



HIGH GEAR SETA BEST PRACTICE GUIDE



Funding Partner

Implementing Partner

National Partner



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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



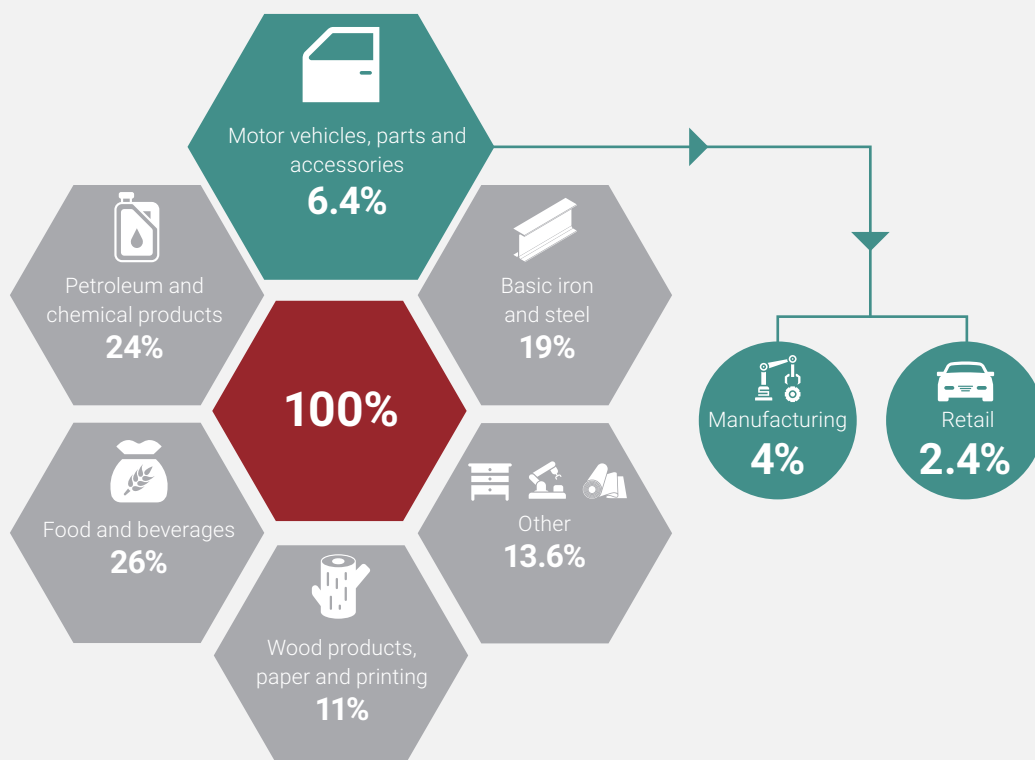
****Contact the High Gear
Team to see if your
company qualifies for this
bespoke service***

AUTOMOTIVE SECTOR CONTRIBUTION TO GDP

Automotive industry and merSETA economic goals

- 6.4% of South Africa's GDP (gross domestic product) is derived from the automotive industry (published 01/10/2020), including all industries falling within the six chambers
- Skills development is a critical element for growth in the industry and will as a result, in essence, increase in GDP as well as global footprint
- The merSETA restructuring will allow for concerted effort and emphasis on industries in which skills development was neglected, but which have the potential for job creation
- Engagement with merSETA opens opportunity for learnership, apprenticeship and internship funding
- The merSETA disability project has achieved positive outcomes and further highlights the drive for change, which is beneficial to the economy as well as to entities' B-BBEE Scorecard

Industry Sector Contribution to South Africa's Overall GDP



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.

TERTIARY EDUCATION IN SOUTH AFRICA

Each SETA is tasked with the identification of **scarce** and **critical skills** for their industry to flourish.

“It has been previously noted that with automation on the shop floor, workers need to be reskilled and upskilled to take on opportunities.

“Workers must possess key behaviours and mindsets in order to navigate a successful, progressive career. It may even be said that from the time workers start their training, they should already have a good grounding on which to develop critical skills for success.”

- merSETA Sector Skills Plan 2020-2025 pg40

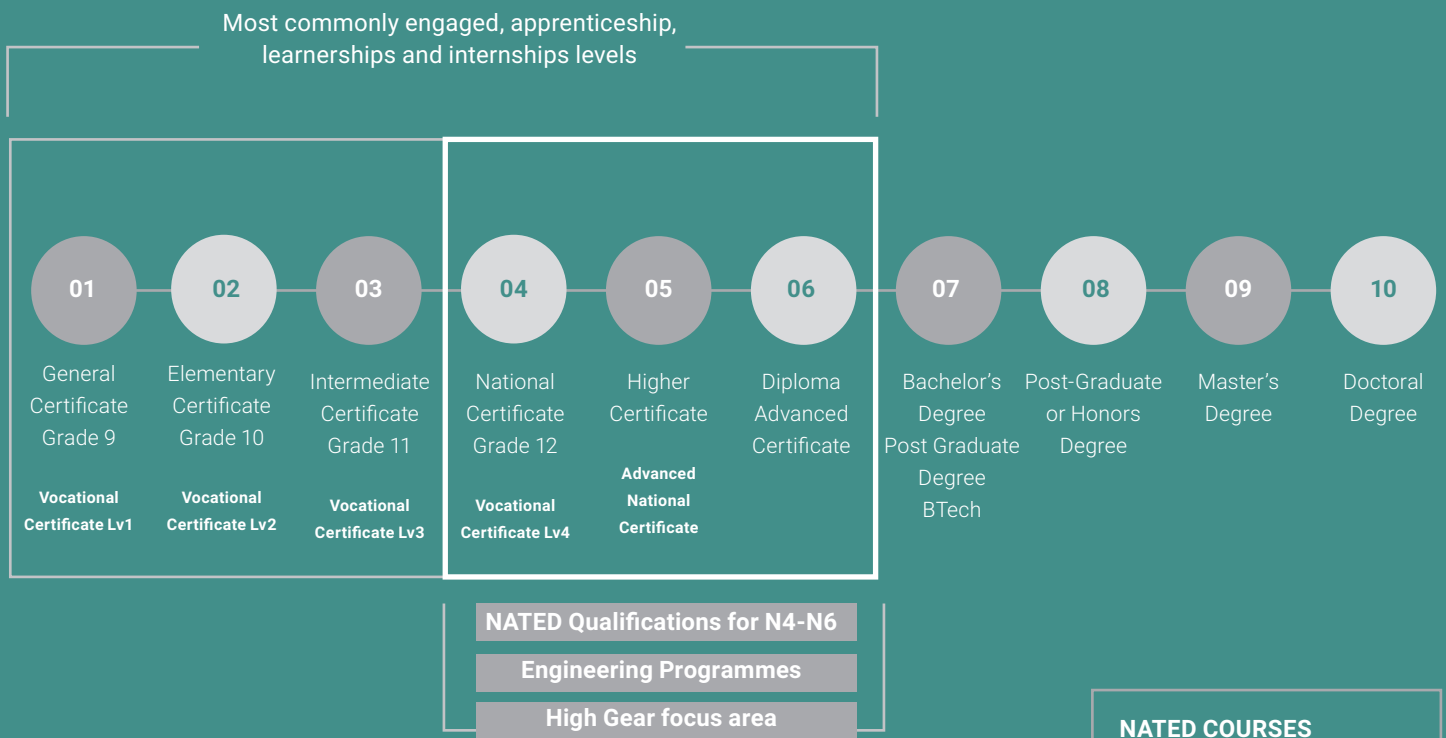
Analysis of merSETA skills gaps information yielded the following:

Skills Gaps	Managers	Professionals	Technicians & Assoc Professionals	Clerical Support Workers	Service & Sales Workers	Skilled Trade Workers	Plant & Machine Operators	Elementary Workers
Basic computers (IT)		X		X				
Communication (Oral)		X						
Communication (written)	X							
Interpersonal skills		X						
Management and Leadership			X		X	X	X	X
Planning and Organising	X		X	X	X	X	X	X
Problem-solving	X	X	X	X	X	X	X	X
Production		X	X	X	X		X	X
Project Management	X		X		X	X	X	X
Supervisory skills	X		X	X	X	X	X	X
Teamwork	X	X		X		X	X	X
Technical (job specific)		X	X	X	X	X	X	X

For the complete list, refer to merSETA Sector Skills Plan 2020-2025

NATIONAL QUALIFICATION FRAMEWORK (NQF) LEVELS

The NQF is a framework, that sets the boundaries, principle and guidelines, which provide a vision, a philosophical base and an organisational structure, for the construction of a qualifications system. Detailed development and implementation is carried out within these boundaries. All education and training in South Africa fits within this framework.



NATED COURSES

This type of qualification is aimed primarily at giving the learner the technical, theoretical, practical and workplace knowledge and skills required in their chosen occupational or vocational area

- Examples of NATED training that falls under merSETA scope**
- Engineering Studies (Mechanical)
 - Electrical Trade Assistant
 - Engineering Studies (Electrical)
 - Mechanical Trade Assistant
 - General Workshop Assistant

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

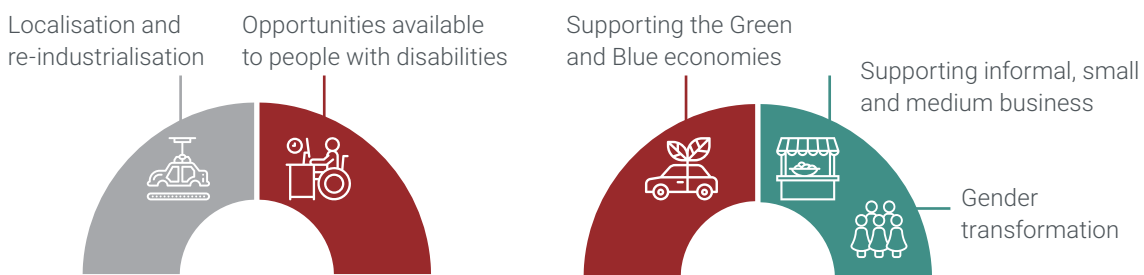
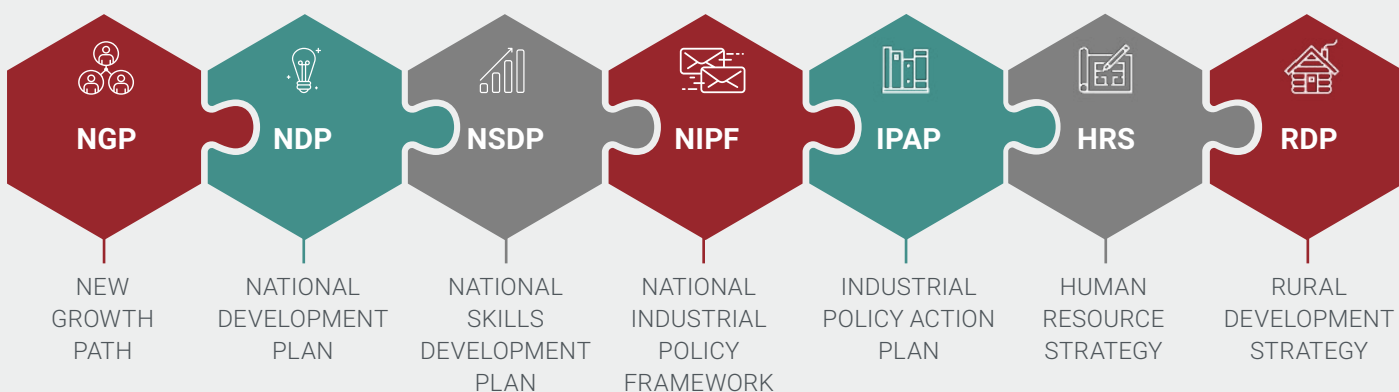
- The SETAs are responsible for developing and implementing the National Skills Development Strategy and B-BBEE Skills Development Plans as part of government's long-term strategies
- Administration of the skills development levy (SDL) collected from employers by SARS and paid across to the SETAs in 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

COLLECTIVE STRATEGIES THAT DRIVE THE MERSETA PRIORITY ACTIONS

Manufacturing, engineering and related industries as well as the SETAs are guided by national policies to encourage economic growth, job creation, social justice, sustainable living and decent living conditions. These are accomplished through the holistic approach of the following additional policies to those related to skills development:



The merSeta's Skills Development Plan includes various interventions to address these policies; while at the same time it acknowledges that the manufacturing sector plays a pivotal role to drive economic growth and employment creation.

