



HIGH GEAR

SETA BEST PRACTICE

SUMMARY GUIDE



Funding Partner



Implementing Partner



National Partner



TABLE OF CONTENTS

High Gear Overview	4
SETA Grant Advisory Service	5
Introduction to Funding Options	6
Sector Education and Training Authority (SETA)	7
Skills Development Levy	8
How SDL Contributions Are Distributed	9
How to Register With a SETA	10
Inter-SETA Transfer Process	11
SETA Funding Through Grants	12
Pivotal and Non-Pivotal Programmes	13
Discretionary Grants	14
Responsibilities of the Skills Development Facilitator (SDF)	15
Who Is Part of the Training Committee?	16
Role and Function of the Training Committee	17
Cycle of Yearly Training Planning	18
Who Are the SETAs?	19
Glossary	20





FOREWORD



The realisation of the objectives of the South African Automotive Masterplan 2035 are dependent on developing the requisite skills within the automotive industry. Increasing South Africa's contribution to global vehicle production to reach 1% of global output will require the expansion of the employee cohort. This needs to be accompanied with skills development to ensure the South African industry can continue to make technological advancements, promote transformation, and realise localisation opportunities.

Currently, skills present a bottleneck to greater production and localisation. There needs to be a collaborative effort from all stakeholders within the automotive sector to ensure there is greater skills development that is aligned with the demands of the industry and fosters transformation.

The skills development landscape in South Africa can be difficult to navigate, from understanding legislation and its implications, to understanding the various statutory bodies and their purpose. The skills development ecosystem is, however, critical to business growth and job creation objectives. The South African government has established the Sector Education Training Authority (SETA) system to partner with industry in designing and delivering turnkey skills development solutions that promote industry growth and global competitiveness.

The National Association of Automotive Component and Allied Manufacturers (NAACAM) has been successful in partnering with the Manufacturing, Engineering and Related Services SETA (merSETA) to establish a dedicated Automotive Components Manufacturing Chamber. This Chamber – established in April 2020 – will ensure that there is a central platform to address skills priorities in the automotive components manufacturing sector and improve employers' uptake and effective utilisation of grant funding within the sector. Only 10% of firms in the automotive components manufacturing sector apply for discretionary

grant funding from merSETA, despite industry's ranking of skills development as a high priority along with localisation and transformation.

Through the High Gear initiative, NAACAM is working to form sustainable and collaborative partnerships between industry and the public technical vocational educational and training (TVET) college sector, to build a stronger and demand-aligned pipeline of skilled and qualified graduates. This robust pipeline of high-calibre graduates will play a key role in enabling the component sector to expand, realise new opportunities and meet the South African Automotive Masterplan 2035 objectives.

An area of interest for the NAACAM membership is the development of firm-level capacity to better leverage funding through the SETAs and their discretionary grant funding mechanism, including to enhance TVET partnerships, and further support gender and social inclusion transformation within their workplaces. It is strategically important for automotive component suppliers to utilise these grants to address the unique and scarce skills requirements of the sector and support the implementation of the SETA Sector Skills Plans.

High Gear will provide further skills development support mechanisms through the establishment of a SETA Grant Advisory support desk, starting first with NAACAM members in KwaZulu-Natal and possibly expanding to other regions based on demand.

High Gear SETA Grant Advisory service will ensure that NAACAM member companies are guided through the processes of accessing and working within the SETA grant system.

NAACAM strongly advises our members to make use of the High Gear SETA Grant Advisory Service.



HIGH GEAR OVERVIEW



The National Association of Automotive Component and Allied Manufacturers (NAACAM) and the Department of Higher Education and Training (DHET) are the lead national partners of High Gear, an exciting initiative managed by the International Youth Foundation (IYF) that is advancing South Africa's public TVET college system.

High Gear draws on industry knowledge and skills imperatives – along with IYF curricula enhancement tools – to strengthen the market relevance and more inclusiveness of select public TVET college courses. Ultimately, High Gear aims to demonstrate a model for greater industry

involvement in TVET course design and delivery that generates enthusiasm from TVET educators and the industry, while also generating positive returns for young people and employers.

The UK government's Skills for Prosperity Programme is funding High Gear implementation in KwaZulu-Natal, and the United States Agency for International Development (USAID) and the Michael & Susan Dell Foundation are funding project implementation in the Eastern Cape. All three funding partners are supporting High Gear's national stakeholder engagement and learning efforts.



SETA GRANT ADVISORY SERVICE OVERVIEW

High Gear aims to work with NAACAM members at all tier levels – to assist with providing guidance on gaining access to merSETA funding and supporting their more efficient and impactful use of SETA funds, including to support their transformation and localisation objectives, and to expand industry and technical vocational education and training (TVET) college partnerships.

High Gear will deliver advisory services to existing recipients of SETA funding, as well as to members who are not currently accessing SETA funding.

