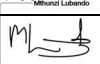



**merSETA**

MANUFACTURING, ENGINEERING  
AND RELATED SERVICES SETA

# MANDATORY GRANTS GUIDELINE 26/27

Document Title	Mandatory Grants Criteria and Guideline		
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## 1. Acronyms

AA	- Accounting Authority
ABET	- Adults Basic Education and Training
AMIC	- Automobile Manufacturing Industry Certificate
APP	- Annual Performance Plan as contemplated in SETA Grant Regulation 3(7)
ARPL	- Artisan Recognition of Prior Learning
ATR	- Annual Training Report as contemplated in section 10(1)(b)(ii) of the Skills Development Act, Act No. 98 of 1998 read with regulation 4(1)
B-BBEE	- Broad-Based Black Economic Empowerment
CBOs	- Community-based Organisations
CCMA	- Commission for Conciliation, Mediation and Arbitration
CEO	- Chief Executive Officer
CET	- Continuing Education and Training
CETC	- Community Education and Training College
CHE	- Council for Higher Education
CLO	- Clients Liaison Officer
CSI	- Corporate Social Initiative
COO	- Chief Operations Officer
DHET	- Department of Higher Education and Training
GETCA	- General Education and Training Certificate for Adults
HEI	- Higher Education Institution
ISO	- International Organisation for Standardisation
MANCO	- Management Committee
merSETA	- Manufacturing Engineering and Related Services Sector Education and Training Authority
MoA	- Memorandum of Agreement
NASCA	- National Senior Certificate for Adults
NCV	- National Certificate Vocational
NPO	- Non-Profit Organisation
NPP	- Non-Pivotal Plan

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NQF	- National Qualification Framework
NSDMS	- National Skills Development Management Systems
NSDP	- National Skills Development Plan 2030
OQSF	- Occupational Qualifications Sub-Framework
PIVOTAL	- Professional, Vocational, Technical and Academic Learning
PPP	- Public Private Partnership
PP	- PIVOTAL Plan
PR	- PIVOTAL Report
PSET	- Post-School Education and Training
PWDs	- People with Disabilities
QCTO	- Quality Council for Trades and Occupations established through the Skills Development Act, Act No. 97 of 1998.
RAP	- Retrenchment Assistance Programme
RPL	- Recognition of Prior Learning
SANAS	- South Africa National Accredited Systems
SAQA	- South African Qualifications Authority as contemplated in the National Qualification Framework Act, Act No. 67 of 2008.
SARS	- South African Revenue Service
SDA	- Skills Development Act, 1998 (Act No. 97 of 1998, as amended)
SDF	- Skills Development Facilitator
SDLA	- Skills Development Levies Act, 1999 (Act No. 9 of 1999, as amended)
SETA	- Sector Education and Training Authority
SMME	- Small, Medium and Micro Enterprise
SP	- Strategic Plan
SSP	- Sector Skills Plan
TERS	- Temporary Employer/Employee Relief Scheme
TVET	- Technical and Vocational Education and Training
UIF	- Unemployment Insurance Fund
VSP	- Voluntary Severance Package
WIL	- Work Integrated Learning
WSP	- Workplace Skills Plan

*\*Acronyms are non-exhaustive and will be supplemented from time to time.*

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## 2. Definition

**Acts for the purpose of the Policy, specifically** means the Skills Development Act (Act No. 97 of 1998, as amended), the Skills Development Levies Act (Act No. 9 of 1999, as amended), Public Finance Management Act (Act No. 1 of 1999, as amended) and related Acts and Regulations.

**Adult in education and training**, means a person who is sixteen years (16) or older and entered post-school programmes for the purpose of lifelong learning.

**Adult Education and Training (AET)** means education, training, and skills development for adults, including formal, non-formal and informal learning to improve knowledge and skills for personal development, further learning and/or employment.

**Apprenticeship** means a workplace-based learning programme culminating in an occupational qualification for a listed trade.

**Artisan** means a person certified as competent in a listed trade in accordance with the relevant legislation, informed by the Skills Development Act (Act No. 97 of 1998, as amended).

**Artisan Recognition of Prior Learning (ARPL)** means the principles and processes through which prior knowledge and skills of a person are made visible, mediated, and assessed for the purpose of alternative access and admission for trade test certification.

**Annual Training Report (ATR)** means a report on the implementation of an organisation's Workplace Skills Plan (WSP), wherein it reports on the education and training interventions that were delivered in the previous year.

**Credits** means the amount of learning contained in a qualification or part-qualification whereby one (1) credit is equated to ten (10) notional hours of learning.

