they relate to the composition of Council.

Council Governance

In line with best practice in governance:

- All members of the ECSA Council are non-executive and independent.
- The Council observes the clear delineation between its oversight and strategic role from the operational role of ECSA management.
- The Council is supported by a competent governance and secretariat service. In addition, there are a number of Council committees that render effective governance and technical support to Council.
- Although there is recognition by Council that more work has to be undertaken in this regard, there is a fair spread and representation

in terms of gender, skills base and race within Council.

Council and its committees have approved charters and terms of reference, developed in line with best practice in corporate governance and legislative compliance.

Term of Council

In terms of section 5(1) of the EPA, the term for Council members is four (4) years. Members of Council for the year under review (1 April 2013 – 30 March 2014) are as listed in **table 2** on the next page as appointed by the Minister of Public Works:

Table 2: Council Members Information

	Title, Name and Surname of Council member	Qualifications	Date of appointment on the Council	Current Employer and Position held	Committee/s that he/she currently serves on
1	Mr Derick Norman Mathee	B Eng (UP), MSC (Flight Test & Evaluation), USA Commercial Pilot, SACAA Test Pilot School Graduate, USA	31 January 2012	Denel Aviation : Manager: Flight Testing	PAC: Aeronautical Reg Comm. Pr Eng
2	Dr Zwanani Titus Mathe	PhD in Chemical Engineering and MBL	31 January 2012	Eskom : Senior Manager: Power Plant Engineering	EXCO CRC TC
3	Mr Nicholas van den Berg	BSc Eng (Civil)	31 January 2012	Hatch Goba: AEM Regional Director Structures and Buildings Business Unit	TC
4	Ms Malani Padayachee-Saman	BSc Eng (Civil) GDE	31 January 2012	Malani Padayachee & Associates: CEO	PAC: Civil
5	Dr Allyson Lawless	BSc (Eng) (Civil), MSc (St Eng), DIC, DEng (hc)	31 January 2012	SAICE Professional Development & Projects: Managing Director	JIC, SAC Working Group 1
6	Mr Ranthekeng Jones Moloisane	MSc (Civil) MTech (Civil), cum laude; BSc (Honours)(Civil) BTech (Civil) (Transportation) NDip (Civil) Dip Project Management	31 January 2012	Tshwane University of Technology: Lecturer Academic & Industry Consultant	EXCO, IAC, SAC, VA, IDoEW EC, TPAC TPQEC ESGB CRC Reg Comm. Technologists Reg Comm. Technicians
7	Ms Anne-Marie Sassenberg	NHDT (Eng) Civil(Pret)	31 January 2012	AMS Consulting Engineers: CEO	TC CIM
8	Mr Mbuleleni Ambrose Ngcobo	NDip (Civil) NHDip (Civil)	31 January 2012	Gert Sibande District Municipality: Municipal Manager	EXCO ARC
9	Ms Tumisang Maphumulo	BEng(Honours)	31 January 2012	Eskom - Group Technology: Lines Engineering Services: Chief Engineer	PAC: Electrical Reg Comm. Pr Eng
10	Mr Yashin Brijmohan	BSc Eng(Electrical); Diploma: Eng Bus Management; MEng Engineering Management	31 January 2012	Eskom: Head of School: Engineering COE	EXCO SAC
11	Ms Thandiwe Nkambule	BSc (Eng); MEng (Electrical); MBA	31 January 2012	Eskom Distribution KZN: Electrification Portfolio Manager	TC F&S, SAC
12	Mr Pelei Petlane	BEng (Electrical); PDE Electrical; MEng	31 January 2012	Eskom Holdings: Project Development	IC
13	Prof Barend van Wyk	NDip Telecoms; NHDip Tertiary Edu; NHDip Electrical Eng; BTech; BComm; MBA; BSc; PhD; MIEEE; MIAPR	31 January 2012	Tshwane University of Technology: Executive Dean and R&I Professor: Faculty of Engineering and the Built Environment EXCO (Alt member)	IAC ESGB Deans' Advisory Comm. Techno SGG
14	Mr Christian Stuurman	MTech (Electrical)	31 January 2012	Telkom SA: Senior Manager	EPAC, TPAC TPQEC
15	Mr Philippus Erasmus	NHDip (Eng) Elect Mid Management Certificate	31 January 2012	Retired	EXCO (Alt member), SAC, IDoEW, Techno SGG, ESGB, CRC Reg Comm. Technologists Reg Comm. Technicians Reg Comm. LMI Reg Comm. MEMs Reg Comm. FPSIs JIC

	Title, Name and Surname of Council member	Qualifications	Date of appointment on the Council	Current Employer and Position held	Committee/s that he/she currently serves on
16	Ms Revona Botha	M. Eng, (Industrial Engineering - Current), Postgraduate Certificate (Engineering Business Management) National N Diploma (Electrical Engineering); Certificate Installation Electrician, Quality management Systems (ISO: 9001:2000)	31 January 2012	Robus Engineering and Training Services: Manager/Technical Director (MD)	EXCO F&S VA IC IDoEW Reg Comm. Technicians
17	Prof Beatrys Lacquet	BSc (Hons) Electrical & Electronic; MEng (cum laude); DEng	31 January 2012	University of Witwatersrand: Faculty of Engineering & Built Environment: Deputy Vice Chancellor EXCO (Alt member)	IAC, EC, EPQEC EPAC Deans' Advisory Comm.
18	Ms Philisa Mangakane	NDip Industrial Engineering; Certificate: Project Management	31 January 2012	Armscor: Manager Technical	F&S Reg Comm. Technicians CIM
19	Mr Kenneth Greenwood	Matric Prior learning LMI	31 January 2012	Retired, LMI Academy Owner	Reg Comm. LMI
20	Mr Roman Vogt	NTC III (Mechanical & Electrical); ATC 1; NDip (Project Management); NDip (Project & Research Management)	31 January 2012	Self Employed: Consulting Engineer Lift Equipment/Machinery	IC Reg Comm. Technicians Reg Comm. LMI Reg Comm. FPSIs
21	Mr Nkosinathi Myataza	NDip (Mechanical Eng); NHD (Mechanical Eng); GCC (OHS); Dip (Project Management); BSc; Adv Programme (Risk Management); MSc (Operational Research) Executive development Programmw (Henly Business School/ACSA)	31 January 2012	Airports Company South Africa (King Shaka International Airport) Assistant General Manager: Airport Operations	IDoEW SAC
22	Mr Kudzai Nyangoni	MBA; BSc (Hons); Mech.Eng; Grad Dip Mkt Mgt (IMM)	31 January 2012	James Howden Holdings Limited: Managing Director	EXCO F&S Chairperson IDoEW PAC: Mechanical
23	Mr Cyril Gamede (President)	BSc(Eng) 1, MSc(Eng), EMBA	31 January 2012	Umgeni Water: CEO	EXCO
24	Prof Tshilidzi Marwala	PhD Engineering M Eng Mechanical BSc Mechanical Eng	31 January 2012	University of Johannesburg: Executive Dean: Faculty of Engineering & Built Environment	EXCO, EC Deans' Advisory Comm. CRC
25	Prof Leonard Masu	BSc (Hons) ; MSc Eng ; PhD; MBA	31 January 2012	Faculty of Engineering and Technology at the Vaal University of Technology: Faculty research Professor	None
26	Mr Onkgopotse Lord Leburu	NDip; NHDip; BTech Mechanical Engineering	31 January 2012	Molekane Engineering & Projects: CEO	JIC, TPAC (Accreditation) TPQEC , CRC Reg Comm. Technologist FPSI, IAC
27	Dr Keith Jacobs	NDip T4 Mechanical HND Post School Education BeD, Hon. BA, MBA PhD (Eng. Management)	31 January 2012	University of South Africa: Acting Director Regional Services	EXCO, IAC, TPAC ESGB, Reg Comm. Technicians
28	Mr Kanak Mistry	BSc (Metallurgy & Material) MBL (Business Leadership)	31 January 2012	Transnet: Principal Engineer -Track Technology	EPAC, CRC, Reg Comm. Pr Eng PAC: Metallurgical CIM

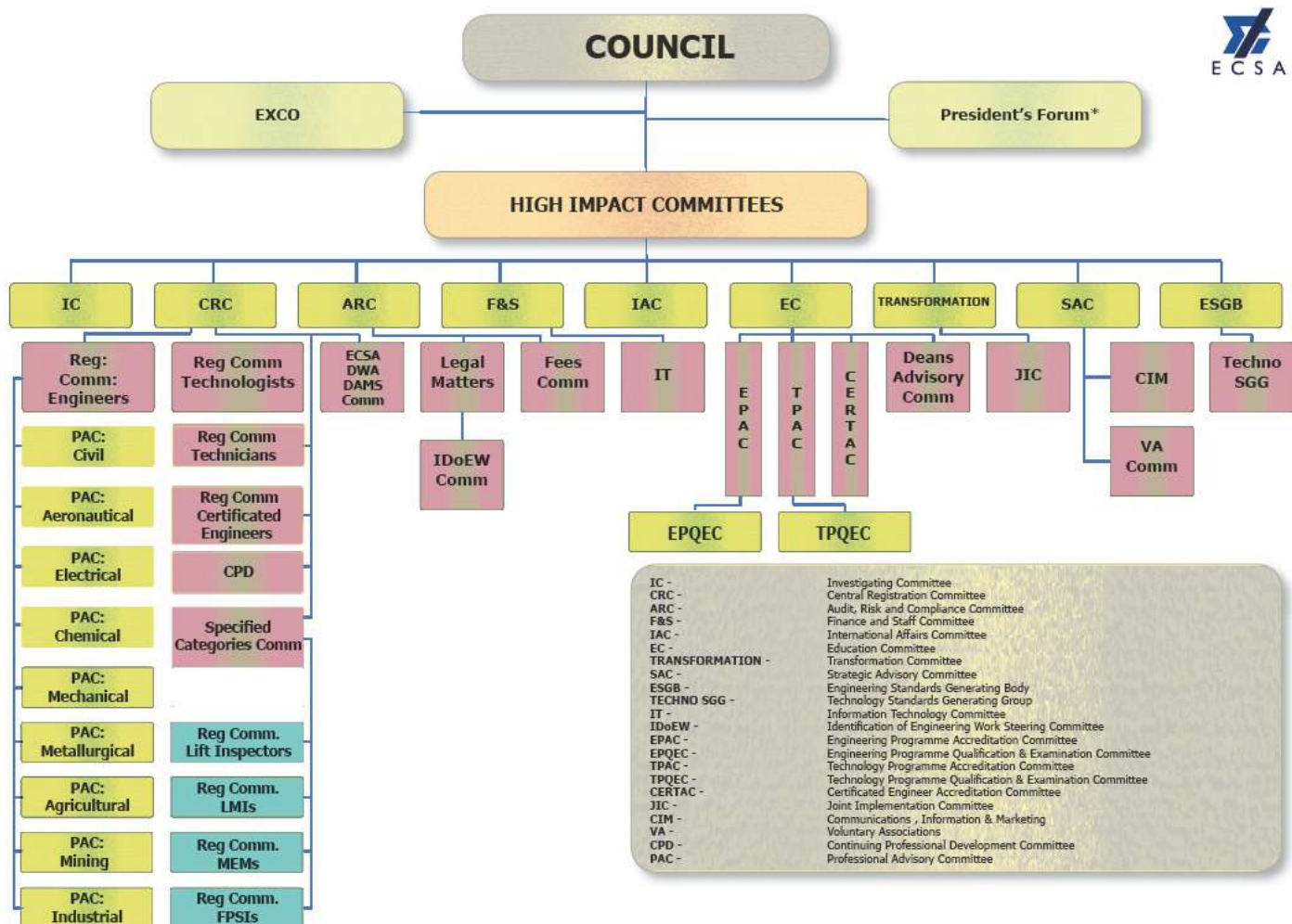
	Title, Name and Surname of Council member	Qualifications	Date of appointment on the Council	Current Employer and Position held	Committee/s that he/she currently serves on
29	Mr Richard Jennings	NHDip (Mining); Mine Managers Cert; MDP; AEP	31 January 2012	Hatch SA : Senior Mining Consultant (Coal) Mining Consultant	SAC IDoEW (co-opted) Reg Comm. Cert Eng
30	Mr Dirk van Niekerk	BEng (Electrical); BSc Eng (Honours) (Mining); M Eng (Mining); MBL (UNISA): MMC (Metalliferous Mining); MMC (Fiery Mines); Blasting Certificates for Metalliferous & Fiery Mines	31 January 2012	SIYAZI Consultants: Managing Director	IAC IDoEW Techno SGG PAC: Mining JIC
31	Mr Camagu Soga	BSc (Physics cum laude; applied Mathematics; UFH; BSc (Engineering)	31 January 2012	Department of Public Works: Chief Structural Engineer	SAC EXCO
32	Mr Mongezi Gxamza	BEng (Civil)	31 January 2012	Department of Public Works: Chief Civil Engineer	IDoEW
33	Mr Adrian Michael Peters (Vice– President)	BSc Eng (Civil) , GDE, MBA	31 January 2012	eThekwin Municipality: Head: Engineering	EXCO Legal Matters IC IDoEW
34	Mr Lungile Dhlamini	BSc Eng (Civil)	31 January 2012	Johannesburg Water: Managing Director	TC ARC F&S
35	Mr Willem Schalk Brand Burger	NDip (Agriculture Land Use Planning)	11 May 2012	Department of Agriculture: Engineering Technician Control	NONE
36	Dr Beason Litungilu Mwaka	BSc (Eng); MSc, PhD	11 May 2012	Department of Water Affairs & Sanitation: Director Water Resource Planning Systems	NONE
37	Mr Samuel Stephanus Jacobs	BEng (Mech); MBA	17 May 2012	KZN Department of Public Works: Senior Manager	IDoEW IC
38	Ms Tebogo Phiri	NDip Eng (Civil); MDP;	17 May 2012	Department of Public Works: Director -Special & Major Projects	IDoEW
39	Mr Nqaba Nqandela	National Diploma Electrical Engineering; Programme in Project Management Telecomms Policy; Regulation & Management (TPRM); Convergence and New Media in the Information Society; Master in Business Administration (MBA)	9 October 2012	Local Government SETA Administrator	NONE
40	Mr Thomas Boy Maswanganyi	NDip (Mech) Eng; BSc Mech	14 December 2012	Limpopo Department of Public Works: Senior Manager	None
41	Mr Seutloali Makhetha	MSc Proj Man, BSc (Civil) Eng; NDip (Civil) Eng; Post Grad Dip (Indust) Eng; Cert Construction Management; Cert Adv Management	11 May 2012	Eastern Cape: Department of Roads and Public Works: General Manager - Buildings	PAC: Civil
42	Mr Melusi Maswabi Gregory Mofokeng	NDip (Business Computing)	31 January 2012	Fikile Construction: Business Development Executive EXCO (Alt member)	ARC IAC VA IDoEW CIM
43	Mr Rashid Patel	B(Proc)	31 January 2012	Rashid Patel & Company: Attorney	LMC
44	Dr Anirood Singh	HND (Civil Eng) ;BA; BProc; LLB; CML; MA (Creative Writing); LLM ; LLD	31 January 2012	Advocate of the High Court of SA; Counsellor at Law – Public Sector Development Advisor	IAC SAC LMC IC

	Title, Name and Surname of Council member	Qualifications	Date of appointment on the Council	Current Employer and Position held	Committee/s that he/she currently serves on
45	Mr Mphikeleli Jele	NDip (Civil) Eng- Cum Laude; BTech (Civil) Eng Cum Laude, BSc (Hons) Applied Science: Transportation Planning - Cum Laude	31 January 2012	Road Traffic Management Corporation: Senior Manager (Specialist): Traffic Engineering	None
46	Mr Lemias Mashile	BTech (Civil) Eng	31 January 2012	National Government: Member of Parliament EXCO (Alt member)	TC SAC TPAC JIC
47	Ms Trustworthy Mimmy Zuma	BComm; APM; MDP; MP (Supply Chain Management); EMLog	17 April 2012	Mhlathuze Water: Risk Manager	None
48	Dr Nomzamo Tutu	PDM; DOH; MBChB; BSc	17 April 2012	SAB: Occupational Health Medical Practitioner	EXCO TC SAC
49	Mr Mthethunzima Thunzi	NDip (Mech) Eng	17 April 2012	Department of Transport & Public Works: Mechanical Engineering Infrastructure	VA JIC CRC (co-opted) LMC
50	Ms Nelisiwe Veronica Barbara Magubane	BSc (Elect) Eng; MBA; Cert in Sasol EDP	31 January 2012	None	EXCO ARC

COMMITTEE STRUCTURES

The Council has established committees to enable it to execute its mandate. In view of the numerous and complex functions, Council has established and delegated functions to 44 committees. The Committee structure and summarised functions are provided for reference in **Figure 2** below.

Figure 2: ECSA Committee Structure



* Forum for the ECSA President to engage with VA Presidents on matters of mutual interests

Code of conduct for Council and Committees

In support of the Council's commitment to sound corporate governance, there is a Council-approved Code of Conduct to which Council and Committee members adhere to.

Meetings of Council

During the year under review the ECSA Council met four(4) times. In line with best practice in governance, all Council meetings are attended by the CEO, the Divisional Executives and, where necessary, Business Unit Managers.