The High Gear SETA Grant Advisory Service offering will include:

- This best practice guide, produced in collaboration with Engeli Enterprise Development and WomHub, which provides practical advice on accessing and effectively utilising SETA grants
- Tailored information sharing sessions on SETA discretionary and mandatory grants for NAACAM members
- For qualifying companies*, delivery of tailored advisory services related to SETA applications, Workplace Skills Plan (WSP), and Annual Training Report (ATR) submissions
- For qualifying companies*, delivery of B-BBEE gap analysis and associated recommendations that can be furthered through SETA grants

**Contact the High Gear Team to see if your company qualifies for this bespoke service*

INTRODUCTION TO TRAINING FUNDING OPTIONS

Before you begin your Skills Development Analysis to determine the gaps in your organisation's skill set and your B-BBEE training planning requirements, you need to be aware of the funding opportunities that are in place and the requirements:

SETA funding



- Mandatory Grants
- Discretionary Grants based on company category and percentage of your Skills Development Levies contributed

Employee tax incentive



- Up to R12 000 deduction per youth employee p/a

12H tax concession



- Up to R120 000 per candidate tax deduction for apprenticeship and learnership programmes

DISCRETIONARY GRANT VALUES PER INTERVENTION SUMMARY

INTERVENTION TYPE	ESTIMATED VALUE PER PERSON
NQF Level 2 to 4 ending in a trade test	R206 290.00 (Disability bonus R20 625.00)
Apprenticeship	R206 290.00 (Disability bonus R20 625.00)
QCTO qualifications & Unit standard based Learnerships	
NQF Level 1	R45 420.25 includes R21 998.75 learner allowance
NQF Level 2	R56 837.81 includes R33 002.50 learner allowance
NQF Level 3	R67 838.67 includes R44 003.46 learner allowance
NQF Level 4 and higher	R78 839.55 Includes R55 004.33 learner allowance
Public TVET College graduate placement	R28 875.00 per learner for 6 months of workplace exposure
Bursary for permanent employed	Basic grant: R26 125.00

merSETA Grants Criteria and Guideline 2021/2022

Companies that make strategic use of the various funding options that are available to their organisation show significantly higher levels of overall company growth by having suitably skilled workers that can deliver to their clients with competitive cost, quality and delivery while having a lesser impact on their bottom line and financial stability.

SECTOR EDUCATION AND TRAINING AUTHORITY (SETA)

Purpose: responsible for the disbursement of the training levies payable by all employers to companies to assist in the funding of training initiatives and creating and managing learnerships, internships, unit-based skills programmes, as well as apprenticeships.

SETA LANDSCAPE

- SETAs were established in terms of the Skills Development Act No 97 of 1998
- There are currently 21 SETAs in South Africa, catering for all industries in both the public and private sectors

FUNCTIONS OF THE SETAs

- The SETAs are responsible for developing and implementing the National Skills Development Strategy and B-BBEE Skills Development Plans as part of government's long-term strategies
- Administration of the skills development levy (SDL) collected from employers by SARS and paid across to the SETAs in terms of the Skills Development Act
- Identify and promote training of scarce and critical skills by providing SETA grant funding for implementation of various learning programmes ie, apprenticeships, learnerships, internships, bursaries, skills programmes
- Perform quality assurance functions to ensure that the applicable standards of the South African Qualifications Authority (SAQA) and the National Qualifications Framework (NQF) are being maintained

How do I know which SETA my company belongs to?

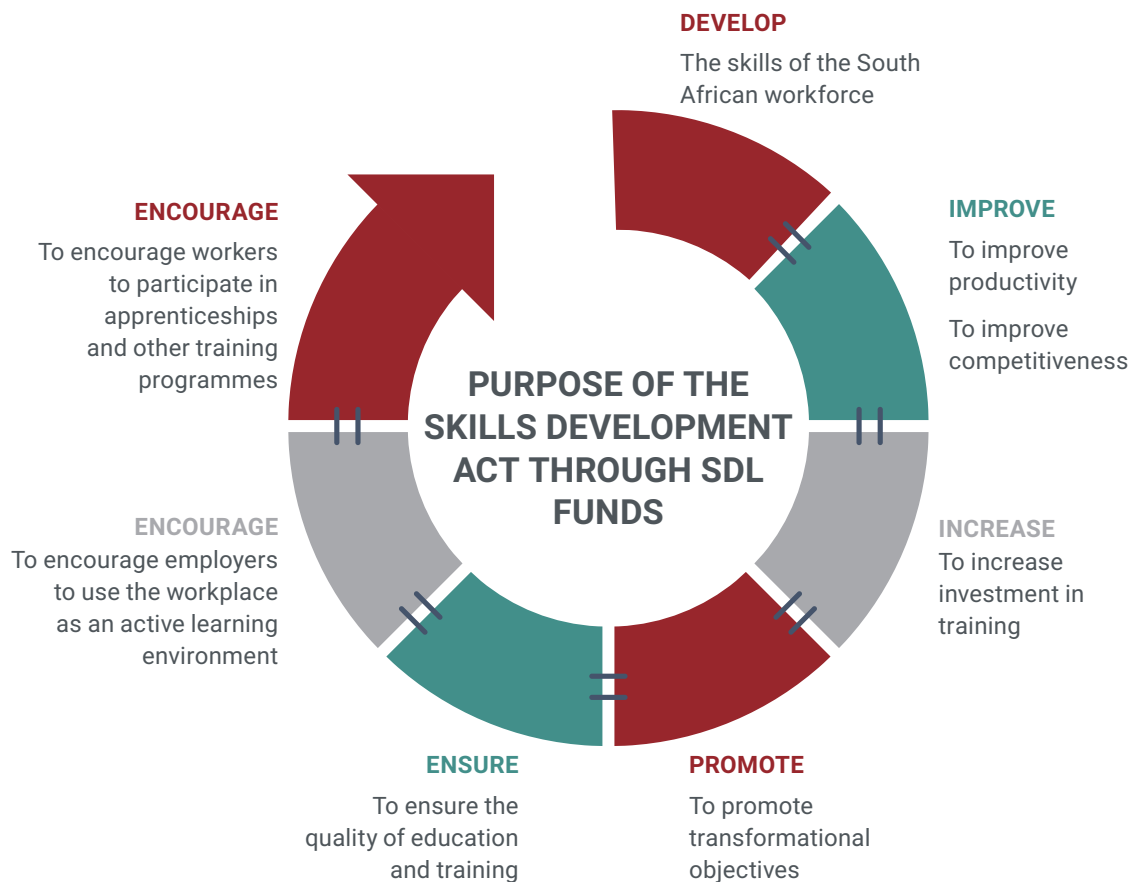
- When a company is registered with the Companies and Intellectual Property Commission (CIPC) upon creation, the directors need to stipulate the nature of the business and its core function. **CIPC will allocate a Standard Industrial Classification (SIC) code to the company based on the description provided.** Each SIC code is allocated to a specific SETA
- **The SIC code is displayed as part of your SARS e-filing profile**
- **Please note you are not automatically registered with a SETA when your company is registered with SARS.** However, your SDL payments will be processed and submitted to SARS once your salary and wages cost exceeds R500 000 per annum
- **You will be provided with a Chamber code** and the corresponding SETA can be identified by searching the link www.sars.gov.za
- The inter-SETA transfer process makes provision for those who wish to move from one SETA to another