**Critical Skills** mean skills and knowledge within an occupation that are required for the work/job tasks and activities of an occupation.

**Employers (and companies bear the same meaning)** means companies that are registered in terms of Companies Act. Employers include levy paying and non-levy paying companies as defined and described in the Grant Regulations of 3 December 2012.

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**Employee Skills Development Facilitator** means a representative from a company where there is no recognition agreement, representing the workplace and appointed by the employees to serve on the training committee and signs off on the mandatory grant's submissions.

**Entity/Organisation** means a body that is legally established in terms of relevant establishment laws such as the Companies Act, various education legislation, Non-Profit Organization Act (Act No. 71 of 1997), Public Service Act (Act No. 103 of 1994) ("Public Service Act") and the Constitution of the Republic ("Constitution") of South Africa 1996.

**Mandatory Funding Window** means a public call made through open media platforms and publications for applications for mandatory in accordance with the merSETA Grants Policy.

**Institutional and Sectoral Research** means research commissioned by a SETA on any aspect of the administration or management of a SETA, as well as research into sectoral supply and demand.

**Higher Education Institution** means a public or private institution established in terms of the Higher Education Amendment Act (Act No. 9 of 2016) that provides higher education on a full-time, part-time or distance basis and may be a university, university college or higher education college as defined by the Act. Private higher education institutions must be first incorporated or recognised in terms of the Companies Act to be established and registered.

**Intervention (and initiative has same meaning)** means an activity or combination of activities implemented to address the mandate and strategy of the merSETA. Interventions include but not limited to research, planning, evaluation, innovation, learning programmes, quality assurance of learning, strategic programmes projects and partnerships.

**Labour Organisations** means an organisation, agency, committee, or group that represents the interests of employees by participating in activities such as conducting negotiations with employers, providing advice, making representations to other bodies.

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**Learnership** means a workplace-based learning programme culminating in an occupational qualification.

**Learning Programme for purposes of this documents** means (i) a structured and purposeful set of learning experiences that lead to a qualification or part-qualification, knowledge, skills, and competencies. This may include learnerships, apprenticeships, skills programmes and any other prescribed programme that include a structured work experience component; (ii) artisan recognition of prior learning, bursary supported learning programmes, adult education and training programmes, academic skills programmes, skills set, credit bearing or non-credit bearing short courses, student internships A, B, and C, individual modules for Quality Council for Trades and Occupations (QCTO) part or full qualifications.

**Legislation for the purpose of the Policy** means the Skill Development Act (SDA), Skills Development Levies Act (SDLA), Public Finance Manage Act (PFMA) and related Acts and Regulations.

**Labour Skills Development Facilitator** means a representative from organised labour, where a recognition agreement has been signed between business and labour, representing the workplace, and appointed by a recognised trade union, to serve on the training committee and signs-off on the mandatory grant's submission. This is applicable to companies where recognition agreements exist, regardless of the number of employees.

**Labour Representative** means the representative of the labour constituency within the workplace.

**Levy Income** means the total amount of money received by a SETA in terms of section 7(1) and 8(2)(a) as read with 8(3)(b) of the Skills Development Levies Act.

**Levy Paying Employer** means an employer who is compelled obliged to pay skills development levies in terms of section 3(1) of the Skills Development Act.

**Management Committee** means the merSETA committee chaired by the Chief Executive Officer (CEO), comprising of senior members appointed in terms of Treasury Regulation 24.1 and responsible for decision-making in relation to the approved Delegation of Authority Framework of the merSETA.

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**Mandatory Grants** means funds designated as mandatory as contemplated in Regulation 4 of the Grant Regulations, to fund the education and training programmes as contained in the Workplace Skills Plan (WSP) and Annual Training Reports (ATR) of levy paying companies.

**Non-Credit Bearing Short Course** means a short learning programme where credits are not awarded. Non-Credit Bearing Short Courses could be funded through mandatory grants discretionary grants non-PIVOTAL programmes.

**Non-PIVOTAL Programmes** means (i) credit and non-credit bearing programmes not leading to qualifications or part qualifications but must still address the key objectives and priorities of merSETA; (ii) project initiatives that include but are not limited to Non sectoral research, evaluation, innovation projects, sponsorships, career development projects and other non-learning programmes core to the achievement of the merSETA mandate and strategy.

**Notional hours of learning** mean the estimate of the learning time that it would take an average learner to meet the defined outcomes, it includes consideration of contact time, research, completion of assignments, time spent in structured learning in the workplace, individual learning, group work, projects and others ten (10) notional hours equate to one (1) credit.