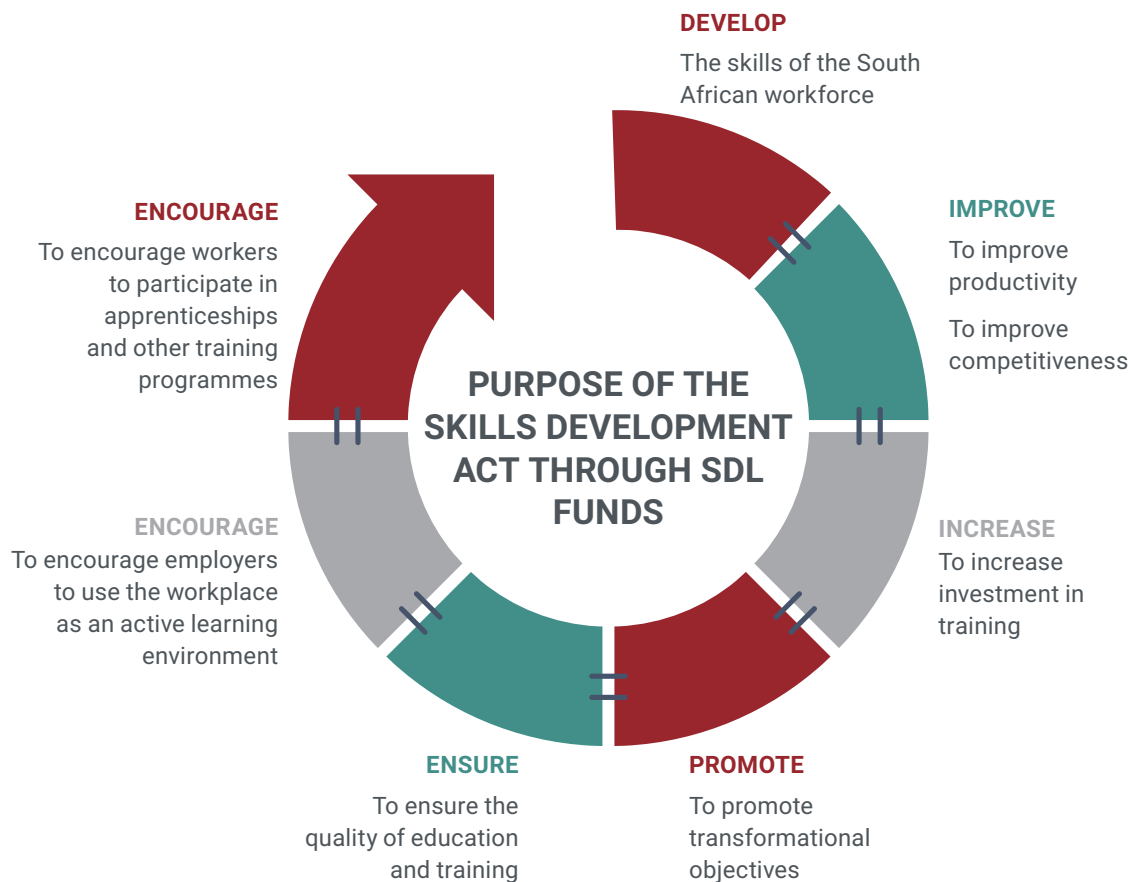


SKILLS DEVELOPMENT LEVY

Skills Development Levy (SDL)

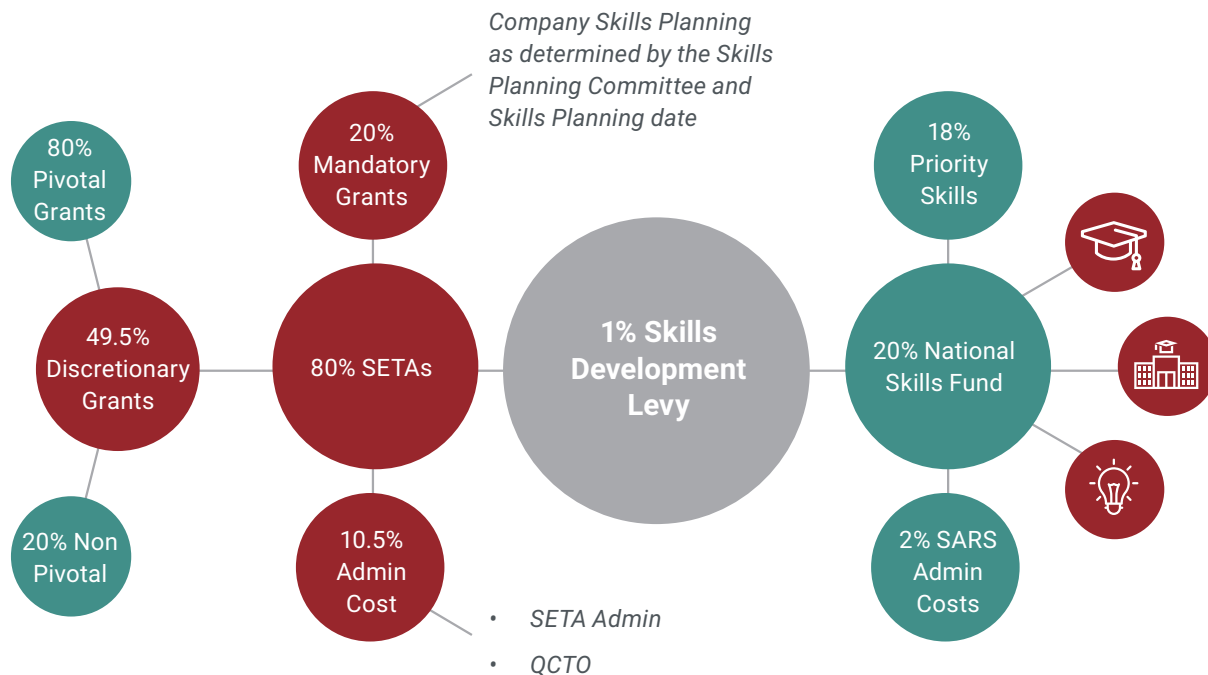
- A levy imposed on companies to encourage learning and development in South Africa. The levy is determined by the size of the employer's salary and wage bill.
- It is a legal requirement to pay SDL in accordance with the Skills Development Act, if:
 - A company has registered employees with the South 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

merSETA CHAMBERS

- The Sector Skills Plan (SSP) of 2020-2025 portrays the scope of coverage of the applicable chambers and gives an overview of each chamber, highlighting the key role players. A key data source from which the SSP was formulated is the WSP data of 2020, Covid-19 Survey as well as merSETA workshop and interview information
- The SSP of 2020-2025 brought with it a change from five to six chambers within the SETA, thereby allowing for more focused efforts on skills requirements and career pathing
- The former Motor Chamber is now referred to as the Motor Retail Chamber and the Automotive Components Chamber respectively
- The six chambers / sub-sectors describe the industrial activities of enterprises according to their SIC code
- While the SIC codes provide guidance, there are some entities who identify as components manufacturers, however, they sit within the Plastics and Manufacturing Chamber