Below are Council and Committees' meeting attendance statistics:

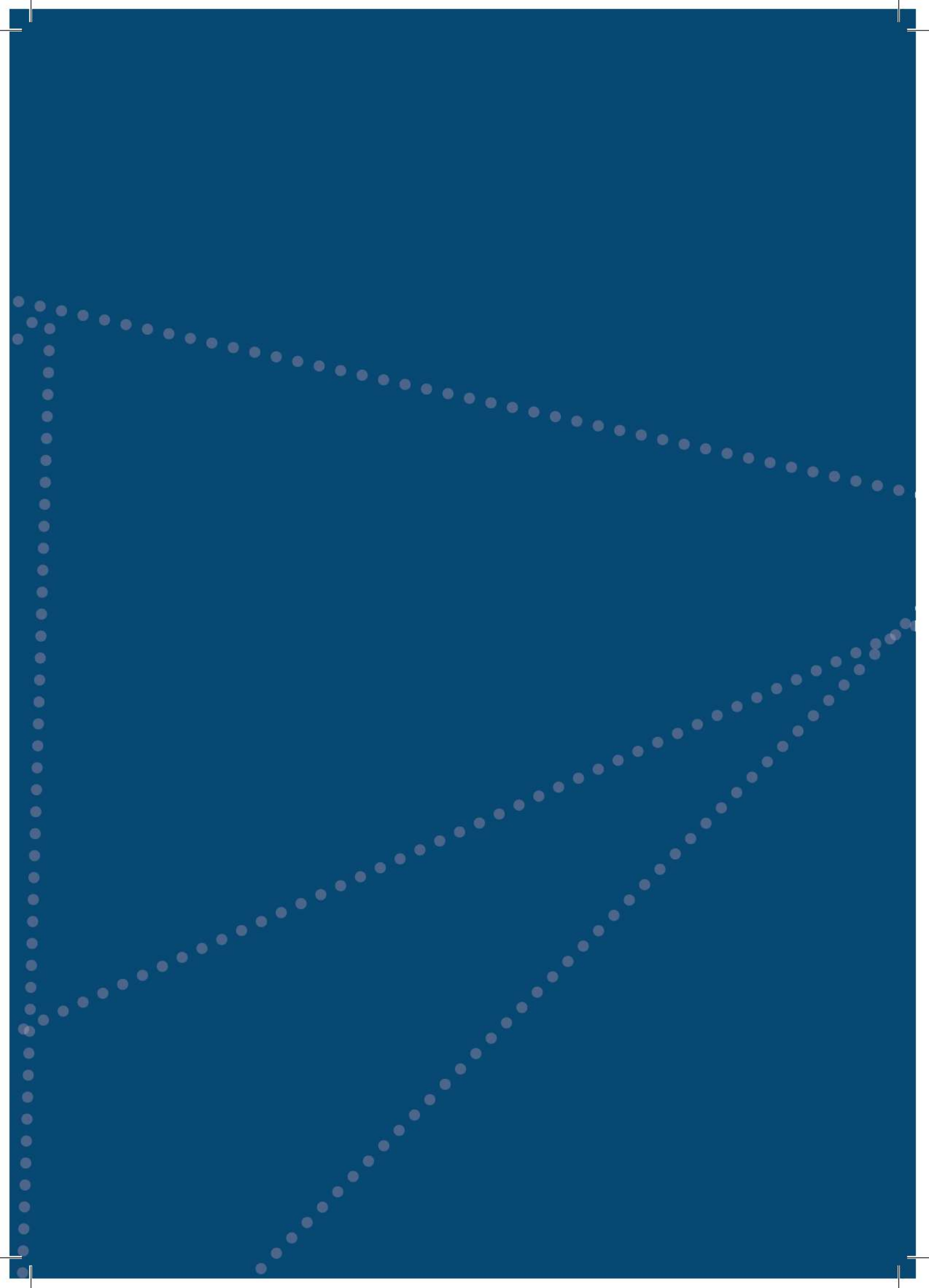
Table 3: Council and Committee Meeting Attendance

	NAME											
	REGISTERED PERSONS	COUNCIL	EXCO	IC	CRC	ARC	EC	TRANS	ESGB	FI&ST	IAC	SAC
1	Mr Derick Norman Matthee	2/4										
2	Dr Zwanani Titus Mathe	4/4	0/1		4/4							
3	Mr Nicholas van den Berg	3/4						4/4				
4	Ms Malani Padayachee-Saman	3/4										
5	Dr Allyson Lawless	4/4										
6	Mr Ranthekeng Jones Moloisane	4/4			3/4		2/3		1/2			2/4
7	Ms Anne-Marie Sassenberg	2/4						3/4				
8	Mr Mbuleleni Ambrose Ngcobo	2/4	0/1			2/2						
9	Ms Tumisang Maphumulo	3/4										
10	Mr Yashin Brijmohan	2/4	1/1									4/4
11	Ms Thandiwe Nkambule	4/4						3/4		3/4		3/4
12	Mr Pelei Petlane	4/4		6/6								
13	Prof Barend van Wyk	2/4							2/2		1/5	
14	Mr Christian Stuurman	4/4										
15	Mr Philippus Erasmus	4/4			3/4				2/2			4/4
16	Ms Revona Botha	4/4	0/1	3/6						3/4		
17	Prof Beatrys Lacquet	1/4					1/3					
18	Ms Philisa Mangakane	3/4								1/4		
19	Mr Kenneth Greenwood	4/4										
20	Mr Roman Vogt	4/4		6/6								
21	Mr Nkosinathi Myataza	4/4										4/4

	NAME											
	REGISTERED PERSONS	COUNCIL	EXCO	IC	CRC	ARC	EC	TRANS	ESGB	FI&ST	IAC	SAC
22	Mr Kudzai Nyangoni	2/4	1/1							4/4		
23	Mr Cyril Gamede	4/4	1/1									
24	Prof Tshilidzi Marwala	2/4	0/1				2/3					
25	Prof Leonard Masu	4/4										
26	Mr Onkgopotse Leburu	4/4			4/4							
27	Dr Keith Jacobs	3/4	1/1						2/2		4/5	
28	Mr Kanak Mistry	3/4										
29	Mr Richard Jennings	3/4										3/4
30	Mr Dirk van Niekerk	3/4	1/1								5/5	
31	Mr Camagu Soga	3/4										3/4
32	Mr Mongezi Gxamza	4/4										
33	Mr Adrian Michael Peters	4/4	1/1	3/6								
34	Mr Lungile Dhlamini	1/4	0/1			1/2		1/4		3/4		
35	Willem Schalk Brand Burger	4/4										
36	Dr Beason Li-tungilu Mwaka	4/4										
37	Mr Samuel Stephanus Jacobs	4/4		4/6								
38	Ms Tebogo Phiri	2/4										
39	Mr Nqaba Nqandela	2/4										
40	Mr Thomas Boy Maswanganyi	4/4										
41	Mr Rashid Patel	3/4										
42	Dr Anirood Singh	3/4		6/6							5/5	3/4
43	Mr Mphikelele Jele	3/4										
44	Mr Lemias Mashile	2/4						2/4				3/4
45	Ms Trustworthy Zuma	3/4										
46	Dr Nomzamo Tutu	3/4	1/1					4/4				3/4
47	Mr Mthethunzima Thunzi	4/4			4/4							
48	Ms Nelisiwe Veronica Barbara Magubane	2/4	0/1			2/2						
49	Mr Seutloali Makhetha	4/4										
50	Mr Melusi Maswabi Gregory Mofokeng	4/4				2/2					5/5	



PART D: **STATUTORY FUNCTION**



REGISTRATION

The principal mandate of the Engineering Council of South Africa (ECSA) is as embodied in the preamble to its founding legislation: the Engineering Professions Act (No.46 of 2000), which states that ECSA's mandate is to provide for the registration of professionals, candidates and specified categories in the engineering profession; to provide for the regulation of the relationship between ECSA and the Council for Built Environment (CBE), and for matters related therewith. Inherent in this mandate is ECSA's duty to protect the public from engineering activities work that is found to be sub-standard.

In this regard ECSA, by undertaking the activities below gives full effect to its legislative mandate:

1. Registration of engineering candidates and professionals and in specified categories;
2. Accreditation of educational/academic engineering programmes;
3. Management of the Code of Conduct, complaints and disciplinary matters for registered professionals;
4. Managing continual professional development for registered professionals; and
5. Management of Identification of Engineering Work.

Below are ECSA's statutory functions in detail that covers registration, education and the legal services.

REGISTRATION TRENDS

ECSA managed to maintain growth in registration numbers during the 2013/2014 financial year. The remarkable growth trend in registration numbers can be attributed to greater awareness campaigns on the benefits of registration presented to industry and higher education institutions by ECSA as well as "word of mouth" spread by some registered persons. The database of registered persons increased from 41 125 on 31 March 2013 to 43 967 on 31 March 2014, which represents an increase of 6.9% over the reporting period. Again during this financial year, a large number of cancellations due to non-payment of annual fees occurred. It should be noted however that 6 740 registered persons are over 70 years old and are not paying annual fees. 1449 persons on database have dual registration across categories.

The continuous increase in registration numbers aligns well with ECSA's objective of providing the South Africans with competent engineering practitioners and consequently a high quality service delivery for South Africa, especially in the infrastructure development initiatives. Quality is the watchword and professionalism is a non-negotiable requirement. Of significant note is the year-on-year increase in registration of candidate engineering practitioners (from 14 783 on 31 March 2013 to 16 244 on 31 March 2014).

This is an indication that industry is becoming more and more committed to good quality service provision in the country. This is elaborated by industry's creation of enabling training environments which facilitate professional registration of engineering practitioners in the country.

REGISTRATION STATISTICS

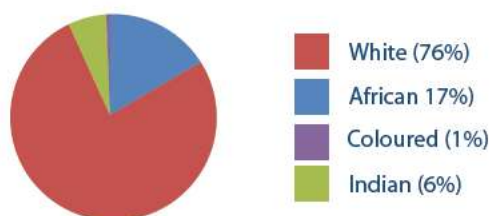
The table below (**Table 4**) shows registration figures per race and gender and figure movements in the four professional categories:

Table 4: Registration Professional Category

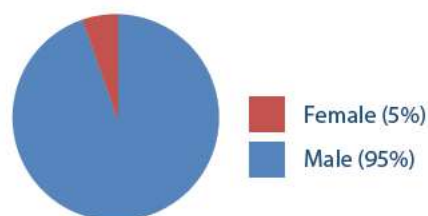
Professional Engineers						
		Total registrations	New registrations	Transfers from Candidates	Cancellations	Deregistrations
Total registered		16205	800	502	103	59
Gender	Male	15547	691	424	95	57
	Female	658	109	78	8	2
Race	African	1381	210	140	14	0
	White	13769	473	278	77	58
	Indian	894	112	80	4	1
	Coloured	161	5	4	0	0
Professional Engineering Technologists						
Total registered		4848	412	194	27	18
Gender	Male	4614	355	165	26	17
	Female	234	57	29	1	1
Race	African	1045	233	122	5	0
	White	3200	137	54	31	17
	Indian	417	25	11	0	1
	Coloured	186	17	7	1	0
Professional Certificated Engineers						
Total registered		1071	30	10	12	6
Gender	Male	1066	29	9	12	6
	Female	5	1	1	0	0
Race	African	58	10	6	0	0
	White	963	17	3	12	6
	Indian	39	1	0	0	0
	Coloured	11	2	1	0	0
Professional Engineering Technicians						
Total registered		4442	392	185	48	18
Gender	Male	3899	300	144	46	18
	Female	543	92	41	2	0
Race	African	1871	315	161	24	1
	White	2132	48	15	19	16
	Indian	267	12	7	2	1

NB – 26 registered persons on our database are registered by ECSA on the South African section of the Engineers Mobility Forum and the Engineering Technologists forum's international registers.

**All Professional Registrations
by Race**



**All Professional Registrations
by Gender**

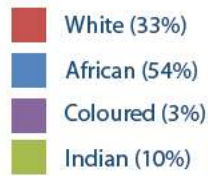
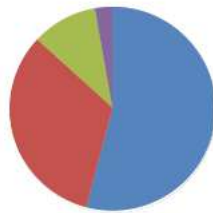


Candidate registrations are given in **Table 5** below:

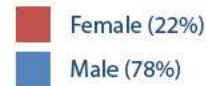
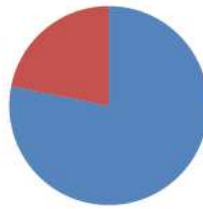
Table 5: Candidate registrations

Candidate Engineers					
		Total registrations	Number of Candidates registered (3 Years and less)	Number of Candidates registered (4 - 5 Years)	Number of Candidates registered (Over 6 Years)
Total registered		7429	3653	1702	2074
Gender	Male	5977	2895	1344	1739
	Female	1452	758	358	335
Race	African	2216	1194	533	490
	White	3937	1799	844	1292
	Indian	1095	541	284	271
	Coloured	181	119	41	21
Candidate Engineering Technologists					
Total registered		3151	1828	698	625
Gender	Male	2508	1453	563	492
	Female	643	375	135	133
Race	African	2151	1309	496	347
	White	609	301	129	178
	Indian	273	133	54	86
	Coloured	118	75	19	14
Candidate Certificated Engineers					
Total registered		281	121	48	112
Gender	Male	276	118	46	112
	Female	5	3	2	0
Race	African	120	74	22	24
	White	124	32	21	71
	Indian	25	8	4	13
	Coloured	12	7	1	4
Candidate Engineering Technicians					
Total registered		5383	3351	1153	879
Gender	Male	3930	2389	857	684
	Female	1453	962	296	195
Race	African	4310	2828	906	576
	White	618	258	164	196
	Indian	312	157	60	95
	Coloured	143	108	23	12

**Candidate Registrations
by Race**



**Candidate Registrations
by Gender**



**Candidate Registrations
by Categories**

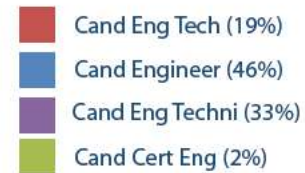
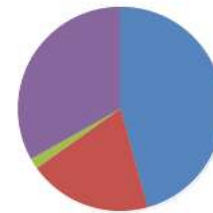
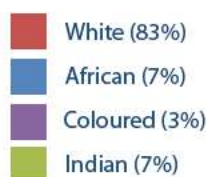


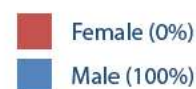
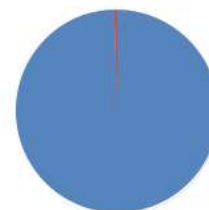
Table 6: Specified Categories Statistics

Specified Categories Statistics				
	Registered Lifting Machinery Inspectors	Registered Medical Equipment Maintainers	Registered Fire Protection Systems Inspectors	Registered Lift Inspectors
Total registered	956	6	4	163
Male	954	5	3	162
Female	2	1	1	1
African	72	1	0	8
White	800	5	4	130
Indian	56	0	0	16
Coloured	28	0	0	9

**Specified Categories
Registrations by Race**



**All Specified Categories
Registrations by Gender**



CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

Section 22(1) of the EPA Act (No. 46 of 2000) imposes a duty on a registered person to apply for the renewal of his/her registration with ECSA “at least three months prior to the prescribed expiry date of his/her registration”. Subsection (2) of this section confers the power on the Council to determine conditions for renewal of registration. Section 13(k) of the Act empowers Council to determine conditions relating to continuing education and training. The discretion provided for in the Act to make use of Continuing Professional Development (CPD) as a mechanism to determine renewal of registration, gives Council the opportunity to comply with both the renewal of registration and CPD requirements. ECSA's point of departure is to assist with the creation of a culture of CPD for the South African engineering profession.

ECSA is in the second year of the second, five-year CPD Cycle. Good co-operation was received from registered persons due for renewal of their registration. The response rate received per month for the 2013 calendar year is as per the **Table 7** below:

Table 7: CPD Renewals

Month	Renewals Due	Response Number	Response Rate
January	117	99	84.62%
February	262	183	69.85%
March	518	333	64.29%
April	268	181	67.54%
May	574	400	69.69%
June	283	262	92.58%
July	312	205	65.71%
August	321	230	71.65%
September	320	213	66.56%
October	282	198	70.21%
November	472	362	76.69%
December	163	113	69.33%
Totals	3257	2779	85.32%

EDUCATION

The Engineering Council of South Africa (ECSA) is, in addition to the Engineering Professions Act, No. (46 of 2000) also governed by the National Qualification Framework Act, (No. 67 of 2008) and as such ECSA's education business unit is responsible for three key functions relating to engineering education in South Africa. The first key function of ECSA's Education Business Unit's mandate is to evaluate and maintain the quality and standard of engineering programmes offered at public higher education providers throughout the country. These programmes ultimately meet the educational requirements for registration in any of the relevant categories.

The second key function of the Education Business Unit is the assessment of educational qualifications for purposes of registration, which are neither accredited by ECSA nor recognized under an international educational agreement. Such qualifications must be evaluated for substantial equivalence to an accredited South African qualification.

The third key function of the Education Business Unit, in terms of the EPA, is to determine the standards of competence for professional registration and the educational outcomes that applicants for candidate and professional registration must fulfill. This standards generation function is carried out through the Engineering Standards Generating Body (ESGB). In addition to the development of standards for the Engineering Council's use, the ESGB also facilitates the development of engineering-related standards for other bodies and serves as the channel for registering these on the National Qualifications Framework (NQF).

As the custodian of quality assurance in engineering higher education, ECSA's Education Committee also plays an integral role in respect of policy matters relating to engineering education.