SKILLS DEVELOPMENT LEVY

Skills Development Levy (SDL)

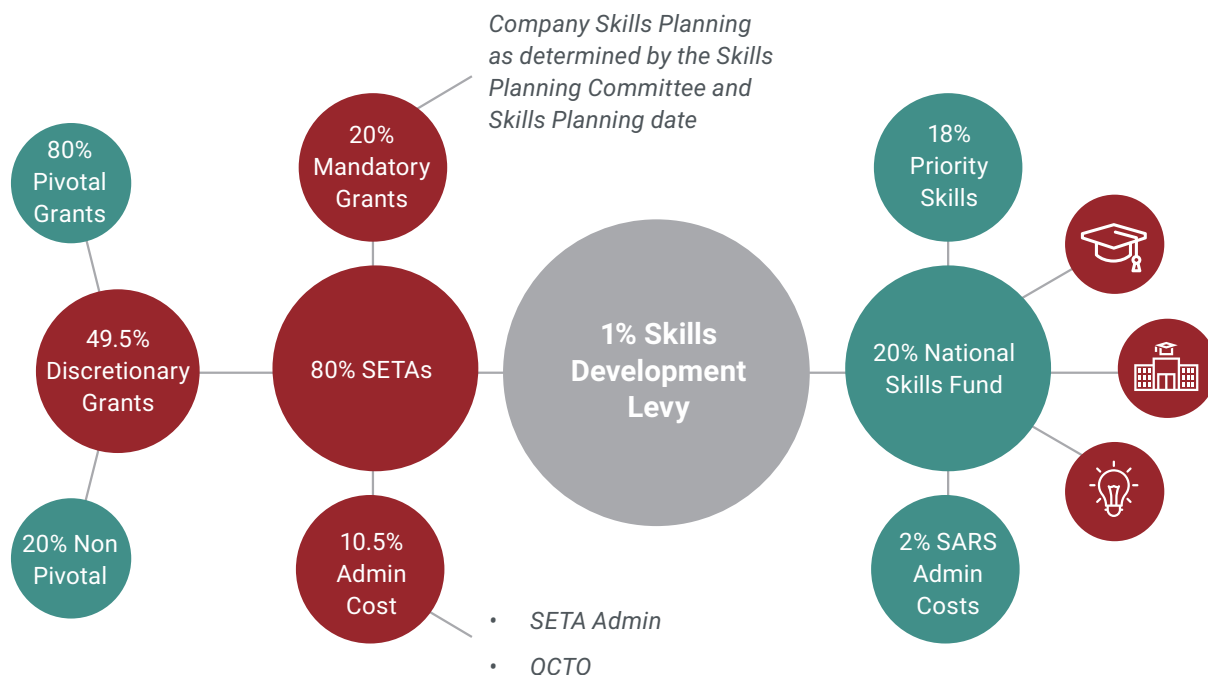
- A levy imposed on companies to encourage learning and development in South Africa. The levy is determined by the size of the employer's salary and wage bill.
- It is a legal requirement to pay SDL in accordance with the Skills Development Act, if:
 - A company has registered employees with the South African Revenue Service (SARS) for tax purposes (Pay As You Earn [PAYE])
 - If a company's payroll is more than R500 000 per year, even if employees included therein are not registered for PAYE with SARS

South Africa's challenges of poverty, inequality and unemployment have contributed to the current skills shortages.



HOW SDL CONTRIBUTIONS ARE DISTRIBUTED

All employers whose gross wages exceed **R500 000** per annum need to pay a 1% Skills Development Levy



Mandatory Grants

Paid to employers based on the submission and approval of the Annual Training Report (ATR) and Workplace Skills Plan (WSP), up to a maximum of 20% of the levy contribution.

Discretionary Grants

Funding provided to employers who provide training that addresses respective workplaces' critical and scarce skills (Priority Skills) and assists in the achievement of the SETA commitments to the Department of Higher Education and Training and priority skills as indicated in the SETA Sector Skills Plan.

Priority Skills

South Africa's scarce and critical skills (demand for skills) identified through the WSP/ATR submission process. The various SETAs publish a list of priority skills annually, which collectively form the National Scarce and Priority Skills.

Core Skills

Skills which are unique to a particular industry or organisation.