METAL & ENGINEERING

SIC 351-355, 356-357, 372-375,
384-387, 882



PLASTICS MANUFACTURING

SIC 334, 338, 390,395



AUTO MANUFACTURING

SIC 381



NEW TYRE MANUFACTURING

SIC 337



MOTOR RETAIL & AFTERMARKET

SIC 631-634



AUTOMOTIVE COMPONENT MANUFACTURING

SIC 382, 383, 387

merSETA CHAMBER

– SIC CODES

CHAMBER	SIC	DESCRIPTION
	351	Manufacture of basic iron and steel
	352	Manufacture of basic precious and non-ferrous metals
	353	Casting of metals
	354	Manufacture of structured metal products, tanks, reservoirs and steam
	355	Manufacture of other fabricated metal products, metalwork service
	356	Manufacture of general-purpose machinery
	357	Manufacture of special-purpose machinery
	358	Manufacture of household appliances n.e.c.
	361	Manufacture of electric motors, generators and transformers
	362	Manufacture of electricity distribution and control apparatus
	363	Manufacture of insulated wire and cable
	365	Manufacture of electric lamps and lighting equipment
	366	Manufacture of other electrical equipment n.e.c.
Metal	371	Manufacture of electronic valves and tubes and other electronic components
	372	Manufacture of television and radio transmitters and apparatus for line telephony and line telegraphy
	373	Manufacture of television and radio receivers, sound or video recording or reproducing apparatus and associated goods
	374	Manufacture of medical appliances and instruments and appliances for measuring, checking, testing, navigating and for other purposes, except optical instruments
	375	Manufacture of optical instruments and photographic equipment
	384	Building and repairing of ships and boats
	385	Manufacture of railway and tramway locomotives and rolling stock
	386	Manufacture of aircraft and spacecraft
	387	Manufacture of transport equipment n.e.c.
	503	Building installation
	504	Building completion

CHAMBER	SIC	DESCRIPTION
Auto Manufacturing	381	Manufacture of motor vehicles
	631	Sale of motor vehicles
	632	Maintenance and repair of motor vehicles
	633	Sale of motor vehicle parts and accessories
	634	Sale, maintenance and repair of motorcycles and related parts and accessories
Plastics Manufacturing	334	Manufacture of basic chemicals
	338	Manufacture of plastic products
	390	Rotational moulding, dip coating, compression, cast moulding
	395	Recycling n.e.c.
New Tyre	337	Manufacture of electricity distribution and control apparatus
Automotive Component Manufacturing	382	Manufacture of insulated wire and cable
	383	Manufacture of electric lamps and lighting equipment
	387	Manufacture of other electrical equipment n.e.c.

<https://www.sars.gov.za/TaxTypes/PAYE/ETI/Pages/SIC-Codes.aspx>

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

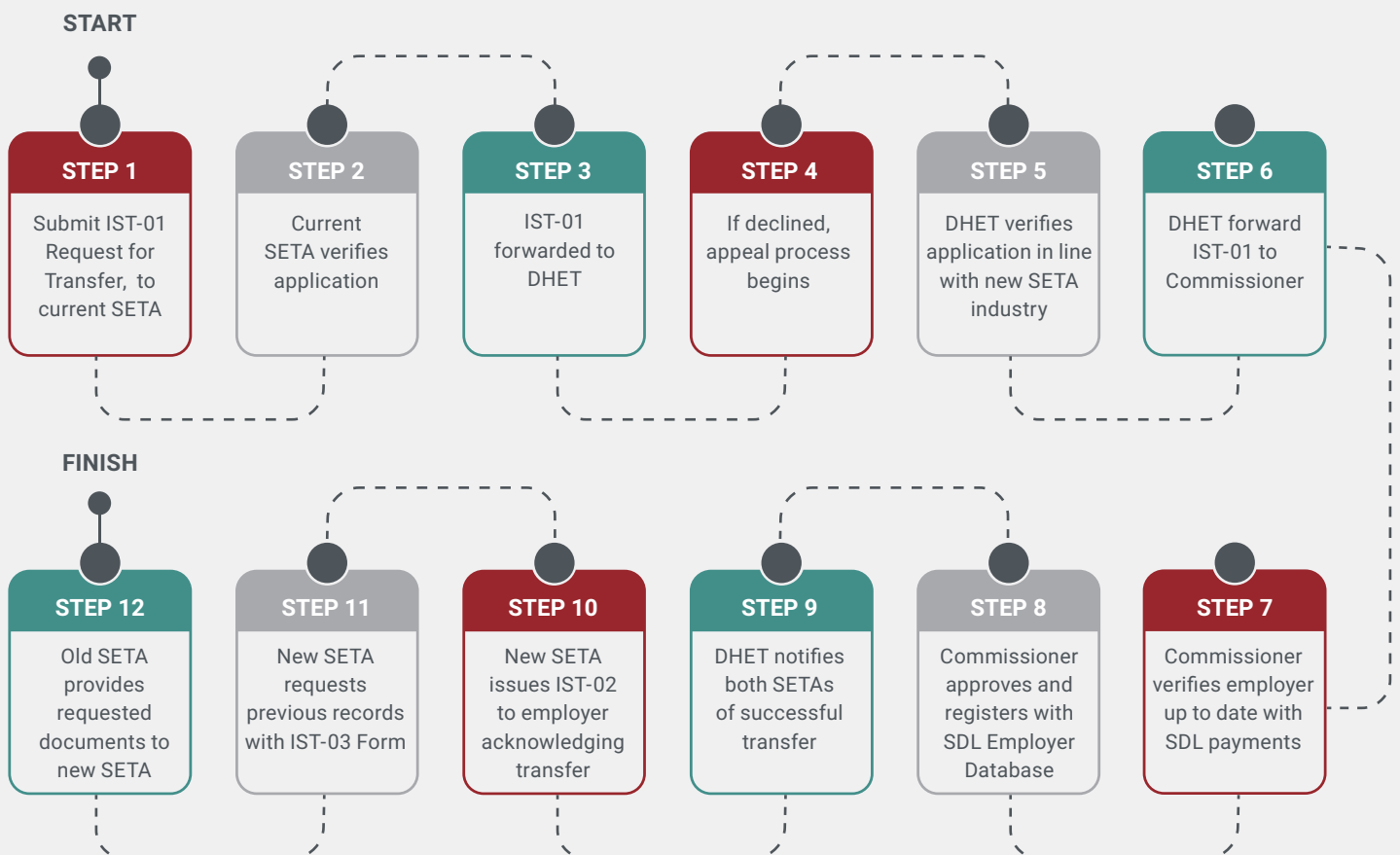
Important factor when selecting an SDF: The SDF will be required to have access to company payroll for reporting purposes relevant to internal training / mentors, intern-, apprentice, and learnerships candidates and therefore level of confidentiality and authority is required.