The following is a breakdown of the developments and achievements of the Education Department:

ACCREDITATION

The purpose of accreditation is to evaluate and, subsequently, maintain the quality and standard of engineering programmes offered at public South African higher education providers. The two hundred and thirty four (234) programmes accredited by ECSA may be disaggregated as follows:

- 52 BEng/BSc(Eng) programmes in 8 universities;
- 96 BTech Tech programmes in 10 universities;
- 86 National Diploma programmes in 10 universities.

Lists of accredited BEng-type, BTech and National Diploma Programmes are published and regularly updated on the ECSA website. ECSA has successfully fulfilled its scheduled timetable of accreditation visits to higher education providers. Visits conducted during the reporting period are shown in **Table 8** below:

Table 8: Accreditation activities during the reporting period

Institution	Type of Visit	Number of Programmes	Period
North-West University	Interim visit	1	21 May 2013
Central University of Technology	Regular visit	7	10 & 11 April 2013
Mangosuthu University of Technology	Regular visit	5	09 & 10 May 2013
Tshwane University of Technology	Regular visit	15	27 - 30 May 2013
University of Johannesburg: Engineering Science	Interim visit	4	05 Aug 2013
Cape Peninsula University of Technology	Interim visit	13	12 & 13 Aug 2013
University of Stellenbosch	Regular visit	6	28 & 29 Aug 2013
University of KwaZulu-Natal	Regular visit	7	19 & 20 Sept 2013

North-West University	Final visit	1	28 Oct 2013
Centurion Academy	Regular visit	1	19 & 20 Nov 2013
Vaal University of Technology	Final visit	12	10 & 11 March 2013

The Sydney and Dublin Accords performed a Gap Analysis of each signatory's standards against the Graduate Attributes in 2012. ECSA submitted the new technician Diploma and technologist Bachelor's Degree standard for comparison with the graduate attributes in 2012. This was done because the current NATED standards are not compatible with the graduate attributes. The outcome of the Gap Analysis exercise was positive for ECSA.

As noted in the 2012/2013 Annual Report, as a full signatory of the Sydney and Dublin Accords, South Africa was under review by the International Engineering Alliance (IEA) in 2012. The purpose of the review was to establish whether the South African technician and technologist qualifications met international benchmark standards. In August 2012, a team of international experts, from three other signatory countries, observed ECSA's accreditation processes at the University of Johannesburg and the Cape Peninsula University of Technology. The review report was duly submitted and was considered at the International Engineering Alliance meeting in Seoul, in June 2013. It was resolved at the meeting that South Africa would have its Sydney Accord and Dublin Accord recognition extended for a further six years.

ACCREDITATION TRAINING

ECSA's accreditation process is guided by a sound accreditation policy that has been benchmarked against international criteria and best

practice. The ECSA policies and processes are periodically audited by the IEA conducting reviews under the international agreements.

ECSA, further, has a database of seasoned programme evaluators which comprises members from both academia as well as industry. Together with a well-documented training manual, ECSA hosts accreditation training workshops to further entrench the use and application of the accreditation policy. The above is further supported by academic representation on the accreditation committees and evaluation panels and ongoing liaison with the Deans of Engineering through the ECSA Deans' Advisory Committee.

A recent development and enhancement of the service that is provided to our stakeholders that make use of ECSA's accreditation policy, was the conducting of assessor- and institution-specific training workshops. These workshops are designed specifically for the audience receiving it.

The expansion of the pool of evaluators is an ongoing process and the hosting of regular workshops assists with this process.

The following accreditation workshops on **Table 9**, were held in the reporting period:

Table 9: Accreditation Training

	Accreditation policy type	User type	Date
Assessor-based training	Engineering Programmes (EPAC)	Basic training	31 July 2013
	Technology Programmes (TPAC)	Basic training	12 July 2013 25 Feb 2014
	Generic Policy	Assessors	25 & 26 Nov 2013
Institution-based training	Engineering Programmes (EPAC)	Stellenbosch University	10 July 2013
		University of Venda	24 & 25 July 2013
		Nelson Mandela Metropolitan University	22 & 23 Aug 2013
		University of Johannesburg	18 March 2014
	Technology Programmes (TPAC)	Durban University of Technology	05 & 06 Feb 2014
	Generic Policy	Cape Peninsula University of Technology	24 & 25 March 2014

RELATIONSHIP WITH KEY STAKEHOLDERS

ECSA's strategic objectives, especially those of the Education Business Unit, require close working relationships with key stakeholders. The Memorandum of Understanding (MoU) signed by the Council on Higher Education (CHE) and ECSA in August 2012 mandates ECSA to undertake the accreditation process of engineering programmes in terms of its obligation under the Engineering Professions Act. ECSA communicates its accreditation decisions to the CHE, thus obviating the need for duplicate programme accreditation visits by the CHE.

Emanating from the recommendation of the ECSA/Department of Higher Education and Training (DHET) Engineering Skills Summit which was held in September 2012, the DHET/ECSA Joint Technical Task Team (JTTT) was convened in September 2013. The task team comprises representation from both DHET and ECSA volunteers. The focus of the task team is to provide recommendations to the department with regard to the following:

- Introduction of a formal programme accreditation system in the Further Education & Training (FET) sector;
- Formulate a pilot plan for improving quality of programmes in colleges;
- Improving the FET lecturer capacity in engineering studies at the colleges; and
- Establishing a formal relationship with the Quality Councils, with specific focus on Umalusi and the Quality Council for Trades & Occupations, if a formal accreditation system is to be introduced.

The JTTT has been making steady progress with stakeholders actively contributing to the discussions.

QUALIFICATION EVALUATION

The approval by ECSA's Council and the subsequent application of the E-17-P: Policy on the evaluation of educational qualifications has proven to be advantageous to applicants that either have qualifications that are neither accredited nor recognized by ECSA under any of the international educational agreements. The policy provides detailed guidelines to applicants on the documentary evidence that is required for evaluation. Applicants are further advised on the submission of a detailed portfolio of workplace evidence, which is considered during the evaluation process.

A total of 425 applications were considered by the Engineering Programme Qualification Evaluation Committee (EPQEC) or Technology Programme Qualification Evaluation Committee (TPQEC) as appropriate. The following is a summary the applications received and the outcomes of the evaluations.

Table 10 : Qualifications evaluation process

Application status/decision	Considered by EP-QEC	Forwarded to TP-QEC	Total
New applications allocated to each QEC	241	184	425
Washington Accord recognition	4		
Recognized as substantially equivalent to the type of qualification shown	BEng: 56	BTech: 53 ND: 38 Alternate Route: 68	
Not recognised / File closed (no response)	16	3	
Refused Candidate Engineer	2	0	
Information outstanding / Awaiting Interview	163	22	
Washington Accord recognized via Registrations Business Unit	24	0	
Applications in process at 31 March 2014	47	0	

STANDARDS DEVELOPMENT

ECSA's ESGB has drafted and approved its 2013-2018 strategic plan, taking into consideration developments in the country's educational landscape and the role that ECSA would need to fulfill in providing guidance on qualification standards that would be required. The ESGB had convened the Standards Generating Group: Specified Categories (SC) and the Standards Generating Group: Work Integrated Learning (WIL), to develop the qualification standards and the competency standard required for registration in a Specified Category.

The draft standards were published in the Government Gazette for public comment before being forwarded to the ECSA Council for approval in November 2013 and March 2014 respectively. All three Standards have been published on the ECSA website for stakeholder use.

INTERNATIONAL AGREEMENTS

The EPA requires ECSA to engage in reciprocal agreements with other international statutory bodies. As such South Africa is still a Signatory to the following international agreements:

Washington Accord: mutual recognition of educational qualification for education of engineers;

Sydney Accord: mutual recognition of educational qualification for

education of engineering technologists;

Dublin Accord: mutual recognition of educational qualification for education of engineering technicians;

International Professional Engineers Agreement (IPEA), formerly known as the Engineering Mobility Forum;

International Engineering Technologist Agreement (IETA), formerly known as the Engineering Technologist Mobility Forum.

The purpose of all the above agreements is to recognise the equivalence of accredited engineering education programmes, leading to an engineering qualification, and to satisfy the educational requirements for registration in the respective categories.

ECSA was successful in having a senior technologist volunteer be appointed to the Deputy Chair position of the International Engineering Technologist Agreement.

LEGAL SERVICES

REGULATION OF ENGINEERING PRACTICE

The EPA enjoins ECSA to refer matters relating to improper conduct by a registered person to an Investigating Committee established by ECSA.

The IC, through delegated powers from council, investigates matters to determine breaches of the Code of Conduct.

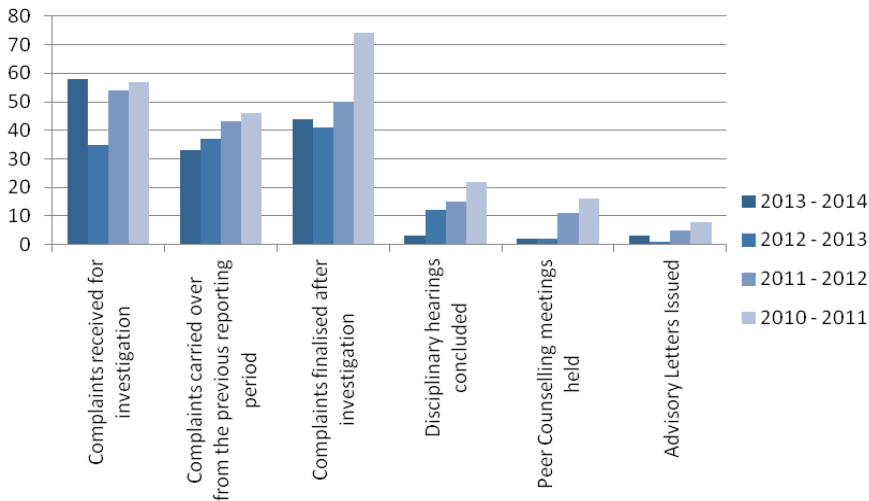
INVESTIGATION OF COMPLAINTS

Complaints of improper conduct lodged against registered persons, or incidents regarding engineering - related activities that may constitute improper conduct by registered persons are investigated. The Legal Business Unit of ECSA manages these investigations. The main function of the IC is to obtain evidence to determine whether a registered person may be charged. The IC furthermore endeavors to determine trends in, and initiate preventative measures, regarding unprofessional conduct. To this end, it conducts investigations, holds meetings, issues advisory letters and generates advisory reports and case studies.

The investigating of complaints and subsequent action registered person involved is focused on the enhancement of public safety, safeguarding the image of the profession and maintaining professional standards. A comparative analysis of statistics over the past four years is provided in **Table 11** below:

Table 11: ECSA Investigations Comparative Chart

Number of Matters	2013-2014	2012-2013	2011-2012	2010-2011
New Complaints received for investigation	58	35	54	57
Complaints carried over from the previous reporting period	33	37	43	46
Complaints finalized after investigation	44	42	50	74
Disciplinary hearings concluded	3	12	15	22
Peer Counseling meetings held	2	2	11	16
Advisory Letters Issued	3	1	5	8



STEPS TO PREVENT IMPROPER CONDUCT

An important feature of the EPA is the need to promote the safety, health and interest of the public. The prevention of improper conduct and the subsequent enhancement of the profession is a priority with ECSA. The IC has formed a Task Team to investigate and report on:

- 1) Trends detectable in improper conduct;
- 2) Steps to prevent repeat transgressions by the same registered persons;
- 3) Preventative action.

The outcome of this investigation will inform more specific action in future.

ADVISORY NOTES AND CASE STUDIES

The Legal Department is in the process of developing Advisory Notes. No Case Studies have been identified for reporting as yet.

AMENDMENTS TO THE CODE OF CONDUCT

ECSA published the amended Code of Conduct for Registered Persons under Board Notice 256 of 2013 on the 13 December 2013.

PUBLICATION OF GUIDELINE FEES

Key Function:

In terms of Section 34 of the Engineering Profession Act 46 of 2000, the Engineering Council of South Africa (ECSA), in consultation with the voluntary associations, representatives of service providers and clients in the public and private sector, is required to publish Guideline Fees: Consultative Framework for Determination of ECSA Professional Fees (Guideline Fees).

Section 34(2) of the Act requires ECSA to review the Guideline Fees and to publish them in the Government Gazette. The Guideline Fees are applicable from the first of January of the year until the 31st December of that year.

The Competition Commission confirmed opening a file for investigation of the Guideline Fees in January 2014. The Competition Commission has not started the investigation/consultation process yet.

RECOGNITION OF VOLUNTARY ASSOCIATIONS

Currently ECSA has forty five (45) recognised Voluntary Associations (VAs). A total of 76% eligible VAs were audited (new and renewal applications do not get audited) and 24% of VAs did not produce their audit forms.

Recognized Voluntary Associations may recommend members for council and are consulted on issues such as guideline fees and identification of work.

IDENTIFICATION OF ENGINEERING WORK

The draft IDoEW Regulations were approved by the CBE Council on 17 March 2014. The Council for the Built Environment (CBE) has submitted said Regulations to the Competition Commission (CC) with an application to have it exempted from the provisions of the Competition Act. The CC will investigate the application and in the process consult widely with interested parties.



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PART E:

A LIST OF RECOGNISED VOLUNTARY ASSOCIATIONS

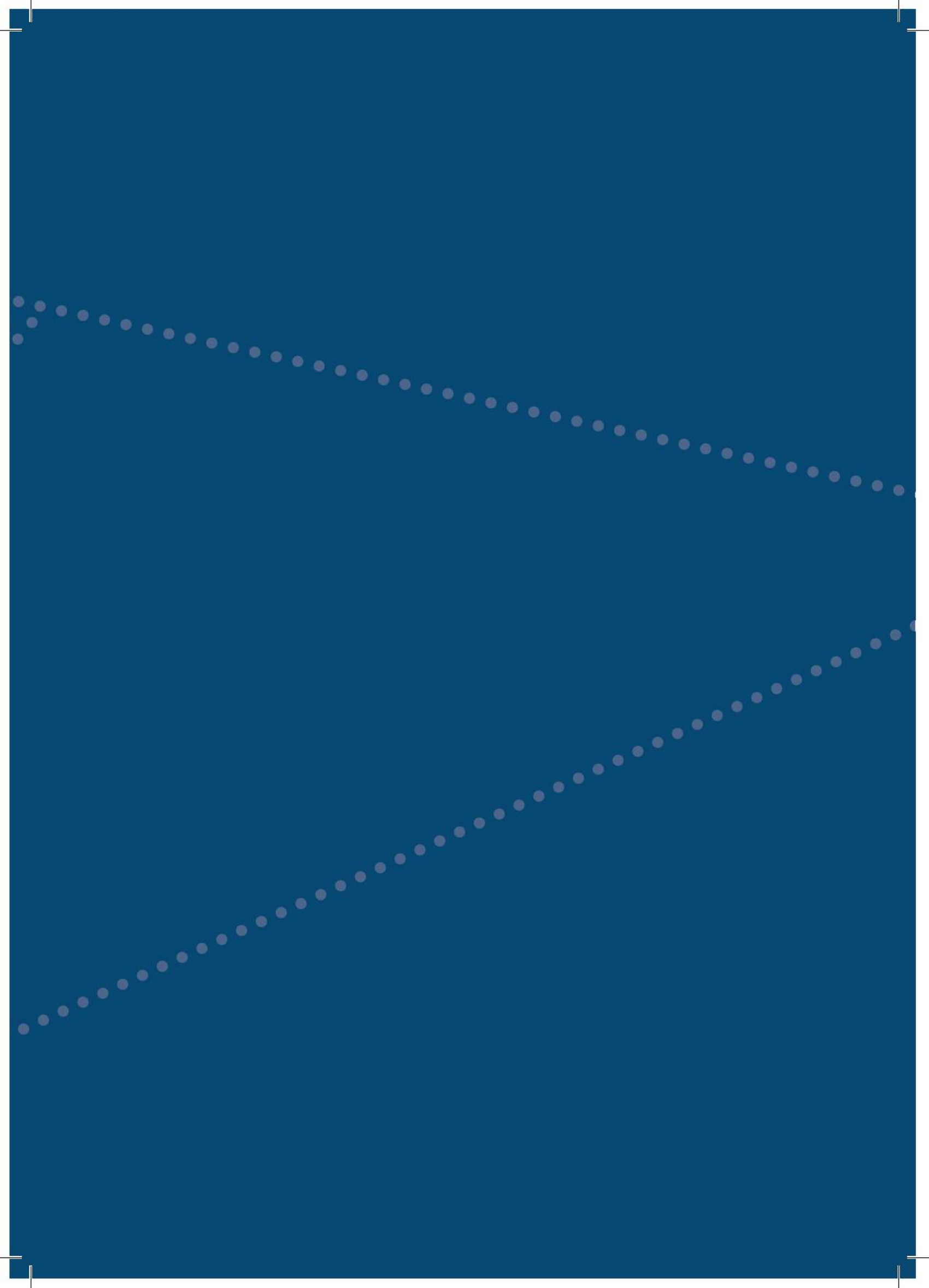


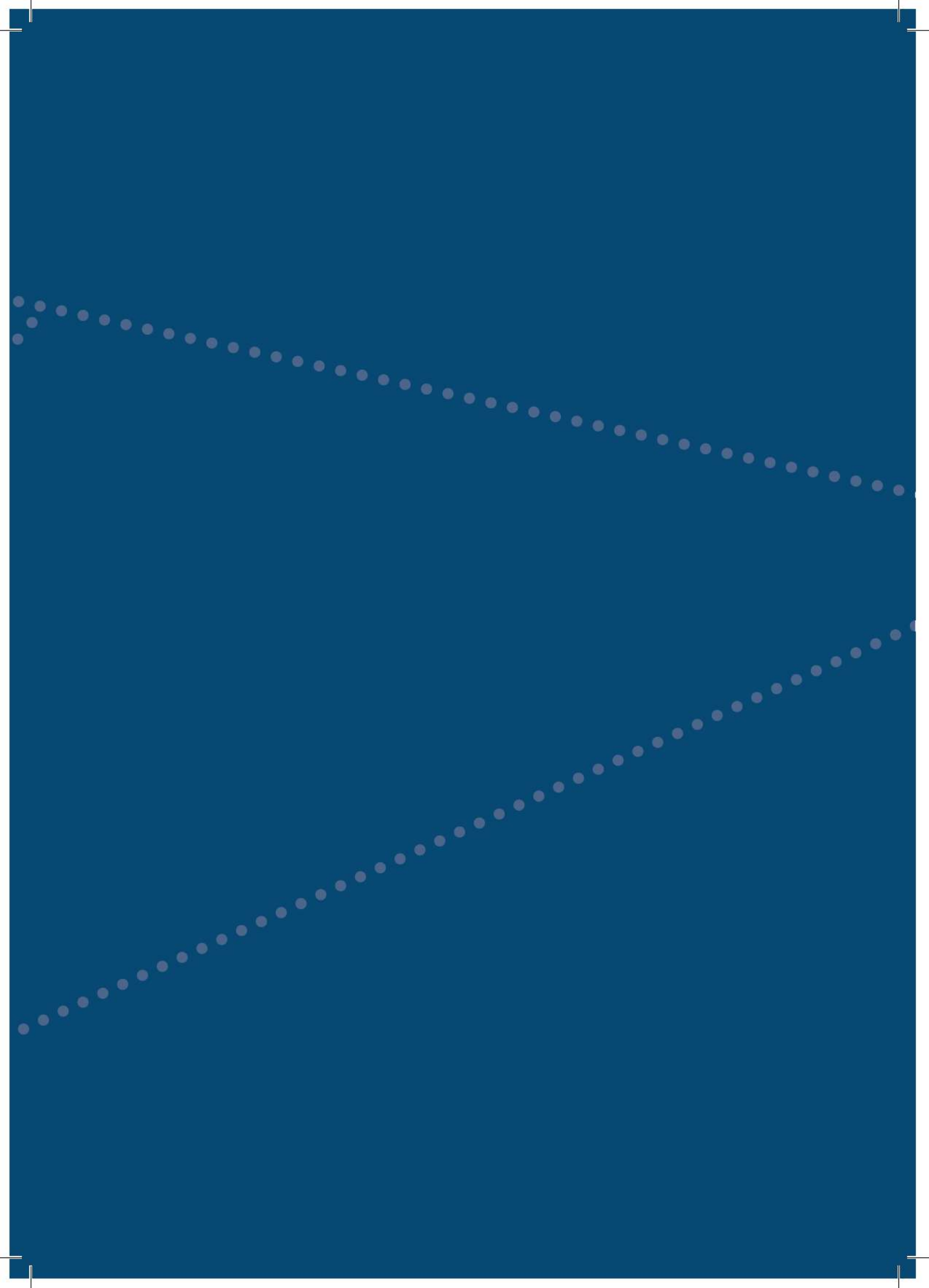
Table 12 : Voluntary Association

Category A				
No	Acronym	Name	Reference Number	Date Recognised
1	AeSSA	Aeronautical Society of South Africa	VA A0022	11 August 2011
2	AMMSA	Association of Mine Managers of South Africa	VA A0031	24 January 2007
3	AMRE	Association of Mine Resident Engineers	VA A0032	30 November 2007
4	CEASA	Clinical Engineering Association of South Africa	VA A0040	26 August 2010
5	COET	The Chamber of Engineering Technology	VA A0001	19 October 2010
6	CSSA	Concrete Society of Southern Africa	VA A0019	11 August 2011
7	ICMEESA	Institution of Certificated Mechanical and Electrical Engineering	VA A0002	24 November 2010
8	IEEE	Institute of Electrical and Electronic Engineers South African Section	VA A0036	12 June 2008
9	IMESA	Institution of Municipal Engineering of Southern Africa	VA A0003	14 April 2011
10	IPET	Institute of Professional Engineering Technologists	VA A0004	19 October 2010
11	LIASA	Lift Inspectors Association of South Africa	VA A0026	15 March 2012
12	NSBE	National Society of Black Engineers	VA A0037	23 May 2013
13	SAAMA	South African Asset Management Association	VA A0025	14 May 2009
14	SACEA	South African Colliery Engineers' Association	VA A0005	11 August 2011
15	SACMA	South African Colliery Managers Association	VA A0029	23 May 2013
16	SAIAE	South African Institute of Agricultural Engineers	VA A0020	11 August 2011
17	SAICE	South African Institution of Civil Engineering	VA A0006	24 November 2010
18	SAICHe	South African Institution of Chemical Engineers	VA A0007	11 August 2011
19	SAIEE	South African Institute of Electrical Engineers	VA A0008	14 April 2011
20	SAIIE	Southern African Institute of Industrial Engineers	VA A0009	11 August 2011
21	SAIMechE	The South African Institution of Mechanical Engineering	VA A0021	14 April 2011
22	SAIMENA	South African Institute of Marine Engineers and Naval Architects	VA A0010	11 August 2011
23	SAIMM	South African Institute of Mining and Metallurgy	VA A0011	14 April 2011
24	SAIRAC	South African Institute of Refrigeration and Air-Conditioning	VA A0028	24 January 2007
25	SAT	Society for Asphalt Technology	VA A0043	26 August 2010
26	STE	Society of Telkom Engineers	VA A0035	12 June 2008

Category B				
	Acronym	Name	Reference Number	Date Recognised
27	SAFHE	South African Federation of Hospital Engineers	VA B0023	11 April 2011
28	SAID	South African Institute of Draughting	VA B0033	30 November 2007
29	SAIMC	South African Institute of Measurement and Control	VA B0024	11 August 2011
30	WISA	Water Institute of Southern Africa	VA B0038	12 June 2008
31	SABTACO	South African Black Technical and Allied Careers Organisation	VA B0045	23 May 2013
Category C				
	Acronym	Name	Reference Number	Date Recognised
32	AMEU	Association of Municipal Electricity Undertakings	VA C0027	11 August 2011
33	BEPEC	Built Environment Professions Export Council	VA C0044	24 November 2010
34	CESA	Consulting Engineers South Africa (p.n.a. SAACE)	VA C0013	14 April 2011
35	IESSA	Illumination Engineering Society of South Africa	VA C0012	11 August 2011
36	INCOSE	International Council of Systems Engineering (SA Chapter)	VA C0030	24 January 2007
37	IQSA	Institute of Quarrying Southern Africa	VA C0014	11 August 2011
38	ITC	Institute for Timber Construction	VA C0015	11 August 2011
39	SAFA	South African Flameproof Association	VA C0016	26 August 2010
40	SAFCEC	South African Federation of Civil Engineering Contractors	VA C0017	11 August 2011
41	SAFPA	South African Fluid Power Association	VA C0039	26 November 2008
42	SAISC	South African Institute of Steel Construction	VA C0018	11 August 2011
43	SAIW	South African Institute of Welding	VA C0034	30 November 2007
44	SARF	South African Road Federation	VA C0042	26 August 2010
45	SASTT	Southern African Society for Trenchless Technology	VA C0041	26 August 2010

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PART F: **STRATEGIC SERVICES**



MARKETING AND COMMUNICATIONS

The year under review has been an eventful one on the marketing front in positioning ECSA as a preferred advisor of choice in the engineering field. Communication was categorised by various activities and plans that have successfully positioned the Engineering Council of South Africa (ECSA) as a leading voice on matters pertaining to the ongoing development of the profession.

ECSA considers communication as a business imperative and has appointed Gillian Gamsy International (GGI) Communications as the public relations and communications agency in July 2013 to drive public relations. As part of the on-boarding process for the agency, GGI Communications attended the Planning and Strategy session that was held in November 2013 which exposed the agency to the strategic vision and direction.

STAKEHOLDER RELATIONS

ECSA has continued in its approach to reach out to its various stakeholders to leverage its relationships with individuals, corporates and organisations to broaden ECSA's reach.

This has resulted in several meetings taking place that have led to the formation of strategic partnerships, importantly, the signing of the MoU for co-operation between ECSA, Municipal Infrastructure support Agency (MISA), Institute of Municipal Engineers of South Africa (IMESA) and Palestinian Engineering Association (PEA) on the 18 February 2014 to address the skills shortages in the engineering fields from a national perspective and to facilitate training opportunities for engineering practitioners from both countries. In collaboration with the South African government, this partnership is aimed at developing capacity in local government through sharing best practices between the two nations, and providing a platform for an engineering exchange programme aimed at driving economic growth and development.



Above: MoU signing between ECSA, Municipal Infrastructure Support Agency (MISA), Institute of Municipal Engineers of South Africa (IMESA) and Palestinian Engineering Association (PEA) on the 18 February 2014

Launch of Decades of Engineering Excellence Prestige book:

In collaboration with the Department of Public Works, ECSA launched the Decades of Engineering Excellence prestige book - a 216 page hardcover coffee table prestige book in Gauteng in April 2014.

The book celebrates engineering achievements in South Africa and captures the essence of what engineering is and its contribution to society as a profession.

It documents the achievements and contributions the profession has made over the years to South Africa's development. This book is testament to ECSA's commitment to South Africa's continued infrastructure development, through enacting the growth agenda of the national development plan. The book is on sale at ECSA offices.



Launch of Engineering Skills Survey:

In October 2013, ECSA undertook to launch an online survey to assess the extent of the engineering skills, both registered and unregistered with ECSA. The survey was supported by the Departments of Higher Education and Training (DHET) and the Department of Economic Development (DED) as well as recognised Voluntary Associations.

Data obtained through this survey will assist ECSA to get an understanding of the engineering skills base for the Country and accordingly plan for the resources needed in medium to long-term time periods to support the successful implementation of the National Development Plan (NDP). The review of the results is currently underway and results are scheduled to be published in the immediate future.

**higher education
& training**
Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

**ECSA**

**economic
development**
Economic Development Department
REPUBLIC OF SOUTH AFRICA

National Engineering Skills Survey
to determine the extent of available
engineering skills in SA
8 Oct - 15 Dec 2013**All engineering practitioners are invited to
complete the survey online**[Click here](#)www.engsurvey.co.za

ROADSHOWS

Stakeholder Events and Roadshows: In an attempt to keep contact with stakeholders, ECSA has in the recent past embarked on hosting provincial roadshows to engage stakeholders to share information on ECSA strategies and create a dialogue and hear from stakeholders as they are a critical part of ECSA business. These sessions have been very beneficial as ECSA got an understanding of the challenges experienced by stakeholders and come up with strategies to respond to the stakeholder needs. The roadshows were conducted in Free state, Mpumalanga and Western Cape. Continued engagement will be encouraged throughout the coming years.

Below: Roadshow Free State



Below: Roadshow Free State



Below: Roadshow Mpumalanga



Below: Roadshow Western Cape

Below: Roadshow Western Cape



International Women's Day Breakfast

The event was meant to acknowledge and appreciate female engineering practitioners registered with ECSA.

The number of female professionals in the industry continues to grow, and as a means of recognising the work of women in the profession, ECSA hosted an event in Gauteng to mark International Women's Month in March 2014. This event took the format of a meet and greet breakfast event for female professionals, to honour and inspire them in their role in the industry, whilst celebrating their authenticity as women. The event was a success and plans are underway to roll this out to different provinces and reach more women in the profession.



Above, Left and Below: Some of the images taken during the ECSA Engineering Women's breakfast



Left: Thoko Machimane (Acting Executive, Strategic Services) addressing the attendees.

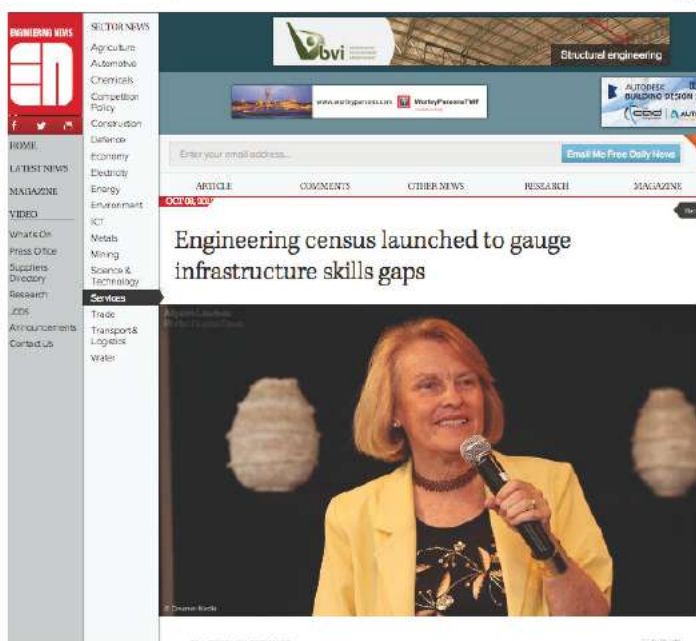
Media Interaction

Through GGI Communications, ECSA's leadership has continued to serve as the voice of the engineering profession in the media in the following ways:

Commentary - offering ECSA's comment on issues pertaining to the development of the profession. This has extended to media titles across the country, on various issues such as the collapse of the Tongaat Mall in KZN, through to the Matric pass rates for 2013. Key to this level of media interaction has been swift turn-around times, and this has required the constant accessibility of the leadership of ECSA.

Interviews - media interviews with the leadership of ECSA for key industry publications. This has been on broad issues relating to the profession at large. In addition, media interviews with professionals who are subject-matter experts have been conducted, as a means of continuing to profile the successes of the profession.

Press releases - were issued to media around the country on the various activities, announcements and events that ECSA is hosting.



These articles have generated a consistent and informative stream of information into the media.

Thought leadership - articles aimed at enlighten members of the public on engineering subject were issues as there is a wealth of knowledge that resides within ECSA through its Council, registered persons and volunteers. The subject matter experts wrote opinion pieces on their respective disciplines. The opinions pieces have been packaged into well-structured articles, for media distribution, and have been successfully carried by various national media.

Exhibitions - ECSA has continued to retain its corporate visibility through engaging with its stakeholders and professionals through participation at various industry events in the form of exhibitions.

Advertising - ECSA has continued to retain its corporate visibility through engaging with its stakeholders and professionals through media advertising.



ENGINEER IT
01 Oct 2013, p.8

Registration with ECSA: counting the benefits

The Engineering Council of South Africa (ECSA) has reiterated its call for all engineering professionals to register with it. ECSA president Cyril Gamede says regulations and guidelines have been put into place to govern the industry. He says it is a process that has seen the South African engineering profession recognised locally and abroad. It assures stakeholders of verified credentials, a commitment to continuing professional education and exposure to new developments. He says ECSA seeks to promote a high level of education, training and development of practitioners to enhance professionalism in engineering, both locally and abroad. It enjoys full autonomy, although it is accountable to the state, the profession and the public for fair and transparent administration of its business in the pursuit of its goals. ECSA is the only recognised professional registration organisation for engineering in South Africa. Recognition of the engineering profession by other professions gives a wide spectrum of stakeholders a measure of protection and "peace of mind". Registration with ECSA is paramount to reaping both individual and business benefits which include peer recognition of qualification and experience; public confidence in professional competence; membership of professional societies; international recognition; employment marketability and statutory empowerment.