Example of funding distribution – company has an annual Salary & Wages bill of R10-million pa

- Mandatory Grant payout	R20 000
- Discretionary Grant payout	R49 500
- Total Potential Grant Payout	R69 500

HOW TO REGISTER WITH A SETA

Registration

- All SETAs operate using an online platform. Preferred browser is Chrome
- One (1) Primary SDF is required per entity. Secondary SDF may be appointed, though limited to view access on the system
- Copy of ID
- Appointment Letter

Once SDF is registered, they will be able to register / link an organization to their profile

SDFs may have one or more organisations linked to their profile

The selected representatives are responsible for signing the WSP/ATR Submission document (Mandatory Grant) - Senior Representative of organisation, SDF and where applicable Skills Development Committee representative. The following information will be required: name, cell, email, signature

All communication from the SETA relevant to the company will be emailed to the SDF. A Secondary SDF may be appointed, who will also receive SETA communique

STEP 1

STEP 2

STEP 3

STEP 4

All interactions / registrations with your allocated SETA occur on their unique website and portals

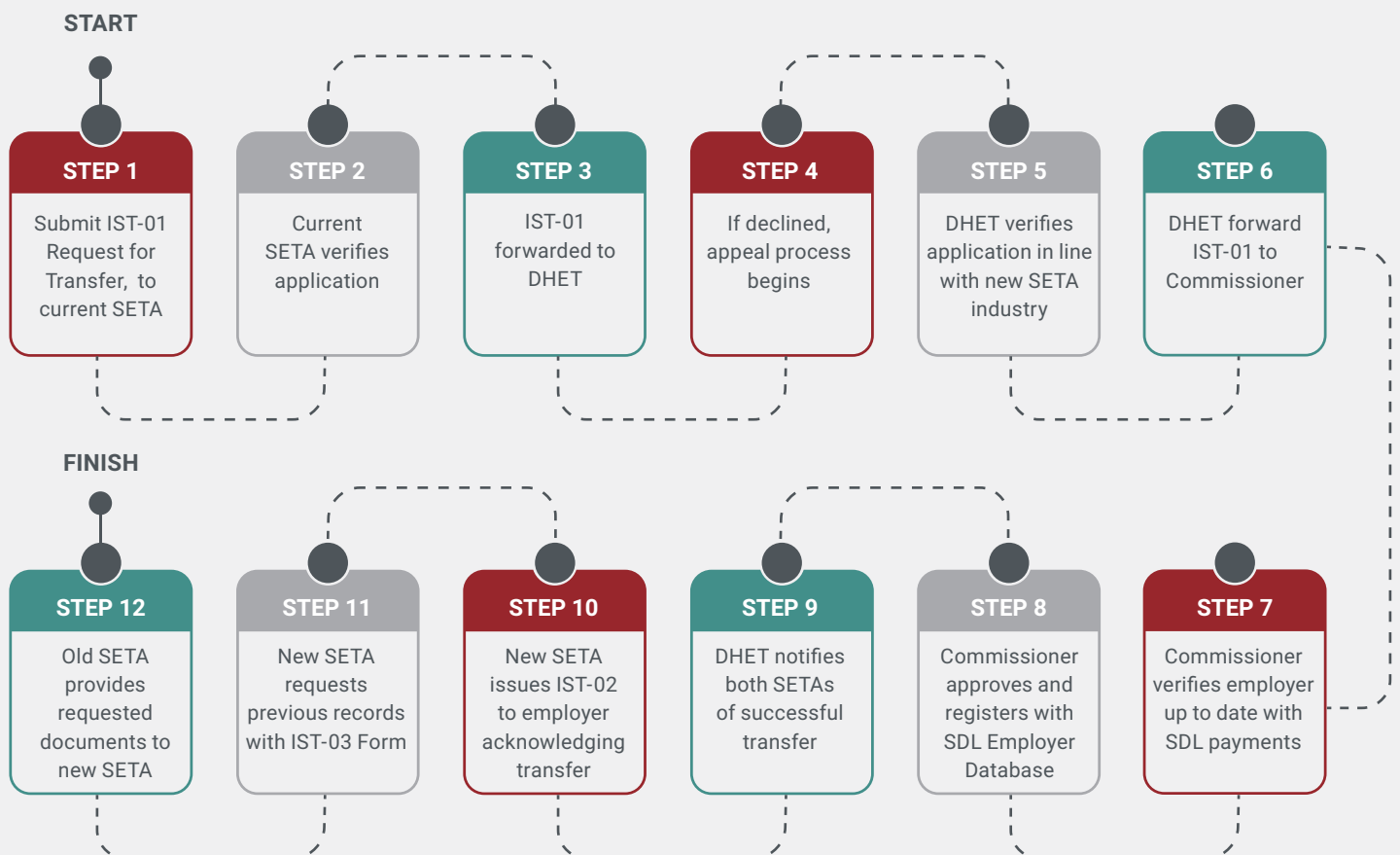
Important factor when selecting an SDF: The SDF will be required to have access to company payroll for reporting purposes relevant to internal training / mentors, intern-, apprentice, and learnerships candidates and therefore level of confidentiality and authority is required.



INTER-SETA TRANSFER PROCESS

Inter-SETA transfer can occur for the following reasons:

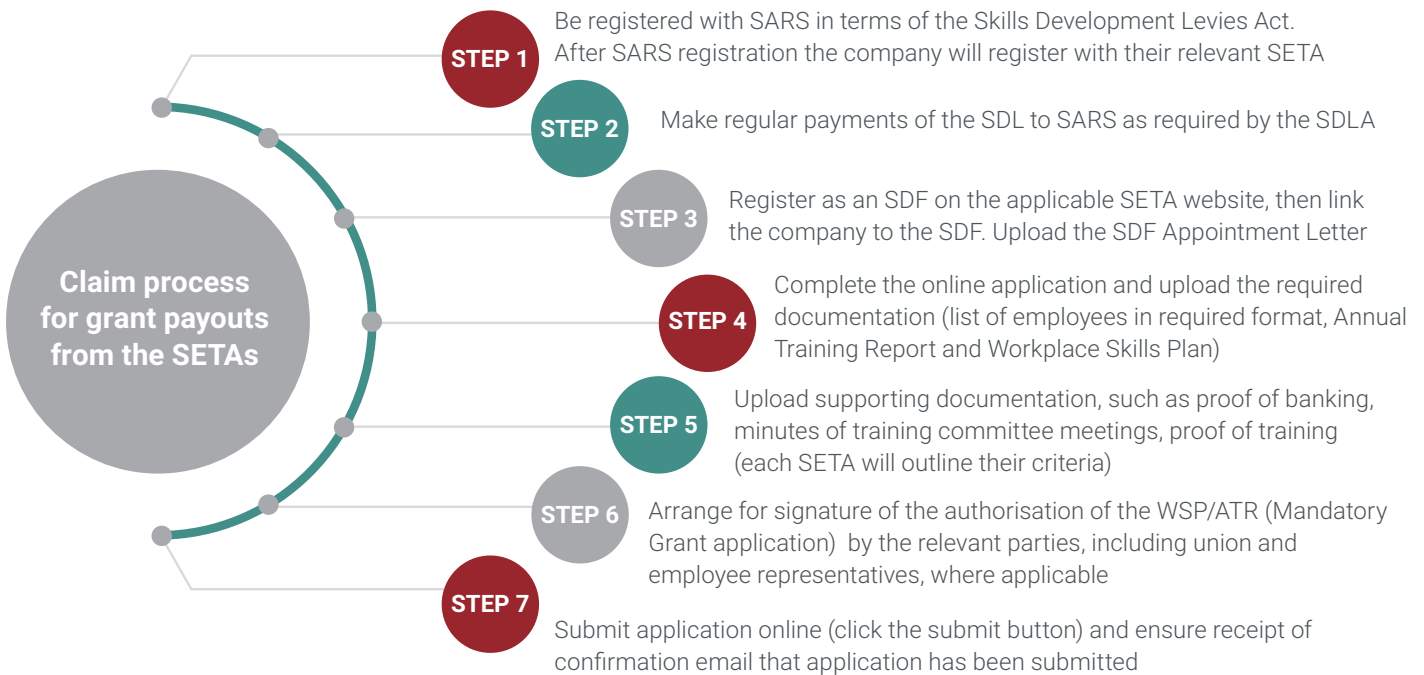
- Main business activity not aligned to registered SETA
- Main business function has changed since initial registration
- Falls within scope of more than one SETA, remuneration or job function and training needs for upskilling employees



It may be the case that you are not registered with the correct SETA. To confirm which SETA you are registered with, allocate the SIC code and Chamber number to your SARS eFiling profile

SETA FUNDING THROUGH GRANTS

Mandatory Grants are paid by the SETA if the company fulfils the requirements to receive the grants. In order to qualify to receive the mandatory grant, the levy-paying employer has to meet the following criteria:



Grant application extension may be requested under certain circumstances. This would need to be applied for before 30 April. If extension is granted, a maximum of 1 month will be given, ie, extended deadline will be to 31 May as per the Acts which govern the SETAs.

Mandatory Grants

Mandatory Grant paid to levy paying employers based on the submission and approval of the Annual Training Report (ATR) and Workplace Skills Plan (WSP).

Up to a maximum of 20% of the levy contribution.

To ensure that stakeholders understand the requirements for mandatory grant, it is important that the grant policy is always referred to.

The basis of the submission of the mandatory grant is that the organisation's strategic plan is taken into consideration.

Must include at least one priority skills as identified by your SETA.

Can be found on each SETAs website.

Discretionary Grants

The remaining 80% of the SDL is awarded on a successful application basis, at the discretion of the relative SETA.

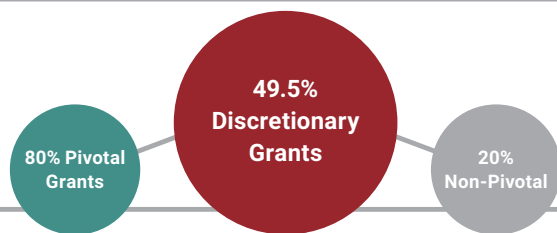
These require a Letter of Intent, response to SETA submission windows in which the various SETA's will specify how it will receive application and often indicate specific targeted training interventions.

Absence of a successful Mandatory Grant application will result in a rejected discretionary grant.

This funding is provided to the SETA stakeholders who are providing training that addresses respective workplaces' critical and scarce skills and assists in the achievement of the SETA commitments to the DHET and training and priority skills as indicated in the SETA Sector Skills Plan.

PIVOTAL AND NON-PIVOTAL PROGRAMMES

<ul style="list-style-type: none"> • Learnerships registered on the National Qualifications Framework • A learnership is a structured learning process for gaining theoretical knowledge (30%) and practical skills (70%) in the workplace leading to a qualification registered on the NQF. A learnership is outcomes-based • Duration between 12 to 18 months • Qualifies for 12H Tax Concession • NQF 1 to NQF 6 levels 	<ul style="list-style-type: none"> • Work-integrated Learning (WIL) for TVET and university students studying for an occupational qualification • WIL is the term given to educational activities that integrate academic learning of a discipline with its practical application in the workplace. • The aim is to ensure that students develop the ability to integrate their learning through a combination of academic and work-related activities • NQF 3 to NQF levels 	<ul style="list-style-type: none"> • Internships for learners from universities and universities of technology who require practical experience • An internship is a period of work experience offered by an organisation for a limited period of time. • Internship is used for a wide range of placements in businesses, NGOs and government agencies • Duration dependent on qualification • NQF 4 to NQF 9 levels
<ul style="list-style-type: none"> • Apprenticeships and artisanal qualifications • Apprenticeship are a form of on-the-job (practical) training that involves following and studying a master of the trade on the job instead of in school • Typical apprenticeship length is one to three years • Qualifies for 12H Tax Concession • NQF 1 to NQF 4 levels 	<ul style="list-style-type: none"> • Skills Programmes (part qualification), made up of a combination of unit standards that fall within a qualification, with the aim of increasing the skills level of employed and unemployed learners • Duration of one day to three months typically • NQF 1 to NQF 9 levels 	<ul style="list-style-type: none"> • Bursaries to support employees and unemployed learners • To be considered for a bursary, you should meet the following criteria: • Be studying at an accredited training institution which offers an accredited programme and results in a qualification • Bursaries can be for any form of education excluding high school education • NQF 3 to NQF 10 levels