INTER-SETA TRANSFER PROCESS

Inter-SETA transfer can occur for the following reasons:

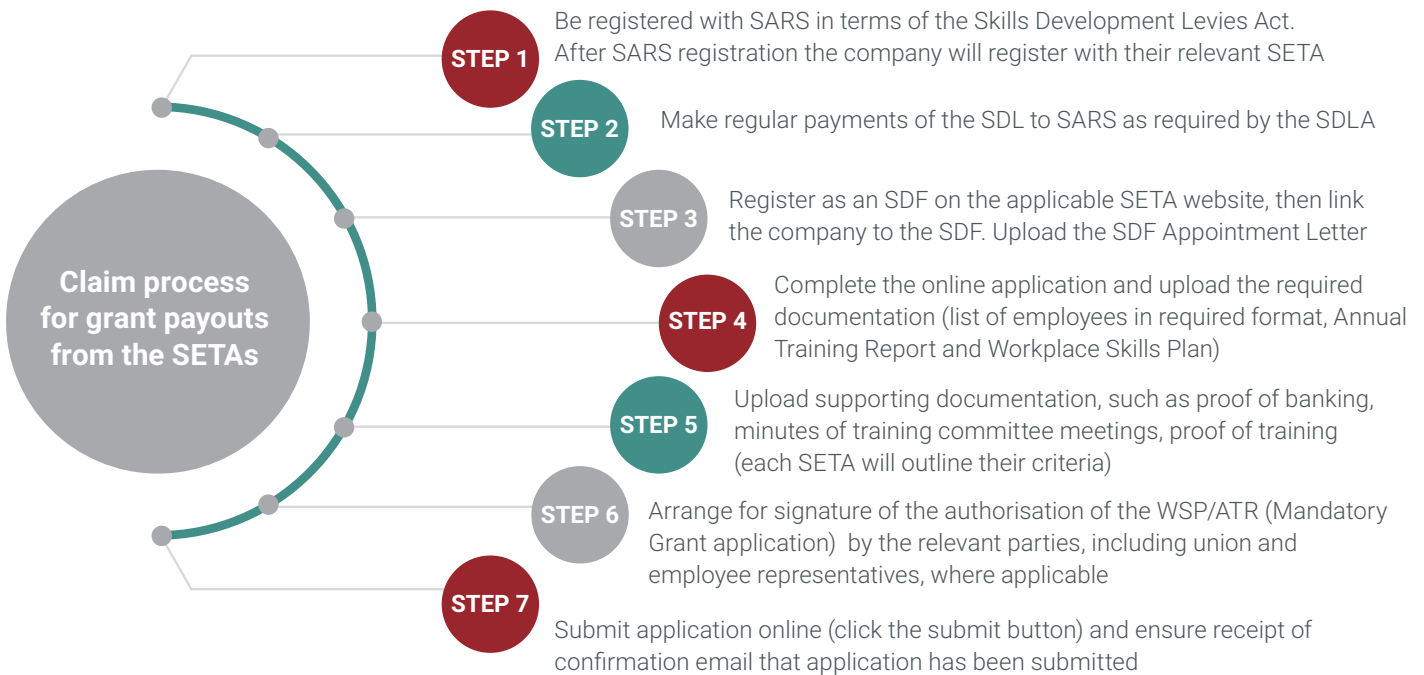
- Main business activity not aligned to registered SETA
- Main business function has changed since initial registration
- Falls within scope of more than one SETA, remuneration or job function and training needs for upskilling employees



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.

MANDATORY GRANTS – IMPORTANT NOTES

Criteria for approval of Mandatory Grants

- Levy payments are up-to-date
- Submitted and implemented a Workplace Skills Plan (WSP) and Annual Training Report (ATR), Pivotal Plan (PP), Non-Pivotal Plan (NPP) and a Pivotal Report (PR), where applicable, in the required format before 30 April
- First time – submitted an application for a Mandatory Grant within six months of registration

Receiving grant payments for merSETA

- Once approved, a Memorandum of Agreement (MOA) is signed
- Upon signing MOA, a tranche payment made to recipient
- If learners involved, registration on merSETA registration platform is required
- Upon registration, second tranche payment is made
- Third tranche payment made upon 50% completion
- Fourth tranche payment made upon 100% completion
- Other projects will have a payment schedule created and approved by recipient and merSETA

Important notes for grant funding

- Can be for any type of training, but must include at least one training intervention as listed on the SETAs scarce skills list
- Required and identified training needs are captured in the WSP in the relevant sections to be considered submitting by 30 April
- Mandatory Grant amounts paid may not be equal to the amount requested
- Training evidence must be uploaded, ie, training attendance registers or certificates on SETA portal
- Deviation of more than 40% from the previous year's WSP, required to submit a motivation stating the reasons for the deviation
- Highest qualification, job title, OFO code, ID number, race and gender must be captured for each training beneficiary
- Mandatory Grants not claimed within the stipulated time frame will be transferred to the discretionary grant by 15 August
- All Pivotal training, ie, learnerships, internships and apprenticeships, must have a SAQA ID number attached, or the system will reject it
- 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
- Employers with a trade union or unions, must provide evidence that the WSPs and ATRs have been consulted with the recognised trade unions in the form of training committee minutes and the WSPs and ATRs must be signed off by trade union SDF