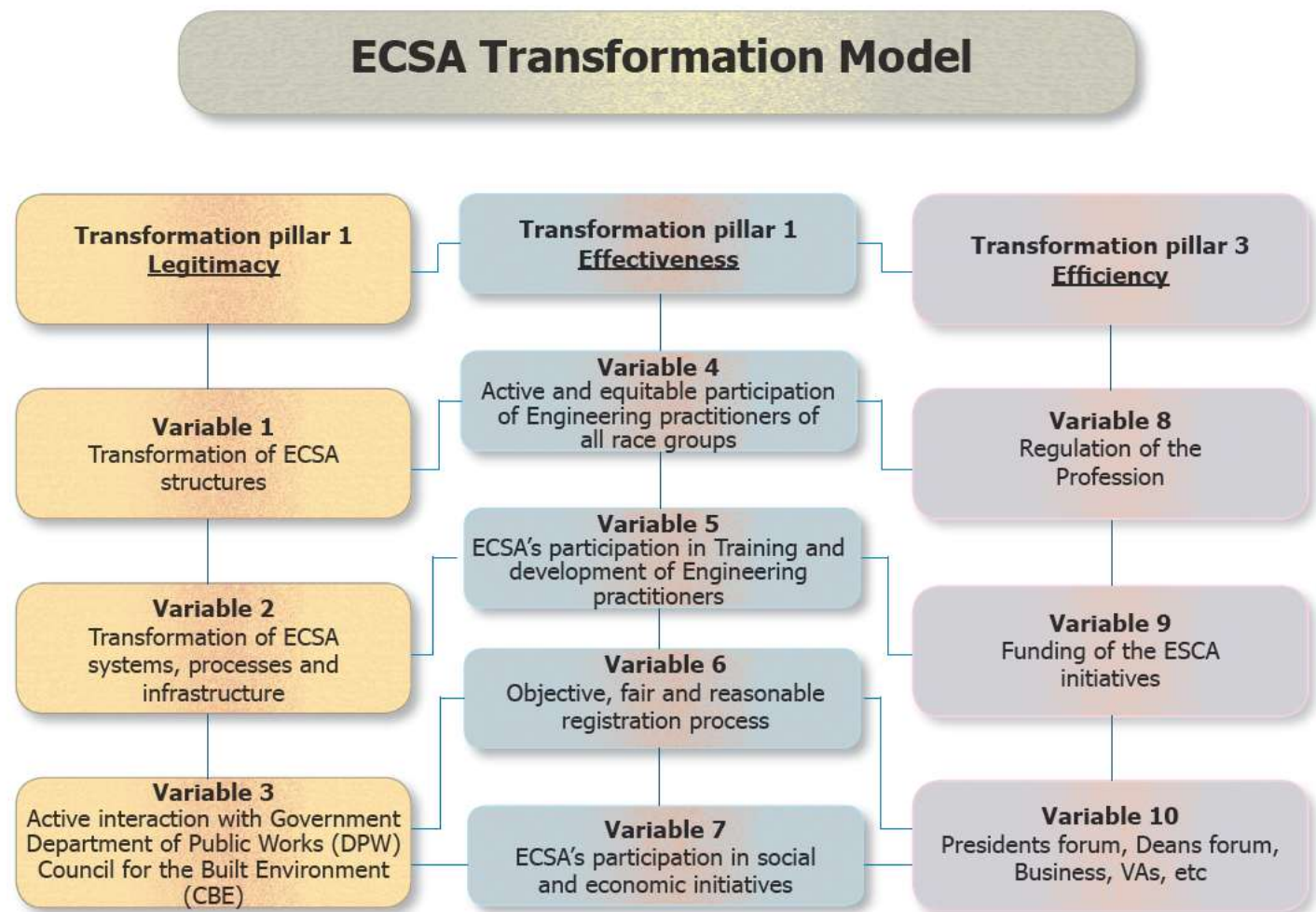
Contact Lillian Mlambo, ECSA, Tel 011 607-9585, lillian@ecsca.co.za



Transformation Implementation plan

ECSA has during the year under review approved a transformation model and have developed the transformation implementation plan that will in the near future be launched. This is a simplified transformation implementation model:

Figure 3: ECSA transformation model





ENGENIUS

Engenius is ECSA's flagship programme established to advance transformation and repositioning itself to be relevant for the South African society.

Engenius has been positioned to achieve the following expected outcomes:

- Promote engineering as a profession to the school going children;
- Collaborate with the engineering stakeholders to promote engineering;
- Reach-out to primary and high school learners in all nine SA provinces;
- To increase the national pool of Engenius trained facilitators and role models;
- To develop Engenius workshop kits that represent all nine engineering disciplines;
- Provide Engenius promotional items;

- Expand website content and social media ratings;
- Engage women in engineering to attract more girl learners to study engineering;
- Secure more funding opportunities to grow the Engenius footprint.

STAKEHOLDER SUPPORT INITIATIVES

For the year 2013/2014 the following achievements can be noted in terms of the impact of the Engenius programme:

Learners Reached

During the period of March 2013 and April 2014, approximately 11081 learners were reached throughout the country against a target of 9 000. A total of 4637 learners were reached in rural areas such as (1) Free State – Nelson Mandela Career Expo Qwaqwa (2) WP – Arcelor Mittal workshops – Vredenburg (3) EC – Mayoral Week Career Expo – Lusikisiki (4) Northern Cape – Worley Parsons Job Shadow Day-Kimberley and (5) North West - Anglo Career day.



A total of 6444 learners were reached in urban areas such as (1) Gauteng - National Science Week, Engineering Week, Primary Maths Week, Africa Education Week, Girl Learner Programmes, Minquiz, and the AngloGold Ashanti Career Expo. A great deal of support was initiated towards the 2013 and 2014 Grahamstown Science Festival and Eastern Cape Career Extravaganza.

Increase of pool of trained facilitators

At a strategic level, the method of training Engenius facilitators and role models has proven much value in terms of maximising the impact of the programme. For the year under review, a total of 159 facilitators and engineering role models were trained against a target of 150. These role models represented a variety of organisations and institutions such as the Arcelor Mittal Science Centre, SciBono, MQA, CETA, CESA, Alstom and NMMU.

Development of Engenius Kits

In 2013, there were two new engineering kits that were developed, a mining kit for the Mining Qualifications Authority and an Infrastructure kit that was funded from the Engenius budget.

Currently, the process of developing solar car kit is being negotiated with the UJ Solar team. In February 2014 – a process resumed to conceptualize an Industrial Engineering Kit with the Wits 3rd year engineering students.

Secure Funding

To fund more engineering kits and for the expansion of the Engenius activities, funding proposals have been submitted to MQA, SAFCEC, Shanduka, Old Mutual CETA and NSTF.

CORPORATE SOCIAL INVESTMENT

On 31 January 2014 the ECSA Marketing and Communications team visited Thohoyandou Primary School in Atteridgeville. This day marked a significant day on ECSA's Corporate Social Investment calendar as the team presented a donation of 80 computer lab chairs and 40 computer lab tables as part of the continued legacy of Nelson Mandela Day, to give to the less fortunate.

Sandisa Maqubela presented the gift on behalf of ECSA and echoed the words of Nelson Mandela that "education is the most powerful weapon which you can use to change the world". As a professional body, it is almost befitting that ECSA begins to participate actively in the promotion of education in South Africa. The Council embodies the cultivation of engineering skills that lack in our society, a skill that is often referred to as scarce and is vitally important for the growth of the economy" she continued.

The handover was supported by guests from the Tshwane Basic

Education District, Daily Sun, Pretoria News, SGB members, the CBE Marketing team and guests from the Kgopano NGO which is affiliated to the school, teachers and learners.

Ms. Ouma Selekeane, Circuit Manager from Tshwane Basic Education South District office expressed appreciation for initiatives of this nature, citing a call to make education a community priority. Much applause went to the entire team at the school for setting an example of idealistic leadership.

As a value-add for ECSA, the ceremony was followed by an Engenius workshop to promote the engineering profession whereupon 78 learners were exposed to the Bloodhound workshop, learners responded with much enthusiasm as they built their supersonic cars. The importance of maths and science was emphasised to the learners if they are to pursue engineering as a career. We thank Mr. Ramano and his team of dedicated teachers for all their efforts. It's a job well done!



Left and Below: The attendees from the Department of Education, Thohoyandou primary school, ECSA and CBE.



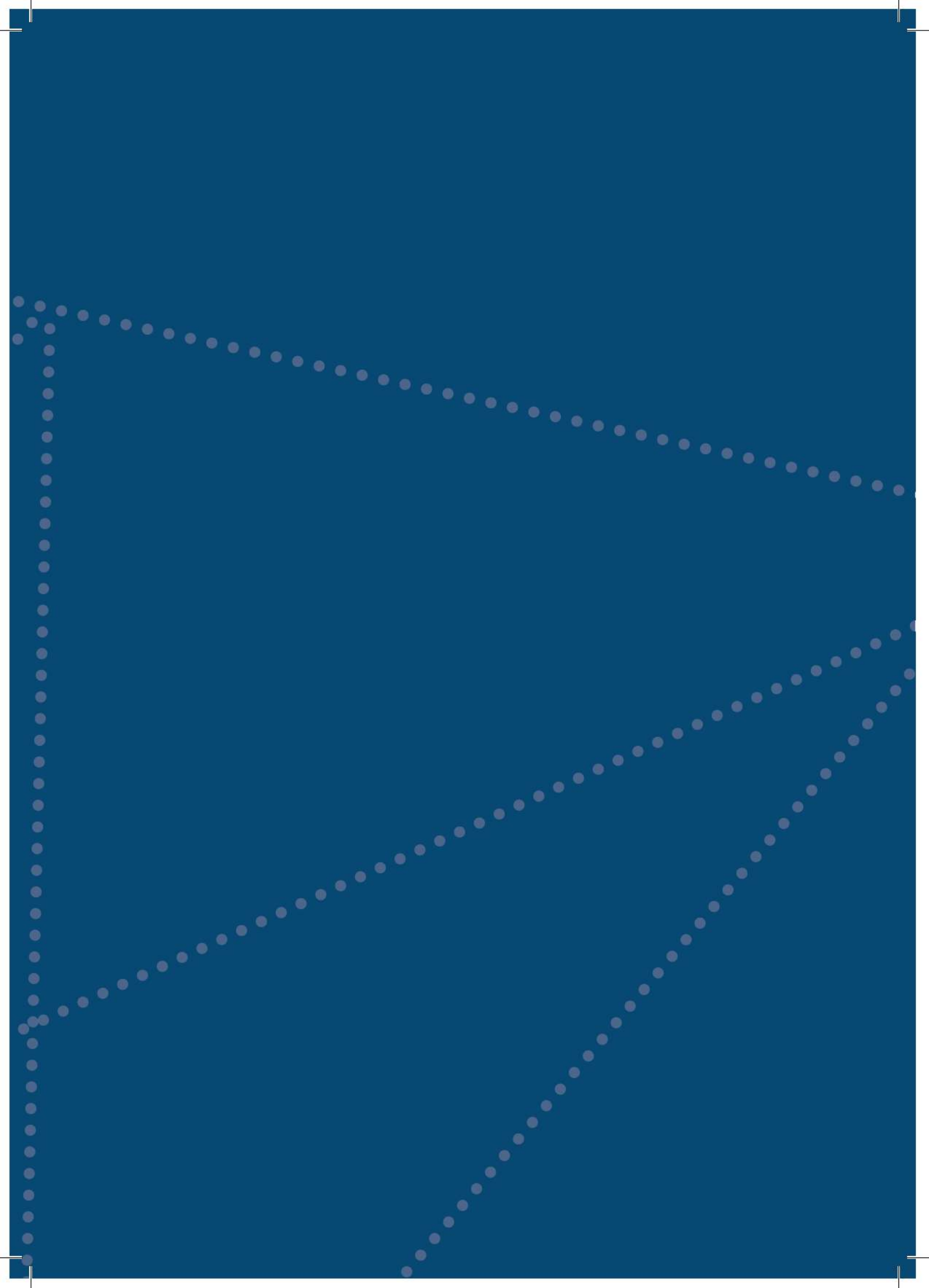


Left: Computer lab tables and chairs were donated.

Below: Learners in class building civil engineering structures.



PART F:
HUMAN
RESOURCE
MANAGEMENT
AND IT



HUMAN RESOURCES MANAGEMENT

The Human Resources Department prioritised the following project for the year under review:

- Organisational structure to support ECSA strategy
- Employee wellness
- Developed management and leadership skills
- Implemented Human Resources Data Management System

Organisational structure to support ECSA strategy

Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce was finalised. The following strategies were employed in order to strengthen the organisation to support strategy:

- Targeted Recruitment - Utilisation of relevant Online Recruitment platforms
- Utilisation of assessment centres i.e. Psychometric testing which was introduced to attract skilled and capable workforce.

As part of the transitional process to be aligned to the PFMA, a Chief Financial officer, who holds a position of the Executive Corporate services, was appointed and the Supply Chain Management business unit was established.

Employee Wellness

In partnership with ICAS, the ECSA Employee Wellness Programme was launched in April 2013. Its primary goal is to inform, empower and provide ECSA employees with the means to take ownership of their wellbeing, by supporting them with the necessary interventions and self-management tools to better achieve a healthy work-life balance. On 15 November 2013 ECSA celebrated "Employee Wellness Day".

1.3 DEVELOPED MANAGEMENT AND LEADERSHIP SKILLS

ECSA has partnered with Dialogue Communications and Training to implement a six months Coaching and Teambuilding programme. The programme is intended to enhance leadership practices to achieve direct positive results, to support and integrate the effect of these

new practices throughout ECSA.

The programme commenced in February 2014 and will run for a period of six months, covering the following:

- Identify leadership core directives which will guide the process and act as standards for the organisational culture changes;
- Executive /Management alignment, support and development using Impact sessions and Individual Coaching;
- Individual departmental commitment and development sessions;
- Inter - departmental process to strengthen lateral alignment and integrate change more broadly and
- A celebration to anchor achievement of the Core directives at the end of the six months

Implemented Human Resources Data Management System

In April 2014, ECSA launched the Jarrison time and attendance programme, its primary function is to electronically track and manage time and absence of staff members. The system is a useful tool as an indicator to determine and manage resources and workload.

Future HR plans /goals:

- Skilled and transformed workforce;
- Improved Performance Management Systems to support business goals;
- Efficient Performance Management System.

Table 13: Personnel cost by salary band

Level	Personnel Expenditure (R)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R)
Top Management (Franks and Sabela)	1 499 104	5.83%	2	749 552
Senior Management	3 009 237	11.70%	4	752 309

Professional qualified (All managers and Assistant Managers)	R7 871 634	30.60%	17	R463 037
Skilled (Administrators)	R12 374 583	48.10%	5	R233 483
Semi-skilled	R973 340	3.78%	7	R139 049
Unskilled	R0			
TOTAL	R25 727 898	100%	83	R309 975

Table 14: TRAINING COSTS

Programme/activity/objective	Total Salary of Employees Trained Personnel Expenditure (R)	Training Expenditure	(R) Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
The nuts and bolts of BCEA Seminar 10/07/2013 Auphelia Chounyane	R780 840	R1 350	0.17%	1	R1 350
Learnfast Training Business of Managing people (Jenny Fuller)	R353 598	R2 199	0.62%	1	R2 199
Performance Management Workshop (13 delegates)	R3 328 203	R2 275	0.07%	13	R175
SEM- Grap-Basics	R850 887	R3 860	0.45%	1	R3 860
PowerPoint Level 1 & 2	R333 890	R2 088	0.63%	1	R2 088
Dealing with Discipline Workshop	R7 871 634	R36 880	0.47%	16	R2 305
Staff Training: BIM Administrator workshop 12/04/2013 G Schekerman	R850 877	R2 030	0.24%	1	R2 030
Basics of Employment Equity	R340 319	R3 890	1.14%	2	R1 945
Discipline & Grievance Qualification & Academic Fraud Summit	R300 819	R6 499	2.16%	1	R6 499
First Aid Level 1	R762 181	R6 840	0.90%	10	R684
English for Professional Development	R605 512	R7 800	1.3%	2	R3 900
Stress Management	R320 376	R745	0.23%	1	R745

Corporate Governance	R 920 725.00	R 9 348.00	1.02%	2	R 4 674.00
Kahani Training & Consulting 15 Staff	R 3 063 192.00	R14 000.00	0.46%	15	R 933.33
Staff Training:(Florence Buter Training)	R 435 900.00	R 2 030.00	0.47%	1	R 2 030.00
Staff Training: Biztech Training Nicole Peters	R 190 729.00	R 7 750.00	4.06%	1	R7 750.00
Staff Training for 17 and 18 July 2013 Maureen and Sharon	R 920 725.00	R 8 200.00	0.89%	2	R4 100.00
University of Wits Language School Gail Backhouse :English Part-Time (EPD 4455)	R 432 302.00	R3 900.00	0.90%	1	R3 900.00
Staff Training: Thando Mabena Mthembu Excel 2007 Level 1	R 333 890.00	R1 044.00	0.31%	1	R 1 044.00
Staff Training: Insite Training & Recruitment Terri Juries	R 320 378.00	R 3 800.00	1.19%	1	R 3 800.00
Staff Training, 8 Delegates Occupational Health and Safety fire Fighting	R 708 576.00	R 4 400.00	0.62%	8	R 550.00
Kahani Training and Consulting	R 3 063 192.00	R14 000.00	0.46%	15	R 933.33
Secolo Consulting & Training Services (Lerato Brimah)	R 512 366.00	R 7 999.00	1.56%	1	R 7999.00
First Aid training	R 762 181.00	R6000.00	0.79%	10	R 600.00
Scott-Safe Training	R 526 895.00	R 395.00	0.07%	1	R 395.00
Quest Computer Skills Centre (Sipho Sikhasa)	R 173 210.00	R 859.65	0.50%	1	R 859.65
Labour Guide (Alice Ledwaba)	R 340 319.00	R3 412.28	1.97%	1	R 3 412.28
Dynamix Learning Solutions: for Thando Mabena Mthembu Power Point 2010	R 333 890.00	R2 088.00	0.63%	1	R 2 088.00
Crystal Business Solutions 17-29 Nov 2013 for Tlangelani Mabundza	R 526 895.00	R 9 499.00	1.80%	1	R 9 499.00
Sage VIP BIM Report Managers	R 340 319.00	R2 030.00	0.60	1	R 2 030.00
Sage VIP BIM Report Manager Workshop	R 780 840.00	R 2 030.00	0.26%	1	R 2 030.00
ICAS Managers as leaders	R474 527.00	R 7 244.75	1.53%	11	R 658.61
Sage VIP Comprehensive Tax Year end 11/03/2014 G Schekkerman	R850 877.00	R 1 895.00	0.22%	1	R 1 895.00
SAICA SMETechnical update Conny Phalane	R 861 607.00	R 3 070.18	0.36%	1	R 3 070.18
Dialogue Communications Training	R 25 727 898.00	R 86 011.20	0.33%	83	R 1 036.28

Scott- Safe Occupational Health and safety	R2 536 116	R3 725	0.15%	10	R 373
MG Leadership Solutions Executive Coaching	R861 607	R 6000	0.70%	1	R6 000
Rautenbach worked back time on study assistance	R345 105	R4 710	1.36%	1	R4 710
MG Leadership Conny Phalane Sessions	R861 607	R7 000	0.81%	1	R7 000
Staff Training BIm Report Manger workshop 11/04/2013 G Schekker-man	R850 877	R2 030	0.24%	1	R2 030
Administrator workshop 19/04/2013 Florence Buter	R435 900	R2 030	0.47%	1	R2 030