<p>Pivotal Programmes</p> <p>Pivotal is an acronym which means Professional, Vocational, Technical and Academic Learning, which result in qualifications or part qualifications on the South African National Qualifications Framework.</p> <p>Professional learning programmes lead to designations that are registered by professional bodies</p> <p>Vocational learning programmes lead to a trade and/or the National Certificate Vocational (NCV)</p> <p>Technical learning Programmes occupationally directed and registered by the SETA; such programmes include apprenticeships, learnerships and skills programmes</p> <p>Academic learning programmes lead to academic qualifications such as certificates, higher certificates, diplomas and degrees</p>	<p>Non-Pivotal Programmes</p> <p>Non-Pivotal programmes are learning interventions which do not lead to credit-bearing qualifications, but address key objectives and priorities of the SETA.</p> <p>Non-Pivotal programmes include, but are not limited to:</p> <ul style="list-style-type: none"> • Career guidance • Sector conferences
--	---

Past performance in Pivotal and Non-Pivotal grants awarded will be considered in the evaluation and approval of new grant applications

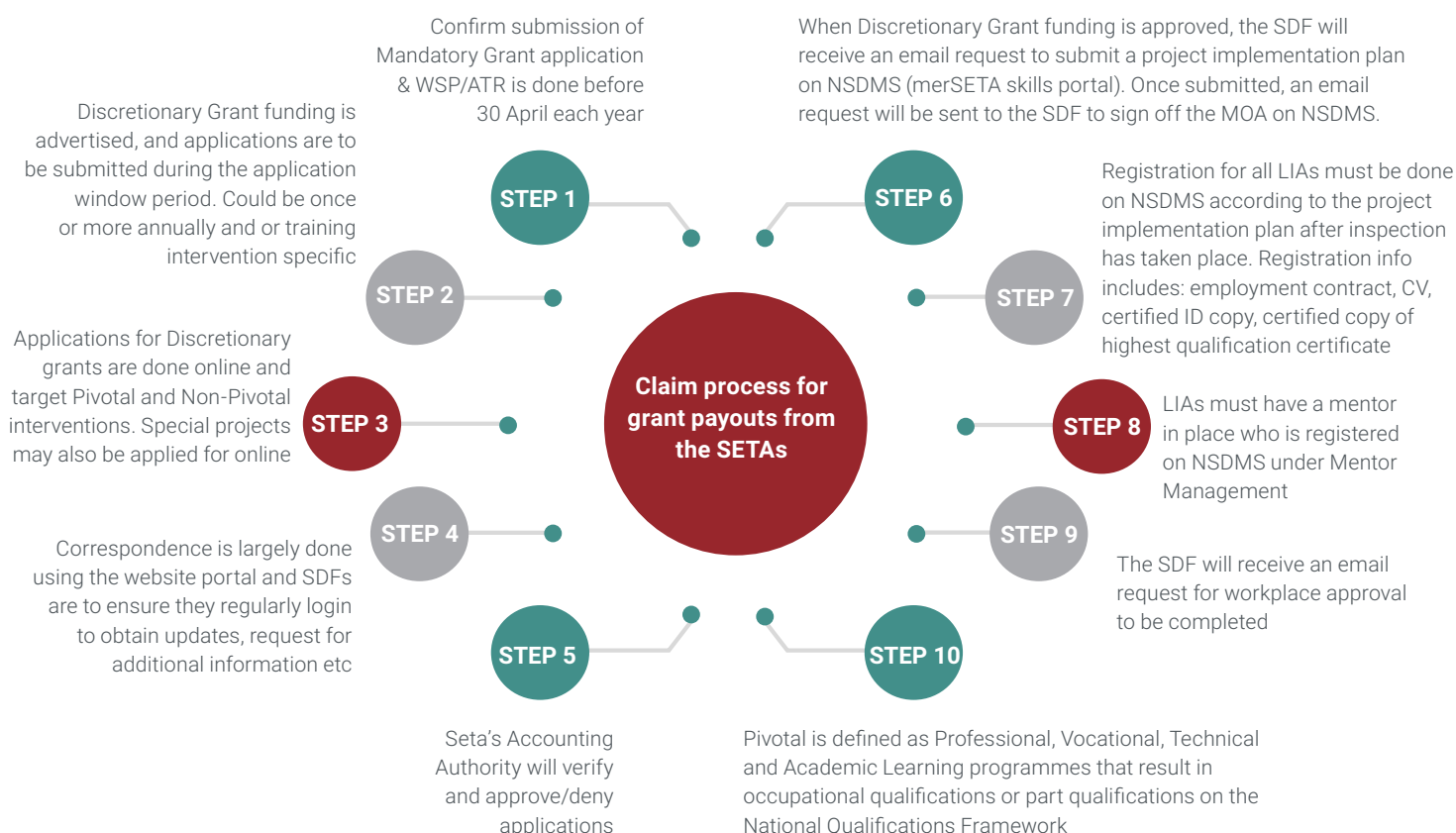
DISCRETIONARY GRANTS

Allocation of Discretionary Grants are directly related to each SETA's scarce skills plan and are guided by an approved Discretionary Grant Policy.