**Other Legal Entities** means legal persons or organisations, duly registered, inclusive of co-operatives, civil society organisations, non-profit organisations, international organisations, as well as public entities, public education and training institutions and recognised trade unions, eligible to receive discretionary grants funding in terms of Section 6(7) and Section 6(10) of the Grant Regulations (Government Gazette No. 35940).

**Part Qualification** means an assessed unit of learning that is registered on the NQF as a part qualification.

**PIVOTAL Programmes** mean Professional, Vocational, Technical and Academic Learning programmes leading to qualifications or part qualifications registered on the NQF. PIVOTAL programmes may include internships or professional programmes that culminate in SAQA recognised designations.

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**Post School Education** means universities, universities of technologies, TVET and community colleges involved, in skill development activities within and for the merSETA sector. The skills development activities may include research or providing direct skills development support in rural and other prioritised socio-economic contexts.

**Private Education and Training Providers** means non-public providers or private education and training institutions registered as private higher education institutions or continuing education and training colleges or skills development provider established by private sector companies or employer associations. Private education and training providers and skills development provider must be compliant in terms of legislative requirements and registration for the purpose of participation in learning and skills development interventions pertaining to relevant policies of the Department of Higher Education and Training (DHET), Council for Higher Education (CHE), Umalusi, QCTO and the merSETA.

**Public Education and Training Institutions** means Public Higher Education Institutions as defined in the Higher Education Act, 1997 (Act No. 101 of 1997) and a public college as defined in the Further Education and Training Act, 2006 (Act No. 16 of 2006).

**Qualification** means a national qualification registered on the NQF.

**Recognition of Prior Learning** means the principles and processes through which the prior knowledge and skills of a person are made visible, mediated, and assessed for the purposes of alternative access and admission, recognition and certification, or further learning and development (SAQA 2013: National Policy for the Implementation of RPL and Government Gazette 42319 of 19 March 2019).

**Research Institutes** means, for the purpose of the Policy, institutes involved in research initiatives related to the merSETA sector.

**Scarce Skills** means occupations identified through sector-related research and labour market analysis, as in demand, but for which there is inadequate supply of appropriately qualified people.

**Sign-off** means a signed agreement between an employer and a recognised trade union(s) about the identified skills development interventions referred to in the grant

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applications. A sign-off could be an electronic sign-off. This applies to enterprises or companies where a recognition agreement exists with trade unions or alternatively, employee representatives in companies who employ fifty (50) or more people and do not have a recognition agreement with trade unions.

**Skills Development Providers** means a legal entity accredited by the QCTO to offer occupational qualifications or part-qualifications registered on the Occupation Qualification Sub Frame (OQSF).

**Skills Programmes** means an accredited learning programme that is occupationally based and which, when completed, may constitute credits towards a qualification registered on the NQF, as informed by the Skills Development Act (Act No. 97 of 1998, as amended).

**Skill Sets** means a clustered range of skills required by a qualified person or a person already doing a task or job for the purpose of trans-skilling, re-skilling, or up-skilling in relation to industry needs and is linked to more than one NQF qualification according to the National Qualification Framework Act (Act No. 67 of 2008).

**Structured Workplace Learning** means the component of learning in an occupational qualification, an internship, or work placement for professional designation whereby a learner is mentored by a qualified, and where required, registered mentor in the application and integration of the knowledge and practical skills learnt, under supervision, in the actual context of a workplace in accordance with the prescripts set by the relevant qualification authority or professional body.

**Student Internship - Category A (Formerly Experiential Learning, P1 and P2)** means a period of workplace-based learning undertaken as part of the requirement for the Diploma, National Diploma, Higher Certificate or Advanced Certificate, as stipulated in the Higher Education Qualifications sub-framework of the NQF managed by the Council on Higher Education and South African Qualification Authority (SAQA).

**Student Internship - Category B** means a period of workplace-based learning undertaken as part of the requirement for a professional designation, and candidacy in the merSETA means the same.

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**Student Internship - Category C** means a period of workplace-based learning undertaken as part of the requirement for the Occupational Qualifications of the Trade and Occupations Sub Framework of the NQF managed by QCTO and the SAQA.

**Training Committee** means an established committee for the purpose of active participation in skills development learning programmes in companies for both those companies who have a recognition agreement with trade unions or those who employ 50 (fifty) or more employees and do not have a recognition agreement with trade unions.

**Technical and Vocational Education and Training College** means a college established under the Continuing Education and Training Act No 16 of 2006, providing education and training programmes that lead to qualifications or part qualifications registered on level 2 (two) to 4 (four) of the NQF, which are quality managed by Umalusi. TVET colleges may accredited by the QCTO as skills development providers to provide programmes leading to occupational qualifications of the Trades and OQSF of the NQF as well as programmes at level 5 (five) of the Higher Education Sub-Framework of the NQF under a certification agreement with a higher education and training institution.