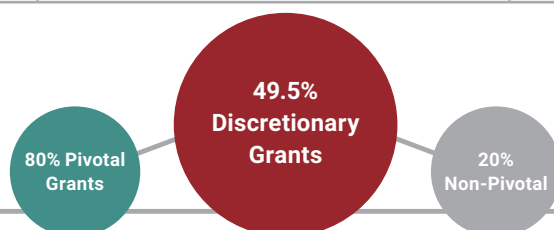
The 2021/2022 merSETA Funding Policy* :

<http://www.merseta.org.za/GRANTS/merSETA%20Grants%20Criteria%20and%20Guideline.pdf>

**Please note criteria may vary for each SETA*

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 <p>Past performance in Pivotal and Non-Pivotal grants awarded will be considered in the evaluation and approval of new grant applications</p>
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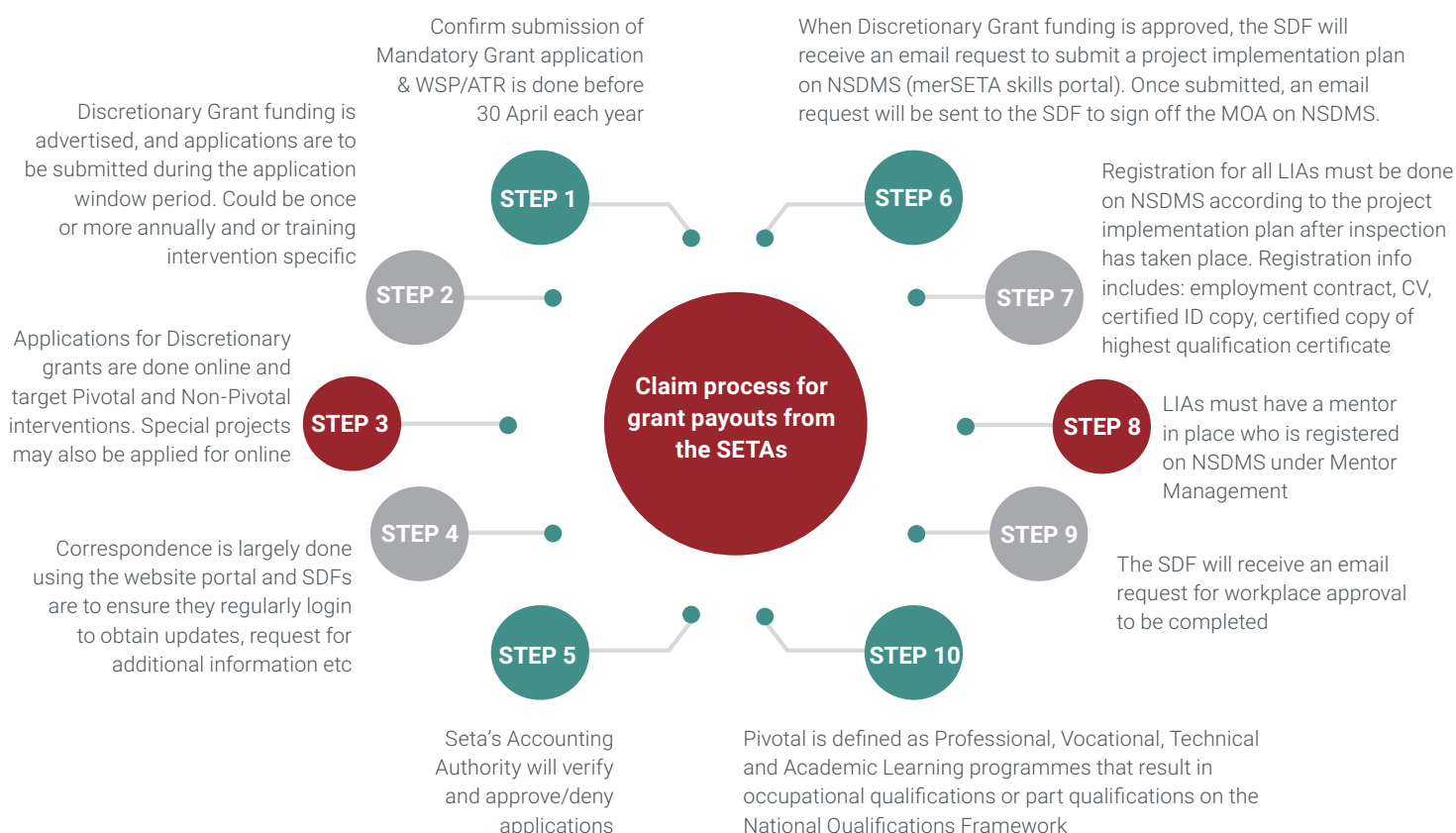
DISCRETIONARY GRANTS

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.