SETAs are required to focus on addressing scarce skills and critical skills through programmes designed to address skills needs and would include integrated learning.

In order to obtain discretionary funding for Pivotal programmes the employer or legal person must complete and submit a Pivotal training plan.

Discretionary Grants are not guaranteed. All companies wishing to receive funding during the allocated funding application windows will apply, and your SETA will determine how the funds are distributed.



RESPONSIBILITIES OF THE SKILLS DEVELOPMENT FACILITATOR (SDF)

Assist the employer and employees to develop a Workplace Skills Plan to fulfill the requirements of SETA	Complete and submit the WSP/ATR to the relevant SETA	To take responsibility for convening the training committee and ensuring that appropriate consultative processes around skills development are implemented	Communicate SETA initiatives, grants and benefits to the employer
That appropriate procedures and records are kept of training committee meetings	Act as a contact person between the employer and the SETA	Serves as a resource with regards to all aspects of skills development	Communicate with branch offices, and all employees in the main office, concerning events and grants being offered at the SETA

Basic Requirements for Registration as a SDF



WHO IS PART OF THE TRAINING COMMITTEE?



1. It is the responsibility of the employer to establish a Training/Skills Development Committee to oversee the training committed and training done.
2. The employer should at least conduct the meetings quarterly and consultation should commence as early as possible in the process of preparing for the Workplace Skills Plan or Annual Training Report.

3. The automotive industry is extremely robust and skilled employees are essential through the value chain. Ideally, prioritisation of research and development is imperative at all levels.
4. Manufacturing firms cannot achieve desired goals without a system that retains consistent skilled employees.

Chaired by the SDF, a training committee must comprise of three constituent parties



ROLE AND FUNCTION OF THE TRAINING COMMITTEE

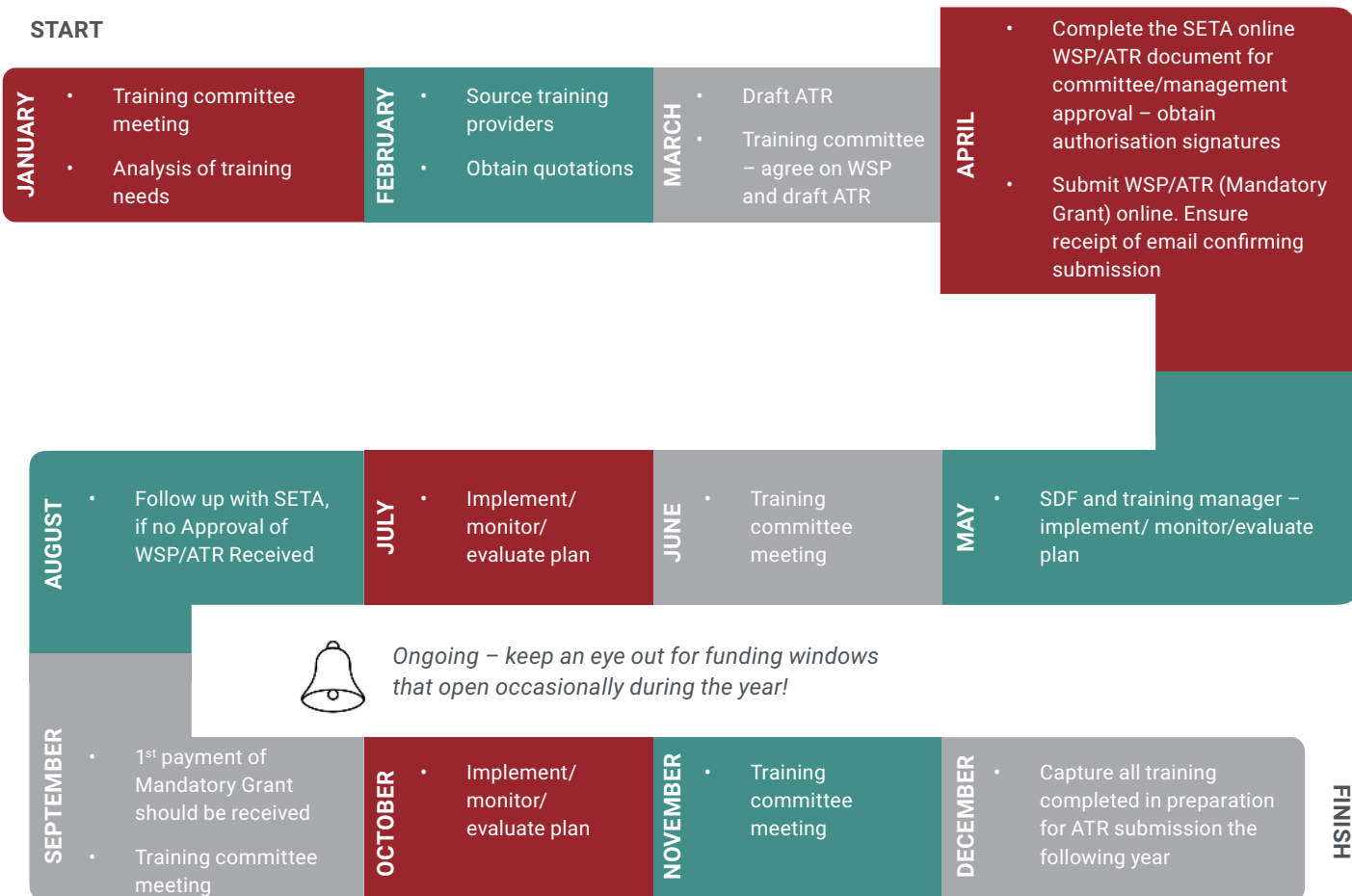
- The training committee forms an integral part in the development of the employees of an organisation.
- Skills development in specific areas of competence also raises the marketability and financial reward that comes with positions with expected set skills. Employees show more level of comfort, confidence and focus when there is continuous improvement in their competence level, which shows in their ability to satisfy the expected work outcome.
- Skills development opportunities aid retention because of the job satisfaction derived by employees due to competence improvement deliberately facilitated by the organisation.
- The diversity of the training committee leads to more inclusive outcomes

The purpose of the consultation is so that parties can engage in a thorough and meaningful joint consensus-seeking skills development process, reflecting the interest of the employees.