**Trade-Related Learnerships towards fully qualified artisan status** means the completion of NQF Levels Two (2) to Four (4) trade-related learnerships and subsequently obtaining a trade test certificate through the ARPL process.

**Verification for the purpose of this Policy** means the process of ensuring that all eligible organisations applying for mandatory, meet the requirements for the awarding of grants.

**Workplace Skills Plan (WSP)** means a strategic document that articulates how an employer intends to address the training and development needs in the workplace during a forthcoming year.

**Work Integrated Learning (WIL)** means an umbrella term to describe curricular, pedagogic and assessment practices, across a range of academic disciplines that integrate formal learning and workplace concerns, which culminates in a qualification or part qualification and can include practical, professional practice, internships,

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workplace experience, industry-based learning, cooperative education, service learning, real work learning, placements, experiential learning and clinical placements.

*\* All terminology not defined above shall bear the same meaning as in the applicable legislation.*

*\* The below definitions are not exhaustive and may from time to time be reviewed.*



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### **3. Purpose**

3.1 The purpose of the merSETA Mandatory grants criteria and guideline is to set out conditions, rules, and standards for:

3.1.1 The management of grants to include the application, verification, evaluation, awarding and implementation of Mandatory Grants (MG)

### **4. Principles of the Guideline**

4.1 Transparency: The merSETA conducts grant funding processes in a manner that is honest, open, ensuring access to information whilst guided by the laws of the Republic of South Africa.

4.2 Accountability: The merSETA conducts grant funding processes in a manner that demonstrates its obligation to responding to the needs of its stakeholders and beneficiaries.

4.3 Inclusivity: The merSETA supports structural economic transformation that promotes an inclusive growth agenda; transformation in terms of control and ownership; and demographic transformation of the labour market with respect to issues such as race, gender, differently abled people, youth, and township and rural communities.

4.4 Ethics: The merSETA conducts grant funding processes in manner that is professional, unbiased, fair, and equitable and recognises the diversity and dignity of its stakeholders and beneficiaries.

4.5 Conflict of Interest: The merSETA conducts grant funding processes in a manner that promotes the interests and needs of its stakeholders and beneficiaries through best practice governance oversight and monitoring, and requires declaration of conflict of interest from DG applicants.

4.6 Due Diligence: The merSETA is accountable for the efficient, effective and responsible allocation and utilisation of levy grants which are public funds. The merSETA therefore applies the due diligence principle in the management of levy grants and the way they are allocated and used for the needs and services of its Grant Policy beneficiaries.

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## **5. Priority Learning Programmes**

- 5.1 The merSETA's grants funding targets pertaining to Projects addressing PIVOTAL, NON-PIVOTAL interventions (initiatives) aligned to merSETA strategic priorities, as identified in the Sector Skill Plan (SSP), SP, APP and National Skills Development Plan (NSDP) 2030 outcomes.
- 5.2 PIVOTAL programmes include: learnerships, apprenticeships, bursaries, skills programmes, skills set, Individual modules (Occupational certificates), part qualification (QCTO) modularised qualification, graduate internships TVET Colleges, Universities of Technology and Universities) and student internships (Categories A, B and C).
- 5.3 The application notice determines the application submission method as well as submission deadline. Any application that does not comply with the application notice will automatically be disqualified.

## **6 Guidelines for the Submission of Mandatory Grants**

- 6.1 An employer submitting the mandatory grant application must be a merSETA levy-paying company and must have submitted a WSP, ATR where applicable.
- 6.2 The merSETA will not fund training for re-licencing purposes, undertaken as part of legislative requirements. Re-licensing forms part of an employer's legal obligations.
- 6.3 Mandatory grant amounts paid to employers for planned learning interventions may not be equal to the amount requested, in view of the value of mandatory grants that could be less than the training costs projected by the employer.
- 6.4 The merSETA will monitor the implementation of at least twenty percent (20%) of all mandatory grant's submissions. The merSETA has the right to verify any report submitted. The Client Liaison Officer (CLO) will conduct verifications at the respective regional offices.
- 6.5 Where a company has deviated more than forty percent (40%) from the previous year's workplace skills plan, the company is required to submit a motivation stating the reasons for the deviation. The sole reason for the use of the information contained in the deviation motivation would be to assess the trends in the workplace and the circumstances the employer and employees are experiencing.
- 6.6 Consideration will be given for the inclusion of training implemented and reported in the ATR, which was not specified in the WSP.