Table15: EMPLOYMENT AND VACANCIES

Programme/activity/objective	2013/2014 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of vacancies
HR Generalists	0	1	0	1	100%
Researcher	0	0	0	1	100%
Chief Executive Officer	0	1	0	1	100%
Personal Assistant to Executive Corporate Services	0	1	0	1	100%

Table 16 : EMPLOYMENT CHANGES

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	0	0	0	CEO
Senior Management	0	1	1	Executive Strategic Function
Professional qualified	0	1	0	Office Manager
Skilled	0	2	7	Administrative personnel
Semi-skilled	0	0	0	-
Unskilled	0	0	0	-
Total	0	4	9	-

Table 17 : REASONS FOR STAFF LEAVING

Reason	Number
Death	0
Resignation	4
Dismissal	0
Retirement	1
Ill health	0
Expiry of contract	4
Other	0
Total	9

Table 18 : LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

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

Table 19 : DEMOGRAPHICS: RACE AND GENDER OF ECSA MANAGEMENT TEAM

JOB TITLE	NAME	M	F	W	A	C	I
Acting Chief Executive Officer	Mr Edgar Sabela	√			√		
Executive , Statutory Function	Advocate Rebaone Gaoraelwe	√			√		
Executive , Corporate Services	Ms Conny Phalane		√		√		
Manager, Registrations	Ms Neggie Ndlovu		√		√		
Manager, Education, Standards & Accreditation	Ms Samantha Naidoo		√				√
Manager, Human Resources	Ms Auphelia Chounyane		√		√		
Manager, Supply Chain	Mr Tlangelani Mabundza	√			√		
Manager, Finance	Mr Gerard Schekkerman	√		√			
Manager, Marketing and Corporate Communications	Ms Lillian Mlambo		√		√		
Manager, Information and Business Processes	Ms Nosintu Manqoyi		√		√		
MALE				FEMALE			
African	Coloured	Indian	White	African	Coloured	Indian	White
3	0	0	1	5	0	1	0
				10			

Table 20 : CONTRACTORS PROFILE AS AT 31 MARCH 2014

JOB TITLE	NAME	M	F	W	A	C	I
Office Manager	Ms Mpho Mokgosi		√		√		
Consultant, Engenius	Ms Liesel Kirsten		√	√			
Acting Executive, Strategic Services	Ms Thoko Machimane		√		√		
Industrial Relations Specialist	Mr Thabiso Selai	√			√		
Independent Contractor, Registration	Mr Johan Pienaar	√		√			
CPD Officer	Ms Anna Thongwana		√		√		
Registration Officer	Mr Edward Timm	√				√	
Registration Officer	Ms Phindi Mchunu		√		√		
Filing Clerk	Ms Tshepang Malapile		√		√		
Education Officer	Ms Cathrine Ryan		√	√			
Administration Officer	Ms Tebogo Motlana		√		√		
Senior Debtors Administrator	Ms Annetjie Espach		√	√			

IT SUPPORT

Implementation of a Financial System

The implementation of a new Financial System was identified as one of the initiatives to upgrade the current IT platform. The main objective of the implementation is to ensure that internal and external financial reporting is achieved and that the system is compatible with the following legislative requirements:

- Public Finance Management Act (PFMA) Act 1999 (Act 29 of 1999);
- South African Standards of Generally Recognized Accounting Practice (GRAP);
- Council for the Built Environment Act, 2000 (Act 43 of 2000);
- Engineering Professions Act, (46 of 2000).

The system consists of Financial Accounting, Supply Chain Management and Fixed Assets modules. The linkage of ECSA's source of revenue with application and registration fees requires that integration between the existing registration system and the new financial system must be possible. The integration of the two systems is currently in progress.

Implementation of Enterprise Content Management Solution

A need to implement an Enterprise Content Management Solution that will assist ECSA in scanning, image processing, indexing as well as multi-channel capturing of manual applications and registration files, hard copies and yearly archive library of meeting agendas, tabled documents, minutes, and electronic documents for its internal operations and administrative functions was identified. A request for proposal was sent out and the process to evaluate the proposals is currently underway.

Infrastructure Upgrade

The following infrastructure upgrade projects which were initiated in the previous year were completed in 2013/2014:

- Installation of high speed fibre link, with redundancy;
- Enhancement to network and application security;
- Installation of a back-up generator;
- Replacement of laptops that have reached their useful life.

The Development of the new Website

The development of the new website was completed during the year under review.

Information Technology Policies and Procedures

A process to review the IT policies and procedures was completed. The reviewed policies were approved by the Council and communicated to staff during the year under review. The implementation of the policies and procedures is monitored through the daily IT operations and helpdesk activities.

Executive Team



Human Resources



Education Team with their Executive



Legal Team



Strategic Services Team



Administration Team



Registration Team



Finance Team



Office of the CEO



Supply Chain Management & Facilities



Education Team



Marketing and Communications

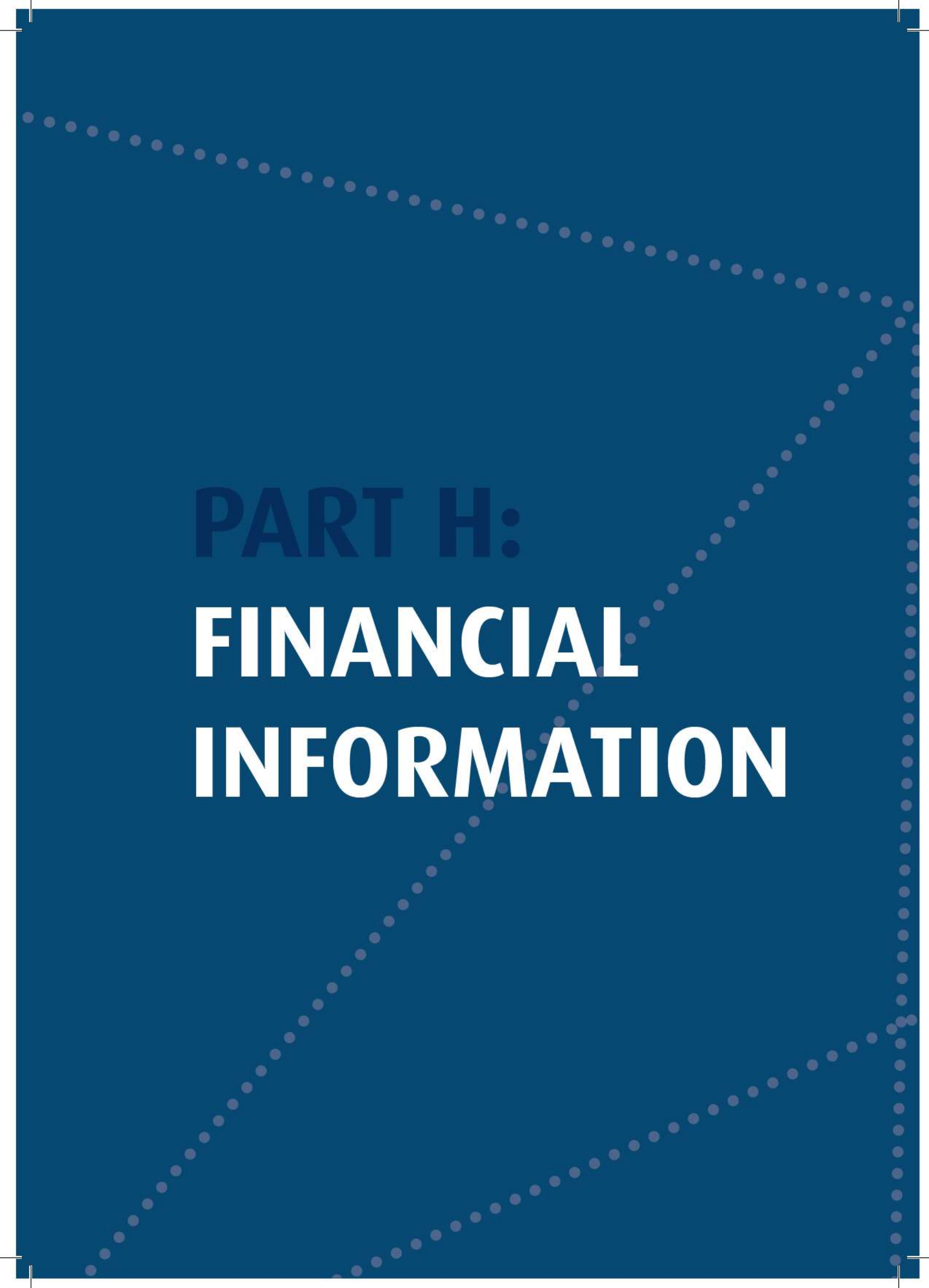


Legal Team with their Executive

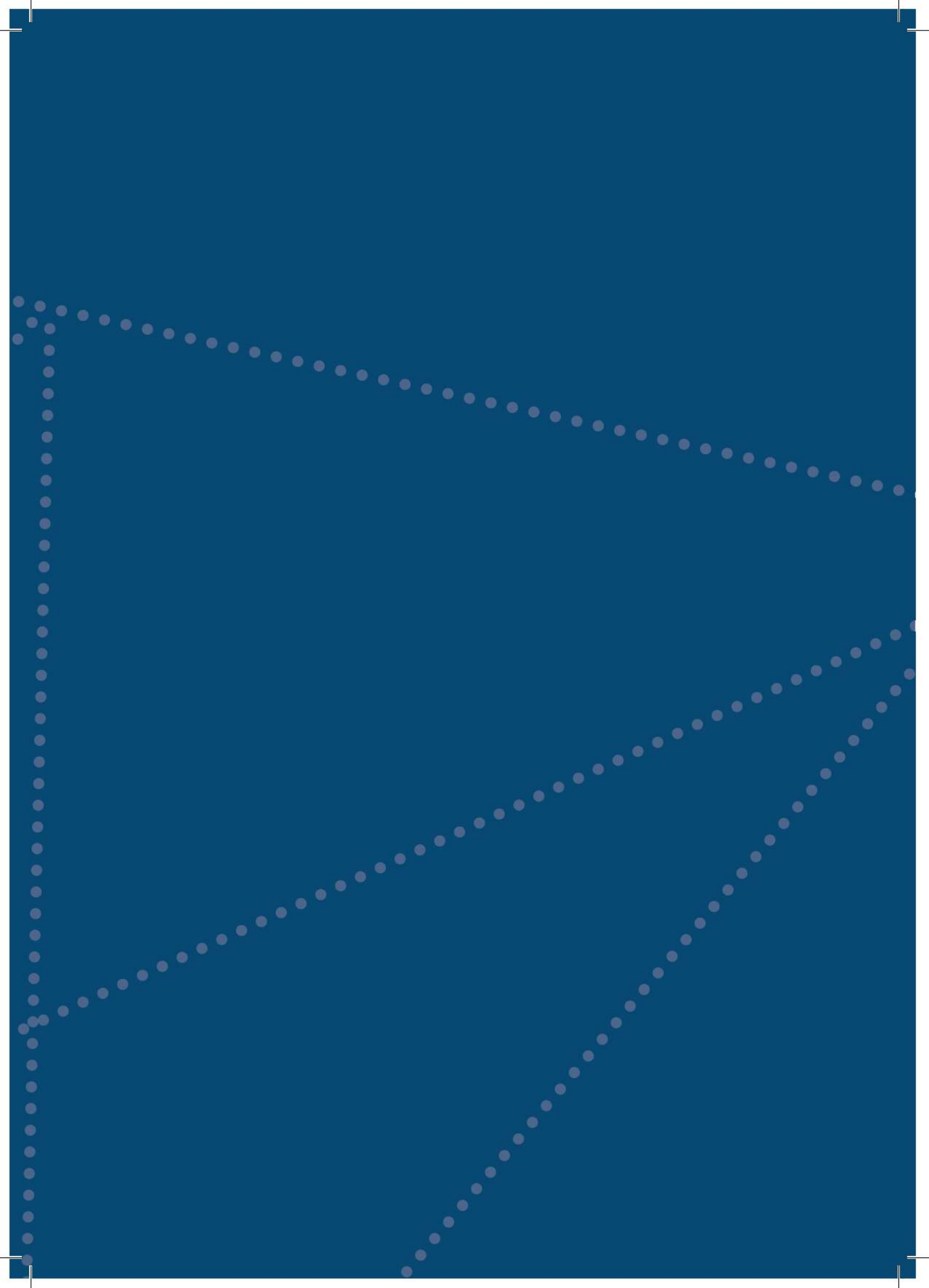


IT Team





PART H: **FINANCIAL** **INFORMATION**



THE ENGINEERING COUNCIL OF SOUTH AFRICA

Accounting authority's responsibilities and approval

The Council are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Council to ensure that the financial statements fairly present the state of affairs of the Council as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data

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

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and place considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the Council. While operating risks cannot be fully eliminated, the Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Council have reviewed the Council's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the Council has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Council's financial statements. The financial statements have been examined by the Council's external auditors and their report is presented on page 75.

The financial statements set out on pages 77 to 108, which have been prepared on the going concern basis, were approved by the Council on 31 July 2014 and were signed on its behalf by:



Cyril Gamede Pr Eng

President



Edgar Sabela

Acting Chief Executive Officer



INDEPENDENT AUDITOR'S REPORT TO THE ENGINEERING COUNCIL OF SOUTH AFRICA

We have audited the financial statements of the Engineering Council of South Africa set out on pages 77 to 108, which comprise the statement of financial position as at 31 March 2014, and the statements of financial performance, changes in net assets and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Councils' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Engineering Council of South Africa as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice.

Other matter

The supplementary information set out on page 109 does not form part of the annual financial statements and is presented as additional information. We have not audited these schedules and accordingly we do not express an opinion thereon.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: MN Govender

Registered Auditor

Date: **22 AUGUST 2014**

PricewaterhouseCoopers, 2 Eglin Road, Sunninghill 2157, Private Bag X36, Sunninghill 2157, South Africa
T: +27 (11) 797 4000, F: +27 (11) 797 5800, www.pwc.co.za

Africa Senior Partner: S P Kana
Management Committee: H Boegman, T P B andin de Chailain, B M Deegan, J G Louw, S N Madikane, P J Mothibe, T D Shango, S Subramoney, A R Tilakdari, F Tonelli
The Firm's principal place of business is at 2 Eglin Road, Sunninghill where a list of the partners' names is available for inspection.
VAT reg no. 4070182128.

THE ENGINEERING COUNCIL OF SOUTH AFRICA

COUNCIL REPORT

for the year ended 31 March 2014

Review of activities

Main business and operations

The Engineering Council of South Africa (ECSA) is established in terms of the Engineering Professions Act (No. 46 of 2000). The Act empowers the ECSA to perform the following functions, in order to protect the health and safety of citizens and the environment from the risks associated with engineering work:

- Set standards for engineering education and professional competency;
- Accrediting engineering education programmes, offered by public and private providers, that meet with the educational requirements for registration in the various categories;
- Register persons in professional categories who demonstrates competency against the standards for the categories;
- Evaluate educational qualifications that are not already accredited or recognised;
- Register persons who meet educational requirements in candidate categories;
- Establish specified categories of registration to meet specific health and safety licensing requirements and registered persons in these categories;
- Require registered persons to renew registration at intervals and under conditions that the Council prescribes;
- Enter international agreements for the recognition of educational programmes and registration;
- Develop and maintain a code of conduct, supported where necessary by codes of practice;
- Investigate complaints of improper conduct against registered persons and conduct enquiries and impose sanctions as each case requires;
- Recognise Voluntary associations (VA's)
- Recommended to the Council for the Built Environment (CBE), ECSA's identification of the type of the engineering work which may be performed by persons registered in any category.

The operating results and state of affairs of the entity are fully set out in the attached financial statements and do not in our opinion require any further comment.

Address

1st Floor Waterview Corner Building
2 Ernest Oppenheimer Avenue
Bruma Lake Office Park
Johannesburg
2198

Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis

presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Subsequent events

The CEO is not aware of any matter or circumstance arising since the end of the financial year that could have a material effect on the financial statements.

Council members

The council members of the organisation during the year and to date of this report are as follows:

Mr CV Gamede (President)	Mr DN Matthee
Mr A Peters (Vice-President)	Mr KC Mistry
Ms RA Botha	Mr MMG Mofokeng
Mr Y Brijmohan	Mr RJ Moloisane
Mr WSB Burger	Dr B L Mwaka
Mr LT Dhlamini	Mr NM Myataza
Mr PM Erasmus	Mr MA Ngcobo
Mr K Greenwood	Mr N Nqandela
Mr M Gxamza	Ms T Nkambule
Dr KI Jacobs	Mr K Nyangoni
Mr SS Jacobs	Ms M Padayachee-Saman
Mr ME Jele	Mr R Patel
Mr RE Jennings	Mr BP Petlane
Prof. BM Lacquet	Ms T Phiri
Dr A Lawless	Mr M Thunzi
Mr OL Leburu	Ms AM Sassenberg
Ms NVB Magubane	Mr AJ Singh
Mr S Makhetha	Mr CM Soga
Ms P Mangakane	Mr CP Stuurman
Ms TP Maphumulo	Dr N Tutu
Prof. T Marwala	Mr NP van Den Berg
Hon LB Mashile	Mr DJ van Niekerk
Prof. ML Masu	Prof. BJ van Wyk
Mr T Maswanganyi	Mr RT Vogt
DR ZT Mathe	Ms TM Zuma

Secretary

The duties of a company secretary of the ECSA are fully fulfilled by the administrative staff. The Engineering Profession Act does not require the ECSA to appoint a dedicated company secretary.

Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with the procurement policy.

Legal form

Council.

THE ENGINEERING COUNCIL OF SOUTH AFRICA

STATEMENT OF FINANCIAL POSITION

as at 31 March 2014

	Note	2014 R	2013 R
Assets			
Non-current assets		49 355 162	42 380 801
Property, plant and equipment	4	9 036 486	8 769 870
Intangible assets	5	1 720 733	673 946
Other financial assets	6	10 748 943	9 611 985
Retirement benefit asset	7	27 849 000	23 325 000
Current assets		12 827 794	15 535 823
Receivables	8	3 224 333	2 092 126
Cash and cash equivalents	9	9 603 461	13 443 697
Total assets		62 182 956	57 916 624
Liabilities			
Non-current liabilities		27 439 489	23 925 132
Borrowings	11	1 374 489	2 176 132
Retirement benefit obligation	7	26 065 000	21 749 000
Current liabilities		8 798 289	8 937 457
Borrowings	11	871 136	723 831
Trade and other payables	12	5 741 047	6 166 466
Provisions	13	2 186 106	2 047 160
Total liabilities		36 237 778	32 862 589
Total net assets		25 945 178	25 054 035
Net assets			
Other non-distributable reserves	10	2 547 540	2 547 540
Accumulated surplus		23 397 638	22 506 495
		25 945 178	25 054 035

The Engineering Council of South Africa - Notes to the financial statements
for the year ended 31 March 2014

	<i>Note</i>	2014 R	2013 R
Revenue			
Operating revenue	16	60 162 762	54 712 835
Other income	17	918 027	1 326 498
Total revenue		61 080 789	56 039 333
Operating expenses		(62 550 190)	(53 029 099)
Operating (deficit)/surplus	20	(1 469 401)	3 010 234
Investment revenue	21	3 414 650	3 642 230
Fair value adjustments	6	983 298	1 417 896
Actuarial gains/(losses)	7	(259 000)	(719 000)
Finance costs	22	(1 778 404)	(1 814 115)
Surplus for the year		891 143	5 537 245

The Engineering Council of South Africa - Notes to the financial statements

for the year ended 31 March 2014

	Funds received for future expenses	Accumulated surplus	Total net assets
	R	R	R
Balance at 31 March 2012			
Changes in net assets	2 547 540	16 969 250	19 516 790
Surplus for the year	–	5 537 245	5 537 245
Balance at 31 March 2013	2 547 540	22 506 495	25 054 035
Changes in net assets			
Surplus for the year	–	891 143	891 143
Balance at 31 March 2014	2 547 540	23 399 638	25 945 178
<i>Note</i>	<i>10</i>		

Statement of cash flows

for the year ended 31 March 2014

	Note	2014 R	2013 R
Cash flow from operating activities			
Receipts			
Cash receipts from customers		58 985 270	57 518 272
Investment revenue	21	3 414 650	3 642 230
Payments			
Cash payments to suppliers		(61 162 969)	(51 477 397)
Finance costs	22	(1 778 404)	(1 814 115)
Net cash flows from operating activities	27	(541 453)	7 868 990
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1 298 533)	(638 998)
Disposal of property, plant and equipment	4	4 449	9 194
Purchase of other intangible assets	5	(1 196 642)	(673 946)
Net movements in financial assets	6	(153 660)	(115 647)
Net cash flows from investing activities		(2 644 386)	(1 419 397)
Cash flows from financing activities			
Repayment of borrowings	11	(654 397)	(620 496)
Net cash flows from financing activities		(654 397)	(620 496)
Net decrease in cash and cash equivalents		(3 840 236)	5 829 097
Cash and cash equivalents at beginning of year		13 443 697	7 614 600
Cash and cash equivalents at end of year	9	9 603 461	13 443 697

1. Presentation of financial statements

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

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables and loans and receivables

The entity assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations. The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used

to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. The assumptions used are consistent with assumptions used in the statutory valuation. However, IAS 19 requires the valuation to be carried out on a prescribed market value basis and a number of the assumptions therefore differ from those used in the statutory valuation. Valuation rate of interest – IAS 19 requires rates to be determined by reference to the current market yield of government bonds. The bulk of the liabilities have a short term, whilst one remaining pensioner has a potentially very long remaining outstanding term.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are tested for impairment on an annual basis.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	50 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
Computer equipment	3 years
Improvements to property	10 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.3 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it; there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset;
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual value. No amortisation is provided on intangible assets not in use.

Intangible assets are derecognised:

for the year ended 31 March 2014

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount.

It is recognised in surplus or deficit when the asset is derecognised.

A financial asset is:

- cash;
- a residual interest of another entity;
- or a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

1.4 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Fair value
Trade and other receivables	Loans and receivables

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost
Borrowings	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value;
- Financial instruments at amortised cost;
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation

technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases – lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as an income and the contractual receipts are recognised as an operating lease liability. This liability is not discounted.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in profit and loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

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

1.6 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.
- When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Post-employment benefits: Defined benefit plans

GRAP 25 became effective for financial years commencing on or after 1 April 2013 and has been applied for the 2014 year end.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

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Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, postemployment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the

plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset).

The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit. The entity determine; the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit

entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line

with future changes in general price levels or general salary levels.

1.7 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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

Provisions are not recognised for future operating profits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

1.8 Revenue

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Fee income consists of annual fees, applications fees, registration fees, and accreditations of universities.

Professional fees are payable by members who are qualified as engineers (members who have obtained a university degree).

Fee income are recorded in the financial statements at the date when

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the fees are raised. Candidates fees are payable by members who are not yet qualified as engineers (e.g. students or technicians).

Application fees are once-off fees payable on registration at the ECSA. These fees are to compensate for the costs incurred during the evaluation process.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Revenue from exchange transactions

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Accreditation visit revenue is recognised as revenue from exchange transactions.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably. Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.9 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. Transfers

are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Annual, application and registration fees are recognised as revenue from non-exchange transactions.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

2. New standards and interpretations

2.1 Standards approved not yet effective

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2014 or later periods but are not yet effective to its

Standard / interpretation	Effective date Years beginning on or after	Expected impact
GRAP 205 – Transfers of Functions Between Entities Under Common Control	No date yet determined	No impact
GRAP 106 – Transfer of Functions Between Entities Not Under Common Control	No date yet determined	No impact
GRAP 107 – Merges	No date yet determined	No impact
GRAP 20 – Related Parties	No date yet determined	No material impact

operations:

shown in the statement of financial position plus net debt.

GRAP 20 – Related Parties

GRAP 20 – Related Party Disclosures

There are no externally imposed capital requirements.

Subject to exemptions in paragraph 32, if a reporting entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosures requirements are in addition to those in paragraph 35 to disclose remuneration of management. At a minimum, disclosures shall include:

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2014 and 2013 respectively were as follows:

- the amount of the transactions
- the amount of outstanding balances, including commitments; and
- their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
- details of the guarantees given or received.
- provisions for doubtful debts related to the amount of outstanding balances; and
- the expense recognised during the period in respect of bad or doubtful debts due from related parties.

Not applicable to the ECSA as yet as this standard is not yet effective.

3. Risk management

Capital risk management

The entity's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide services as enacted by the Engineering Profession Act 2000, (Act 46 of 2000) and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the entity consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 11, cash and cash equivalents disclosed in note 5, and equity as disclosed in the statement of financial position. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as

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Total Borrowings

	Note	2014 R	2013 R
Other financial liabilities	11	2 245 625	2 899 963
Less: Cash and cash equivalents	9	9 603 461	13 443 697
Net debt		(7 357 836)	(10 543 734)
Total equity		25 945 178	25 054 035
Total capital		18 587 342	14 510 301

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including fair value and interest rate risk), credit risk and liquidity risk. The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by a central treasury department (company treasury) under policies approved by the board. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk and credit risk and investment of excess liquidity.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the company in and aggregated by company finance. Entity finance monitors rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed

borrowing facilities at all times so that the company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the company treasury. Entity treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	R	R	R	R
2014				
Trade and other payables	5 729 640	–	–	–
2013				
Trade and other payables	6 191 915	–	–	–

The Engineering Council of South Africa - Notes to the financial statements

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Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

Standard Bank

National long-term credit rating	AA (ZAF)
National short-term credit rating	F1+ (ZAF)

The company analyses its interest rate exposure on a regular basis.

Investec

Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

National long-term credit rating	A+
National short-term credit rating	F1 (ZAF)

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. The ECSA has to comply with statutory obligations and no choice is exercised on the customer's ability to pay membership fees.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Refer to table below for quality ratings.

4. Property, plant and equipment

	Cost	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R
2014			
Buildings	7 691 993	(1 152 483)	6 539 510
Furniture and fixtures	739 838	(567 373)	172 465
Motor vehicles	198 064	(198 064)	–
Office equipment	1 127 625	(517 835)	609 790
Computer equipment	2 455 435	(1 535 377)	920 058
Improvements to premises	1 440 542	(645 879)	794 663
	<u>13 653 497</u>	<u>(4 617 011)</u>	<u>9 036 486</u>

	Cost	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R
2013			
Buildings	7 691 993	(998 643)	6 693 350
Furniture and fixtures	713 803	(487 995)	225 808
Motor vehicles	198 064	(198 064)	–
Office equipment	461 098	(380 066)	81 032
Computer equipment	2 228 605	(1 163 301)	1 065 304
Improvements to premises	1 221 576	(517 200)	704 376
	<u>12 515 139</u>	<u>(3 745 269)</u>	<u>8 769 870</u>

The Engineering Council of South Africa - Notes to the financial statements

for the year ended 31 March 2014

	Opening balance R	Additions R	Disposals R	Reclassification R	Depreciation R	Total R
2014						
Buildings	6 693 350	–	–	–	(153 840)	6 539 510
Furniture and fixtures	225 808	28 433	–	–	(81 776)	172 465
Motor vehicles	–	–	–	–	–	–
Office equipment	81 032	666 527	–	–	(137 769)	609 790
Computer equipment	1 065 304	384 607	(4 449)	–	(525 404)	920 058
Improvements to premises	704 376	218 966	–	–	(128 679)	794 663
	8 769 870	1 298 533	(4 449)	–	(1 027 468)	9 036 486
2013						
Buildings	6 847 190	–	–	–	(153 840)	6 693 350
Furniture and fixtures	300 794	21 465	(31)	–	(96 420)	225 808
Motor vehicles	39 613	–	–	–	(39 613)	–
Office equipment	379 411	9 436	(1 151)	(218 788)	(87 876)	81 032
Computer equipment	863 024	608 097	(8 012)	–	(397 805)	1 065 304
Improvements to premises	607 746	–	–	218 788	(122 158)	704 376
	9 037 778	638 998	(9 194)	–	(897 712)	8 769 870

DETAILS OF PROPERTIES

	2014 R	2013 R
Building section 5 to 8 Waterview Corner		
T013126/2009		
Section 5 includes 631 square metres		
Section 6 includes 383 square metres		
Section 7 includes 237 square metres		
Section 8 includes 456 square metres		
– Purchase price 29 April 2009	6 280 750	6 280 750
Building section 9 to 10 Waterview Corner		
T57554/1999		
Section 9 includes 212 square metres		
Section 10 includes 329 square metres		
– Purchase price 30 September 1999	1 411 243	1 411 243
Section 16		
T044549/2005		
– Purchase price 10 August 2005	5 000	5 000

- An undivided share in the common property (Section 5.8, 9-10 and 16) in the scheme apportioned to the said section in accordance with the participation quota as endorsed on the said sectional plan.

Property is security over borrowings disclosed in note 11.

5. Intangible assets

	Cost	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R
2014			
Registration system	1 576 411	(149 855)	1 426 556
Accounting system	294 177	–	294 177
	1 870 588	(149 855)	1 720 733
2013			
Registration system	673 946	–	673 946

Reconciliation of intangible assets

	Opening balance	Additions	Amortisation	Total
	R	R	R	R
2014				
Registration system	673 946	902 465	(149 855)	1 426 556
Accounting system	–	294 177	–	294 177
	673 946	1 196 642	(149 855)	1 720 733
2013				
Registration system	–	673 946	–	673 946

Reconciliation of intangible assets

	2014	2013
	R	R
6. Other financial assets		
Financial asset at fair value		
SIS Inflation plus 1-3 Investments	10 748 943	9 611 985

These instruments consist of investments held at financial institutions and their market values quoted in the market place.

Non-current assets

Available-for-sale	10 748 943	9 611 985
For debt securities classified as available-for-sale, the maximum exposure to credit risk at the reporting date is the fair value.		

The entity has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

The Engineering Council of South Africa - Notes to the financial statements
for the year ended 31 March 2014

SIS Inflation – opening balance	9 611 985	8 078 442
Fair value adjustment – current year recognised in profit and loss no other comprehensive income in the statement of financial performance	983 298	1 417 896
Earnings recognised in profit and loss for the period	153 660	115 647
Fair value at year-end	10 748 943	9 611 985

2014
R

2013
R

7. Employee benefit obligations

Defined benefit plan

The plan is a final salary pension/at plan.

Retirement benefit

Balance sheet obligations for

Pension benefits		
– current liabilities	–	–
– non-current liabilities	26 965 000	21 749 000
	26 965 000	21 749 000

Income statement charge for

Employee benefit expense		
– wages and salaries	29 811 002	26 051 572
– pension cost – defined benefit plan	(208 000)	(257 000)
	29 603 002	25 794 572
Actuarial losses/(gains) recognised in the statement of financial performance	2 243 000	747 000
Cumulative actuarial losses/(gains) recognised in statement of financial performance	(4 836 000)	(5 550 000)
	(2 593 000)	(4 836 000)

Pension benefits

Plan assets are held in a Sanlam Matrix 50 portfolio and the return is based on the performance of the portfolio. The assets underlying the Employer Surplus Account and the Solvency Reserve have been included in the asset value. The funds are administered by a separate legal entity and as a result, the assets belonging to the Fund are credit remote.

The amounts recognised in the statement of financial position are as follows:

2014
R

2013
R

Carrying value

Present value of the defined benefit obligation-partially or wholly funded	(26 065 000)	(21 749 000)
Fair value of plan assets	30 549 000	28 006 000
Asset not recognised	(2 700 000)	(4 681 000)
	1 784 000	1 576 000
Non-current assets	27 849 000	23 325 000
Non-current liabilities	(26 065 000)	(21 749 000)
	1 784 000	1 576 000

The Engineering Council of South Africa - Notes to the financial statements

for the year ended 31 March 2014

Net asset amount recognition was determined on the following basis: The definitions of the Fund provide for the establishment of an Employer Surplus Account ("ESA"). Rule 13.3.3 states that future surplus be allocated between the ESA and Member Surplus Account in proportions as determined by the trustees.

In these circumstances, AC 504 states that the present value of the economic benefits available to the employer (par. 68(b) of GRAP 25) is the value of the ESA plus the accounting surplus available as a reduction in future contributions. As confirmed by Absa Consultants and Actuaries, the value of the ESA was R1 784 000 as at 31 March 2014. Furthermore, since there are no active Defined Benefit members in the Fund (as per the valuation report), accounting surplus available as a reduction in future contributions is zero. The present value of the economic benefits available to the employer is therefore R1 784 000.

The value of the asset reflected on the balance sheet should be determined in terms of par. 68 of GRAP 25. This states that the net asset recognised should be the lower of the value determined under par. 64 and the present value of the economic benefits available to the employer (par. 68(b)). The values for the past three years are as follows (the actuary provided the ESA balance as at each date):

The value determined under par. 64 was R4 484 000 as at 31 March 2014 and the value of par. 68(b) was R1 784 000. Therefore, the net asset as at 31 March 2013 should be limited to R1 784 000.

The value determined under par. 64 was R6 257 000 as at 31 March 2013 and the value of par. 68(b) was R1 576 000. Therefore, the net asset as at 31 March 2013 should be limited to R1 576 000.

The fair value of plan assets includes:

Sanlam Matrix 50 portfolio

The assets underlying the Employer Surplus Account and the Solvency Reserve have been included in the asset value.

Assets not recognised (GRAP 25, paragraph 68(b))

2014	2013
R	R

2 700 000	4 681 000
------------------	------------------

Movement in the defined benefit obligation are as follows

Opening balance	21 749 000	19 024 000
Interest cost	1 579 000	1 565 000
Actuarial (gains)/losses	4 187 000	2 587 000
Benefits paid	(1 450 000)	(1 427 000)
Settlement amount paid	(25 747 000)	–
	26 065 000	21 749 000

Net expense recognised in the statement of financial performance

Interest cost	(1 579 000)	(1 565 000)
Actuarial gains/(losses)	(2 243 000)	(747 000)
Effect of the limit in GRAP 25, par. 68 (b)	1 984 000	28 000
Expected return on plan assets	2 046 000	2 541 000
	208 000	257 000

The movement in the fair value of plan assets are as follows

Opening balance	28 006 000	25 052 000
Expected return	2 046 000	2 541 000
Actuarial gains (losses)	1 944 000	1 840 000
Benefits paid	(1 450 000)	(1 427 000)
	30 549 000	28 006 000

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for the year ended 31 March 2014

Reconciliation between the present value of the defined benefit obligation and fair value of assets and net asset recognised in the balance sheet

Present value of Defined Benefit obligation	(26 065 000)	(21 749 000)
Fair value of plan assets	30 549 000	28 006 000
Net assets	4 484 000	6 257 000
Effect of the limit in GRAP 25, par. 68 (b)	(2 700 000)	(4 681 000)
	1 784 000	1 576 000
	%	%

The principal actuarial assumptions used were as follows:

Assumptions used at the reporting date

Discount rates used	6,93	6,67
Expected rate of return on assets	9,09	7,82
Expected rate of return on reimbursement rights	10,93	10,68

The assumptions used are consistent with assumptions used in the statutory valuation. However, GRAP 25 requires the valuation to be carried out on a prescribed market value basis and a number of the assumptions therefore differ from those used in the statutory valuation.