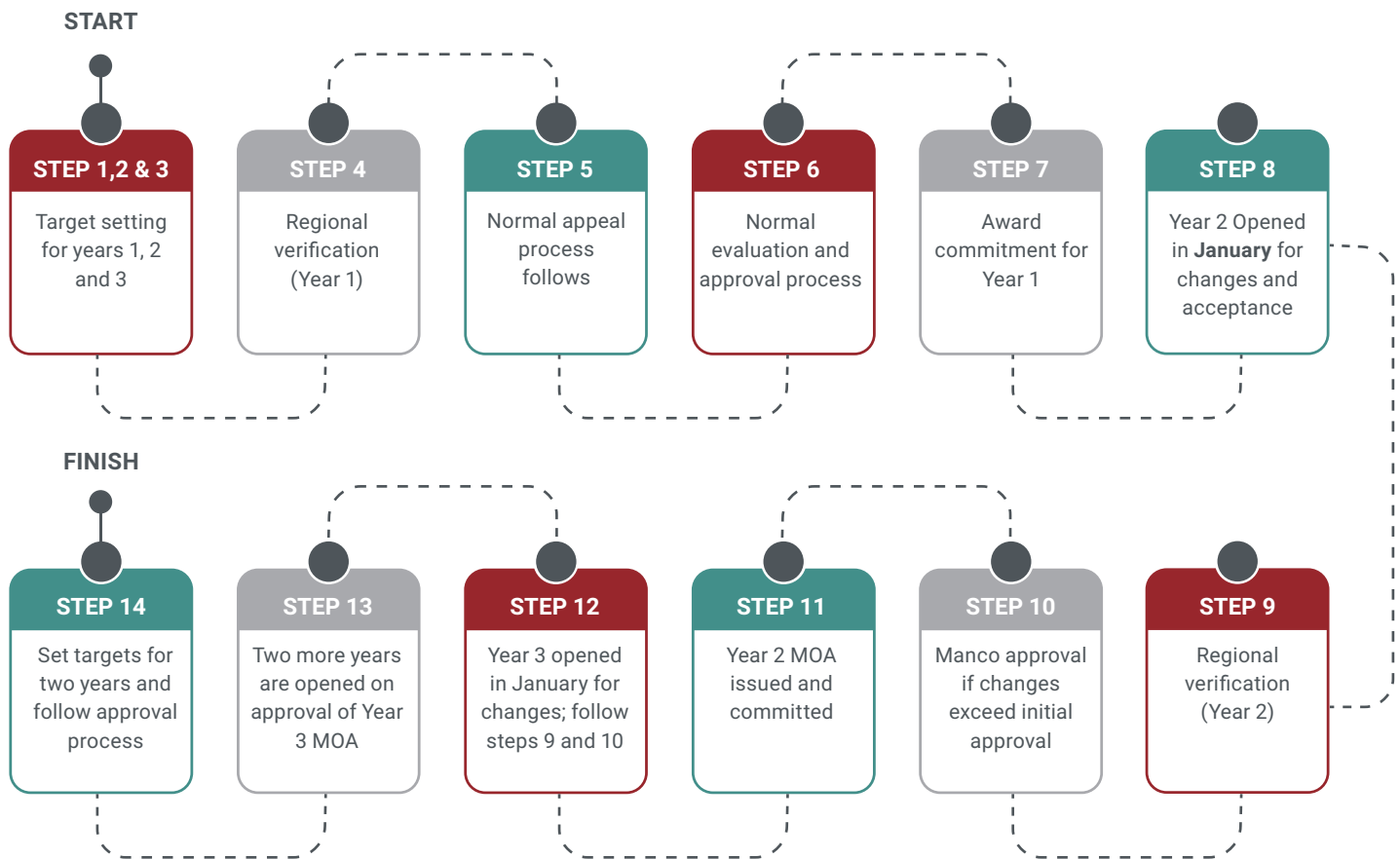


AMENDMENTS TO merSETA GRANT POLICY/CRITERIA EFFECTIVE 2021

- Grant value increased by 25% effective 01 April 2021 (Dependent on performance)
- Additional grant for digital learning tool for interventions related to learning programmes
- Priority special projects include but not limited to:
 - a. Programmes that support retrenched workers within the Mer-sector
 - b. Programmes to provide skills that ensure business continuity, maintenance and enhanced business processes
 - c. Programmes that support new manufacturing opportunities inclusive of research interventions as well as digital learning approaches
 - d. Programmes targeting rural and township economy, SMEs, Black Industrialists, people with disability, etc
 - e. Programmes that support career development in future manufacturing skills
 - f. Programmes that support TVETs and CET colleges infrastructure and equipment support/partnership to deliver occupational programmes
 - g. Programmes that support capacity building of TVETs and CET college staff to offer and coordinate occupational programmes

The merSETA has adopted a multi-year application process where organisations will submit a three-year plan based on their organisational strategy. The proposed Pivotal plans are as follows:

- Year 1 – merSETA 1 April 2021 until 31 March 2022
- Year 2 – merSETA 1 April 2022 until 31 March 2023
- Year 3 – merSETA 1 April 2023 until 31 March 2024



Full merSETA announcement of three-year funding application can be obtained on the below link:

<http://www.merseta.org.za/GRANTS/Mandatory%20and%20Discretionary%20Grant%20Submissions%20-%20Advert.pdf>

WORKPLACE APPROVAL

Workplace approval is required for certain qualifications, to enable the learner to gain practical skills in the workplace leading to a qualification registered on the NQF.

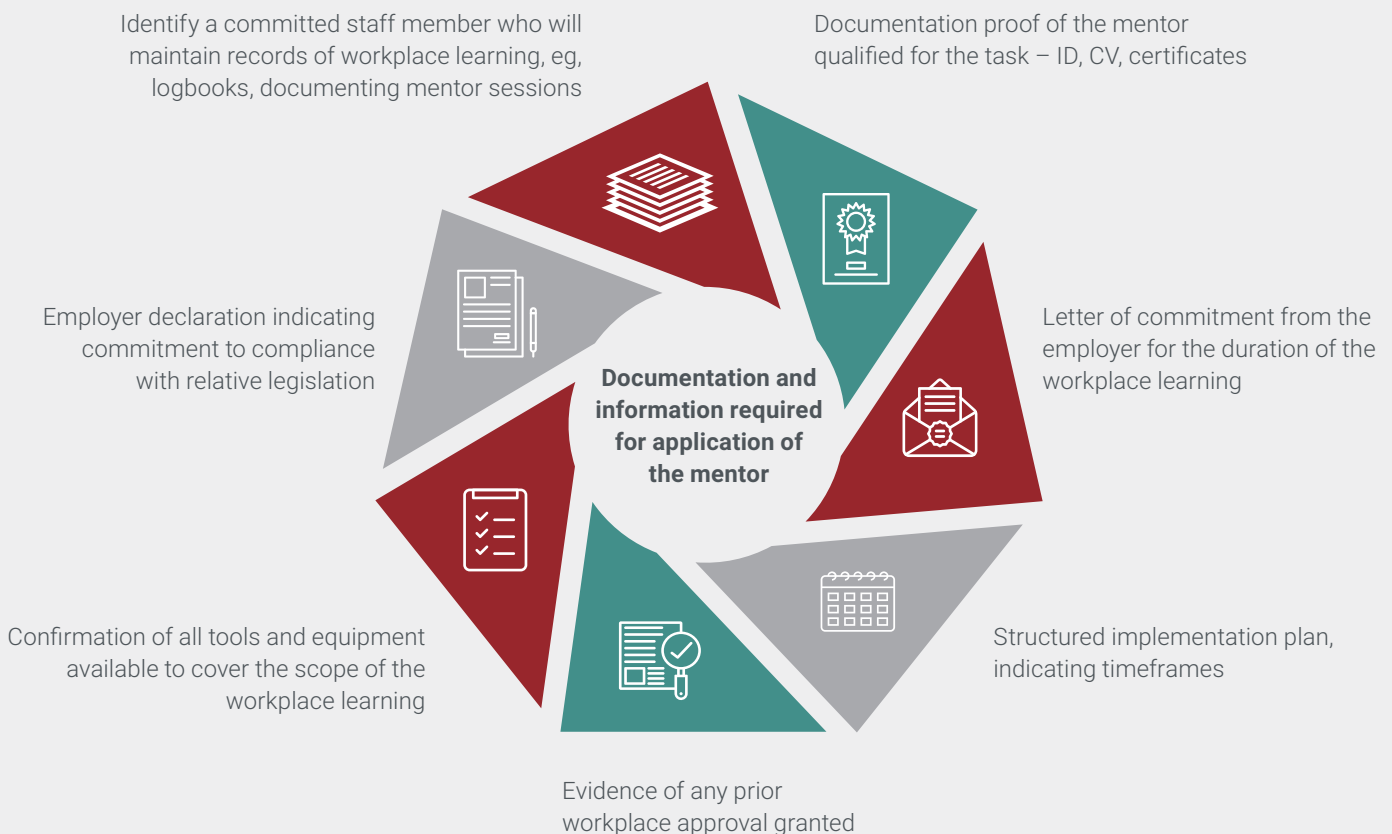
Approval is granted through an application process on merSETA online portal.