CYCLE OF YEARLY TRAINING PLANNING

START



The monitoring of training is an ongoing cycle that requires the SDF and Training Committee to meet regularly to monitor and plan all training and funding

Demand-led skills development requires linkages and coordination between firms, education and training institutions

The South African government is promoting a demand-led approach to skills development, to improve alignment between the qualifications and skills produced by education and training systems and labor market demand

WHO ARE THE SETAS?



Agri SETA www.agriSETA.co.za
Agricultural Sector



Bank SETA www.bankseta.org.za
Banking & Alternative Banking



CETA SETA www.ceta.org.za
Construction Sector



Chieta SETA www.chieta.org.za
Chemical Industries



CATHS SETA www.cathsseta.org.za
Culture, Art, Tourism, Hospitality, Sport



EW-SETA www.ewseta.org.za
Energy and Water Sector



ETDP SETA www.etdpseta.org.za
Education Training & Development



FP&M SETA www.fpmseta.org.za
Fibre Processing and Manufacturing



Fasset SETA www.fasset.org.za
Financial, Accounting, Management Consulting



FoodBev SETA www.foodbev.org.za
Food & Beverage Sector



HW SETA www.hwseta.org.za
Health & Welfare Sector



IN SETA www.inseta.org.za
Insurance Sector



LG SETA www.lgseta.org.za
Local Government Sector



merSETA www.merseta.org.za
Manufacturing, Engineering & Related



MICT SETA www.mict.org.za
Media, Information & Communication Technologies



MQA Seta www.mqa.org.za
Minerals & Mining Sector



P-SETA www.pseta.org.za
Public Services Sector



SAS SETA www.sasseta.org.za
Safety & Security Sector



Services SETA www.serviceseta.org.za
Services Sector



TETA SETA www.teta.org.za
Transport Sector



W&R SETA www.wrseta.org.za
Wholesale & Retail Sector

GLOSSARY

18.1 Learner

A learner who is currently employed at the time of entering the training programme

18.2 Learner

A learner who is currently unemployed at the time of entering the Training Programme

Annual Training Report (ATR)

A report on actual training completed during the previous year and submitting to your SETA by 30 April each year

DHET

Department of Higher Education

Post-secondary education and training aimed at fulfilling the economic and social goals of participation in the economy

EMP201

The EMP201 is a payment declaration in which the employer declares the total payment together with the allocations for PAYE, SDL, UIF and/or ETI. A unique payment reference number (PRN) will be pre-populated on the EMP201, and will be used to link the actual payment with the relevant EMP201 payment declaration

EMP501

An EMP501 is the report of all your staff earnings, required by SARS. It needs to be submitted twice a year and must be submitted before you can issue IRP5 certificates to your staff. SARS has imposed high administrative penalties for each incorrect line item in an EMP501 reconciliation

EMPSA

The EMPSA is the Statement of Account that can be accessed via SARS eFiling and provides a summary of all declarations and payments of payroll requirements

FET

Further Education and Training Career-orientated education and training offered in technical community and private colleges

NATED qualifications

National Accredited Technical Education Diploma (NATED) programmes are delivered under the auspices of the Department of Higher Education and Training. The programmes consist of 18 months theoretical studies at colleges and 18 months relevant practical application in work places. Engineering studies range from N1 to N6 while Business and Utility Studies range from N4 to N6

OFO code

The Organising Framework for Occupations (OFO) is a coded occupational classification system. It is the Department of Higher Education and Training's (DHET) key tool for identifying, reporting and monitoring skills demand and supply in the South African labour market.

The OFO is constructed from the bottom-up by:

- Analysing jobs and identifying similarities in terms of a tasks and skills
- Categorising similar jobs into occupations
- Classifying occupations into occupational groups at increasing levels of generality

QCTO

The Quality Council for Trades and Occupations (QCTO) was established in terms of the Skills Development Act 1998, (Act no 97 of 1998). The QCTO is the quality council responsible for standards and qualifications for trades and occupations.

Scarce skills

Scarce skills are skills that are in demand by employers – usually because there aren't enough qualified professionals in that specific field. These skills make it easier for employees in a specific profession to find work

Standard Industrial Classification (SIC) codes

A system of identifying a company's primary function dependent on industry and service. This is done upon registration of the company when being established and registered with CIPC.

Each SIC is allocated to a particular SETA accordingly where SDL Levies are automatically paid to once the Levy is required for payment

Workplace Skills Plan (WSP)

A detailed report on planned training for the following year and submitting to your SETA by 30 April each year

DISCLAIMER: All information contained in this guide is accurate as at date of publication. We strongly recommend that at all times the relevant SETA's website be checked for any updates that may have been released after this publication has entered circulation. The creators of this publication take no liability and disclose that this publication is for informational purposes only and should not be deemed a binding opinion or formal consultation on the topics covered.

For more information on this guide and partnership with NAACAM & High Gear, please contact

Angelina Govindsamy

Employer Partnerships Officer,
IYF, South Africa,
a.govindsamy@iyfglobal.org

www.highgear.naacam.org.za