Valuation rate of interest – GRAP 25 requires rates to be determined by reference to the current market yield of government bonds.

The expected return on assets are based on an average balances portfolio.

The expected long term real return is 4%, calculated as follows:

	Portfolio	Real return	Weighted return
	%	%	%
Equity	70	4.50	3.10
Bonds	30	3.00	0.90
	100	7.50	4.00

The difference between the yield on a fixed interest government bond and the yield on an index linked government bond will give an indication of the inflation expectation in the market. For this purpose, the yield on the R202 and R209 fixed interest government bond as at valuation date were used. The index-yields were 9.09% and 2.02% respectively. The rate given is a weighted average rate.

In accordance with the Pension Increase Policy, increases should be granted equal to the increase in the Consumer Price Index, subject to affordability.

In respect of the period after retirement, the published a (55) tables for males and females have been used. The number of pensioners as at 31 March 2014, their annual pension and weighted average age, compared to that as at 31 March 2013 were as follows:

	2014	2013
Number of pensioners	10	8
Annual pension	1 666 000	1 286 000
Pension weighted average age	44	48

The Engineering Council of South Africa - Notes to the financial statements

for the year ended 31 March 2014

	2014	2013
	R	R
8. Receivables		
Trade debtors	7 079 022	4 314 895
Impairment of trade receivables	(3 996 176)	(2 434 196)
Deposits	138 614	2 000
Staff loans and study assistance	2 873	209 427
	3 224 333	2 092 126
Receivables from exchange transactions	463 521	553 014
Receivables from non-exchange transactions	6 615 501	3 761 881
	7 079 022	4 314 895
The following deposits are held:		
Deposits	138 614	2 000
Fair value of trade and other receivables		
Trade and other receivables	3 224 333	2 092 126
<i>Trade and other receivables impaired</i>		
The amount of the provision was 3 996 177 as of 31 March 2014 (2013 – 2 434 196)		
<i>Reconciliation of provision for impairment of trade and other receivables</i>		
Opening balance	2 434 196	2 690 402
Provision for impairment	1 561 981	–
Reversal of prior year provision	–	(252 294)
Bad debts written off	–	(3 912)
	3 996 177	2 434 196

	2014	2013
	R	R
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2 662	243
Bank balances	9 600 799	13 443 454
	9 603 461	13 443 697
The following facilities are attached to the Standard Bank current account		
Overdraft	2 000 000	2 000 000
EFT	3 000 000	3 000 000
Card	195 000	195 000
VAF LCF	21 600	21 600
10. Other reserves		
<i>Other reserves consist of provision for extraordinary legal expenses</i>		
Funds received for future expenses	2 547 540	2 547 540
11. Borrowings		
<i>Held at amortised cost</i>		
Bond on Section 5-8 – ABSA Bank	2 245 625	2 899 963
Interest at a rate of 8.25% is applicable on the bond and is to be repaid within 10 years.		
<i>Non-current liabilities</i>		
At amortised cost	1 374 489	2 176 132
<i>Current liabilities</i>		
At amortised cost	871 136	723 831
	2 245 625	2 899 963
12. Trade and other payables		
Trade payables	227 896	780 415
Payments received in advanced – contract in process	2 107 060	1 990 867
South African Revenue Services – VAT	95 864	123 481
Accrued payroll expenses	1 017 705	526 265
Accruals	2 292 522	2 745 438
	5 741 047	6 166 466
<i>Fair value of trade and other payables</i>		
Trade payables	5 741 049	6 166 466

The Engineering Council of South Africa - Notes to the financial statements

for the year ended 31 March 2014

13. Provision

Reconciliation of provision

	Opening balance	Additions	Total
	R	R	R
2014			
Leave pay provision	2 047 160	138 946	2 186 106
2013			
Leave pay provision	1 598 253	448 907	2 047 160

14. Financial asset by category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables	Total
	R	R
2014		
Trade and other receivables	3 224 333	3 224 333
Cash and cash equivalents	9 603 461	9 603 461
Other financial assets	10 748 943	10 748 943
	23 576 737	23 576 737
2013		
Trade and other receivables	2 092 126	2 092 126
Cash and cash equivalents	13 443 697	13 443 697
Other financial assets	9 611 985	9 611 985
	25 147 808	25 147 808

The Engineering Council of South Africa - Notes to the financial statements

for the year ended 31 March 2014

15. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

	Financial liabilities at amortised cost	Total
	R	R
2014		
Trade and other payables	5 741 047	5 741 047
Borrowings	2 245 625	2 245 625
	<u>7 986 672</u>	<u>7 986 672</u>
2013		
Trade and other payables	6 166 466	6 166 466
Borrowings	2 899 963	2 899 963
	<u>9 066 429</u>	<u>9 066 429</u>
	2014	2013
	R	R
16. Operating revenue		
Annual fees	51 073 362	43 932 638
Application fees	6 831 299	8 372 011
Accreditation visits	2 258 100	2 408 186
	<u>60 162 761</u>	<u>54 712 835</u>
The amount included in revenue arising from exchanges of goods or services are as follows:		
Accreditation visits	<u>2 258 100</u>	<u>2 408 186</u>
The amount included in revenue arising from non-exchange transactions is as follows:		
Annual fees	51 073 362	43 932 638
Application fees	6 831 299	8 372 011
	<u>57 904 661</u>	<u>52 304 649</u>

The Engineering Council of South Africa - Notes to the financial statements

for the year ended 31 March 2014

	2014	2013
	R	R
17. Other revenue		
Evaluation of qualifications	436 385	370 391
Disciplinary fines	20 000	57 874
Rental income	289 108	359 046
Income from Setas and Corporate affairs	43 860	263 158
Recoveries from cancelled registration persons	46 505	184 157
Profit on sale of fixed asset	5 733	–
Other income	76 436	91 872
	918 027	1 326 498
18. General expenses		
Auditors remuneration	398 034	352 883
Bank charges	258 661	261 484
Body corporate	2 072 970	1 590 970
Committee room expenses	81 445	84 196
Corporate Communication Services	2 114 574	1 437 081
Council and committee meetings	12 495 777	10 855 821
Disciplinary matters and fines	147 759	218 891
Fees	745 896	440 361
IT expenses	656 894	652 191
Insurance	214 714	276 554
Investment fees	118 539	100 985
Legal expenses	296 225	35 354
Maintenance	237 586	208 303
Membership fees	223 131	178 220
Motor vehicle expenses	20 315	30 667
Office expenditure	237 344	120 973
Parking	41 555	62 055
Personnel recruitment	499 607	584 482
Acquisition of minor asset	105 262	51 036
Printing stationery and publications	763 336	676 466
Project cost	2 050 218	759 484
Project and strategic development	1 056 765	–
Rental	2 236	14 656
Rental expense	838 826	1 199 776
Security	40 184	–
Staff study assistance	429 073	–
Staff welfare	573 913	172 082
Telephone and fax	901 185	864 154
Training	287 520	364 380
Travel – local	731 818	818 336
	28 641 362	22 411 841

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	2014 R	2013 R
19. Employee related costs		
Basic	25 727 898	21 779 630
Medical aid – company contributions	1 887 429	1 697 678
UIF	118 438	97 468
SDL	258 736	217 172
Non-employees on contract	–	602 845
Post-employment benefits – Pension – Defined contribution plan	1 676 466	1 656 779
Staff insurance scheme	142 035	–
	29 811 002	26 051 572
20. Operating (deficit)/surplus		
Operating surplus (deficit) for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
– contractual amounts	2 236	14 656
Impairment on trade and other receivables	1 559 708	2 434 196
Actuarial (gains)/losses	259 000	719 000
Depreciation on property, plant and equipment	1 027 469	897 712
Employee costs	29 811 002	26 051 572
Repairs and maintenance	1 243 823	1 006 708
Amortisation of intangible assets	149 855	–
21. Investment revenue		
Interest revenue		
Investment revenue on available-for-sale investments	272 200	216 632
Bank	1 096 450	884 598
Expected return on defined benefit assets	2 046 000	2 541 000
	3 414 650	3 642 230
22. Finance costs		
Interest paid	199 404	249 115
Defined benefit plan interest cost	1 579 000	1 565 000
	1 778 404	1 814 115
23. Income tax expense		
The Council is not exempted from income tax in terms of Section 10(1)(cA) of the Income Tax Act.		

The Engineering Council of South Africa - Notes to the financial statements
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	2014 R	2013 R
24. Auditors' remuneration		
Consulting	304 040	245 300
Secretarial services	93 994	107 583
	398 034	352 883
25. Debt impairment		
Provision for debts	1 559 708	–
Reversal of provision	–	252 294
26. Impairment of assets		
Impairments		
Trade and other receivables	3 996 176	2 434 196
27. Cash generated from operations		
Surplus	891 143	5 537 245
Adjustments for:		
Depreciation	1 027 469	897 712
Amortisation of intangibles	149 855	–
Actuarial (gains)/losses	259 000	719 000
Fair value adjustments	(983 298)	(1 417 896)
Impairment on trade receivables	–	–
Movements in retirement benefit assets and liabilities	(467 000)	(976 000)
Movements in provisions	138 946	448 907
Changes in working capital:		
Receivables	(1 132 207)	2 079 127
Trade and other payables	(361 417)	580 895
	(541 453)	7 868 990
28. Commitments		
<i>Operating leases – as lessee (expense)</i>		
Minimum lease payments due		
– within one year	149 101	627 885
– in second to fifth year inclusive	80 718	48 812
– later than five years	–	–
	229 819	676 697
Operating lease payments represent rentals payable by the entity for certain of its equipment. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.		
<i>Operating leases – as lessor (income)</i>		
Minimum lease payments due		
– within one year	–	230 860
– in second to fifth year inclusive	–	–
– later than five years	–	–
	–	230 860
Certain lease income represents rentals receivable by the company for lease of Section numbers 9 and 10. The lease term expired on 31 October 2013.		

The Engineering Council of South Africa - Notes to the financial statements

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29. Key personnel emoluments

Remuneration paid to key personnel

	Months employed	Emoluments	Contributions to retirement plan	Total
		R	R	R
2014				
Dr OSW Franks				
Chief Executive Officer (1 April 2013 to 30 June 2013)	3	671 007	46 037	717 044
Mr ME Sabela				
Executive: Strategic Services (1 April 2013 to 30 June 2013)	3	427 682	24 857	452 539
Acting Chief Executive Officer (1 July 2013 to 31 March 2014)	9	862 893	74 571	937 464
Dr F Goolam				
Executive: Statutory Services (1 April 2013 to 31 December 2013)	9	1 064 350	90 673	1 155 023
Ms MC Phalane				
Executive: Corporate Services (1 August 2013 to 31 March 2014)	8	762 685	72 214	834 899
Ms TY Machimane				
Executive (acting): Strategic Services (1 July 2013 to 31 March 2014)	9	719 100	–	719 100
		<u>4 507 717</u>	<u>308 352</u>	<u>4 816 069</u>

29. Key personnel emoluments

Remuneration paid to key personnel

	Emoluments	Contributions to retirement plan	Total
	R	R	R
2013			
Chief Executive Officer	1 494 316	172 953	1 667 269
Executive strategic services	1 256 543	–	1 256 543
Executive statutory services	1 261 206	–	1 261 206
	<u>4 012 065</u>	<u>172 953</u>	<u>4 185 018</u>

30. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

31. Events after the reporting date

The CEO is not aware of any matter or circumstance arising since the end of the financial year.

32. Statement of budgeted and actual information

	Approved	Final	Actual amounts	Difference final budget and actual
	R	R	R	R
2014				
<i>Receipts</i>				
Annual fees	47 745 409	47 745 409	51 073 362	(3 327 953)
Application fees	7 531 300	7 531 300	6 831 299	700 001
Accreditation	2 250 000	2 250 000	2 258 100	(8 100)
Revenues from other short and long term investments	1 120 000	1 120 000	1 234 060	(114 060)
Fair value adjustments on investment			983 298	(983 298)
Other revenue	1 048 500	1 048 500	1 056 693	(8 193)
	<u>59 695 209</u>	<u>59 695 209</u>	<u>63 436 812</u>	<u>(3 741 603)</u>
<i>Payments</i>				
Salaries	31 072 272	31 072 272	29 811 002	1 261 270
Rent and parking	2 277 708	2 277 708	2 609 906	(332 198)
Stationery and printing	657 200	657 200	763 336	(106 136)
General expenses	347 260	347 260	586 053	(238 793)
Personnel expenses	2 007 334	2 007 334	2 557 153	(549 819)
Telephone and postage	888 280	888 280	901 185	(12 905)
Maintenance	2 145 000	2 145 000	1 790 953	354 047
Financial expenses	1 636 269	1 636 269	1 334 830	301 439
Council and committee Expenses	9 634 879	9 634 879	13 667 552	(4 032 673)
Corporate and affairs and legal departments	2 580 090	2 580 090	2 675 531	(95 441)
Specialist services	6 448 918	6 448 918	4 813 813	1 635 105
Depreciation (not cash)	–	–	1 027 469	1 027 469
	<u>59 695 210</u>	<u>59 695 210</u>	<u>62 538 783</u>	<u>2 843 573</u>

32. Statement of budgeted and actual information

	Approved	Final	Actual amounts	Difference final budget and actual
	R	R	R	R
2013				
<i>Receipts</i>				
Annual fees	43 258 861	43 258 861	43 932 638	(673 777)
Application fees	6 379 200	6 379 200	8 372 011	(1 992 811)
Accreditation	–	–	2 408 186	–
Revenues from other short and long term investments	1 092 200	1 092 200	1 113 510	(21 310)
Other revenue	3 152 653	3 152 653	1 326 498	1 826 155
	<u>53 882 914</u>	<u>53 882 914</u>	<u>57 152 843</u>	<u>(861 743)</u>
<i>Payments</i>				
Salaries	(26 328 407)	(26 328 407)	(25 355 449)	(972 958)
Rent and parking	(2 297 100)	(2 297 100)	(1 830 357)	(466 743)
Stationery and printing	(625 989)	(625 989)	(676 466)	50 477
General expenses	(274 617)	(274 617)	(380 896)	106 279
Personnel expenses	(1 438 547)	(1 438 547)	(2 190 521)	751 974
Telephone and postage	(832 861)	(832 861)	(864 154)	31 293
Maintenance	(1 097 000)	(1 097 000)	(1 215 011)	118 011
Financial expenses	(1 658 864)	(1 658 864)	(1 442 252)	(216 612)
Council and committee meetings	(9 061 010)	(9 061 010)	(10 943 177)	1 882 167
Corporate and affairs and legal departments	(3 578 625)	(3 578 625)	(1 896 287)	(1 682 338)
Specialist services	(6 689 894)	(6 689 894)	(5 273 018)	(1 416 876)
Depreciation (not cash)	–	–	(897 712)	897 712
	<u>(53 882 914)</u>	<u>(53 882 914)</u>	<u>(52 965 300)</u>	<u>(917 614)</u>

34. Contingent liability

Litigation is in process against the company and the ECSA's legal representatives are of the opinion that the claim which is estimated not to exceed R2 571 411 can be successfully resisted or defended by the company. The finalisation date of the dispute is unknown at this stage.

35. PFMA compliance

The Engineering Council of South Africa is on a plan to become PFMA compliant within the next year.

The Engineering Council of South Africa - Notes to the financial statements

for the year ended 31 March 2014

Detailed income statement

for the year ended 31 March 2014

	Note	2014 R	2013 R
Revenue		64 495 485	59 681 563
Annual fees		51 073 362	43 932 638
Application fees		6 831 299	8 372 011
Accreditation visits		2 258 100	2 408 186
Evaluation of qualifications		436 385	370 391
Disciplinary fines		20 000	57 874
Rent received		289 108	359 046
Corporate affairs and accreditation visits venue		43 860	263 158
Bad debts recovered		46 550	184 157
Sundry income		76 437	91 872
Profit on sale of fixed asset		5 734	–
Interest received	21	3 414 650	3 642 230
Expenditure		64 328 640	(54 843 214)
Personnel	19	(29 811 002)	(26 051 572)
Investigations		(116 973)	(204 961)
Depreciation and amortisation		(1 027 469)	(897 712)
Amortisation on intangibles		(149 855)	–
Impairment loss/reversal of impairments	25	(1 559 708)	–
Finance costs	22	(1 778 404)	(1 814 115)
Reversal of impairment	25	–	250 132
Repairs and maintenance		(1 243 867)	(1 006 708)
Projects		–	(2 706 437)
General expenses	18	(28 641 362)	(22 411 841)
Fair value adjustments		983 298	1 417 896
Actuarial gains/(losses)		(259 000)	(719 000)
Surplus for the year		891 143	5 537 245

The supplementary information presented does not form part of the financial statements and is unaudited

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