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- 6.7 Where required, nominated employee/labour Skills Development Facilitators (SDF's) is required to be registered on the NSDMS by the primary SDF, against the specific company and must submit a signed authorisation document to the merSETA before access will be granted.
- 6.8 Where the nominated employee/labour SDF is not available to sign off on the application, alternate employee/labour SDFs must sign off on the application.
- 6.9 Where required, the employee/labour SDF is required to sign off electronically directly on NSDMS.
- 6.10 Where disputes have been declared, the employer must log the dispute and ensure that the information related to the dispute is uploaded against the "document upload tab," on or before the submission deadline.
- 6.11 Companies who submitted mandatory grant applications within the specified timeframe and have not met the minimum criteria listed below, may be requested to submit outstanding information by no later than the 15th of July of the financial year. Minimum criteria could include:
- 6.11.1 Clarification of sign-off by either the labour or employee SDF (whichever is applicable).
- 6.11.2 Outstanding labour or employee SDF signatories (whichever is applicable).
- 6.11.3 Proof that an inter-SETA transfer was approved, and the transfer has occurred prior to the mandatory grant submission deadline, and
- 6.11.4 Minutes of the Training Committee meeting/s.
- 6.11.5 It is important to note that the above will be the only information that will be considered after the 30th of April of the financial year.
- 6.12 Employers who fail to meet the prescribed criteria, outlined in this document, will forfeit their grants.
- 6.13 Where the nominated employee/labour SDF is not available to sign off on the application, alternative employee/labour SDF must sign off on the application.
- 6.14 Where required, the employee/labour SDF is required to sign off electronically directly on NSDMS.
- 6.15 Where disputes have been declared, the employer must log the dispute and ensure that the information related to the dispute is uploaded against the "document upload tab, on or before the submission deadline.

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- 6.16 It is important to note that the above will be the only information that will be considered after 30th of April of the financial.
- 6.17 Employers who fail to meet the prescribed criteria, outlined in this document, will forfeit their grants.
- 6.18 Mandatory grants not claimed within the stipulated timeframe will be transferred to the discretionary grant by the 15th of August of the financial year.
- 6.19 The merSETA CEO, as the AA's delegated representative, may grant an extension of a maximum period of one month from the submission date, as regulated. For the merSETA to consider the extensions, the extension request must be submitted electronically on the NSDMS on or before the 30th of April deadline.

## **7. Criteria for the Approval of Mandatory Grants**

- 7.1 The merSETA must allocate mandatory grants to the merSETA's levy-paying employers who submitted their applications on or before 30<sup>th</sup> of April of the financial year and met the following criteria:
- 7.1.1 Submitted and implemented a WSP and ATR, where applicable, in the required format.
- 7.1.2 Registered for the first time in terms of the SDLA and applied for a mandatory grant within six months of registration.
- 7.1.3 Levy payments are up to date.
- 7.1.4 Employers who have recognition agreements with a trade union or unions, must provide evidence that the WSPs and ATRs have been subjected to consultation with the recognised trade unions in the form of training committee minutes and the WSPs and ATRs must be signed off by the labour SDF appointed by the recognized trade union, unless an explanation could be provided.
- 7.1.5 Employers who have no recognition agreement and have 50 or more employees, must provide evidence that the WSPs and ATRs have been subjected to consultation with the nominated employee SDF in the form of training committee minutes and the WSPs and ATRs must be signed off by the employee SDF appointed by the employees within the organisation.

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## 8. Administrative Requirements

- 8.1 It is the responsibility of the employer/organisation to supply the merSETA with the information relating to the banking details by submitting the information online.
- 8.2 The merSETA will validate requests for changes to banking details.
- 8.3 The merSETA reserves the right to request supporting documentation to verify compliance with the conditions of each project and/or grant rule/s prior to effecting payments.

## 9. Mandatory Grant Application Platform

- 9.1 The merSETA will make the NSDMS available for electronic submissions.

## 10. Communication Channels with Grant Applicants and Recipients

- 10.1 The merSETA will make use of the following communication channels:

merSETA website: <a href="http://www.merseta.org.za">www.merseta.org.za</a>	Skills Development Forums.
Stakeholder publications	Roadshows
Newspapers	Regional offices
E-mail blitz	All official merSETA meetings
merSETA social media/platforms	

## 11. Guideline Review

- 11.1 The Guideline will be reviewed every five (5) years or as per operational and strategic changes, section 5 above and monitored in line with merSETA Quality Management System-ISO 9001:2015 for effective implementation.

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