The workplace approval consists of two components:

1. Workplace approval – merSETA conducts a site inspection to ensure company is adequately equipped to facilitate experiential learning.
2. Mentor registration on merSETA portal by submission of CV and proof of qualification of identified mentor(s).

The role of the employer and mentor

- Ensure quality of workplace training coupled with a mentor who is suitably qualified and approved by the SETA, to coach the learner guided by a structured training plan for practical work
- Release the learner during normal working hours to attend planned training, such as theoretical, examination, etc
- Employer is to provide guides and support to the learner and mentor
- Comply with legislative requirements: eg, Basic Conditions of Employment Act; Labour Relations Act; Employment Equity Act; Occupational Health and Safety Act; Unemployment Insurance Act; Skills Development Levy Act; and all other Acts applicable to the organisation
- Commitment to the learning programme SETA agreement



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

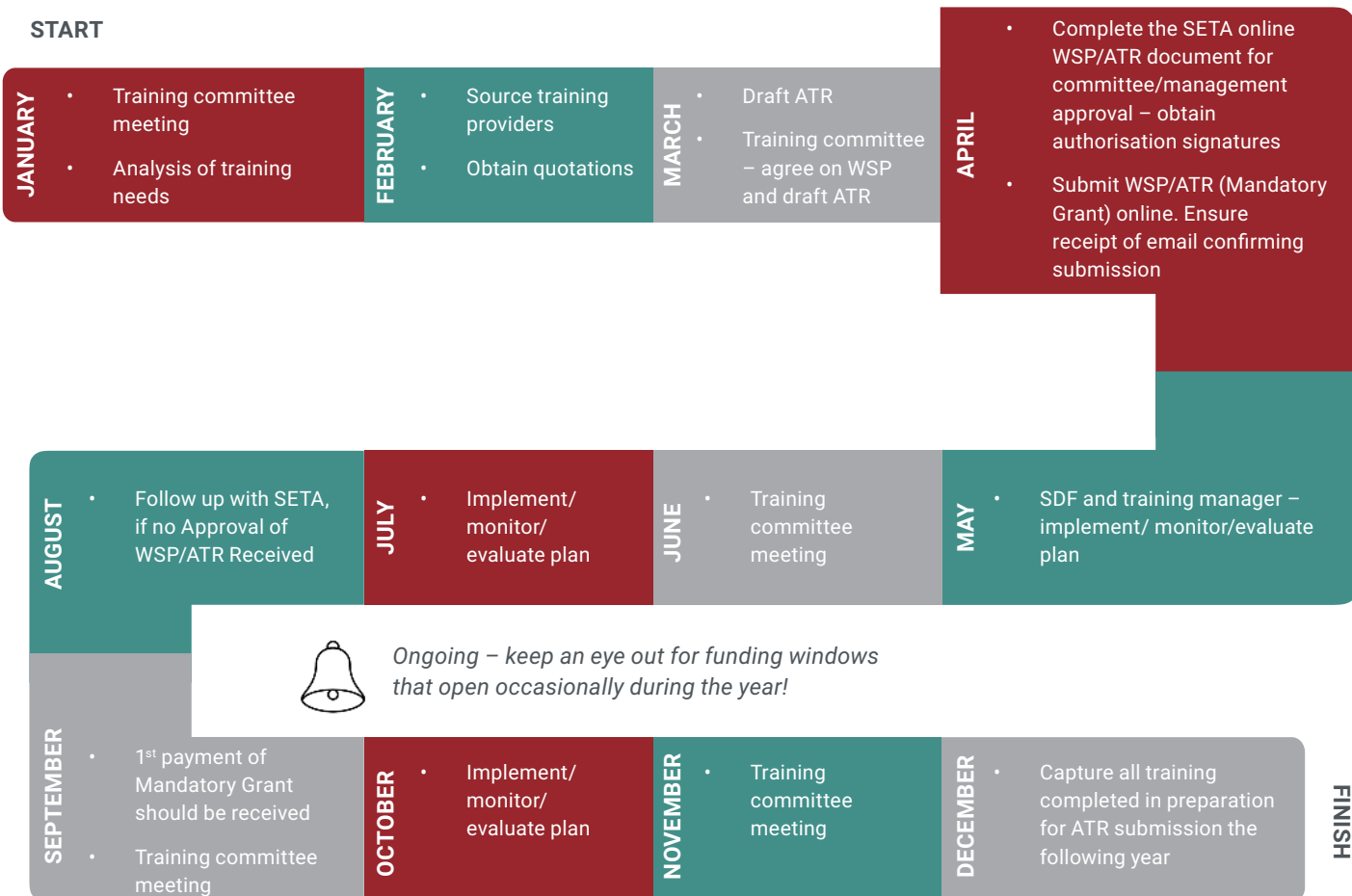
- The training committee forms an integral part in the development of the employees of an organisation.
- Skills development in specific areas of competence also raises the marketability and financial reward that comes with positions with expected set skills. Employees show more level of comfort, confidence 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

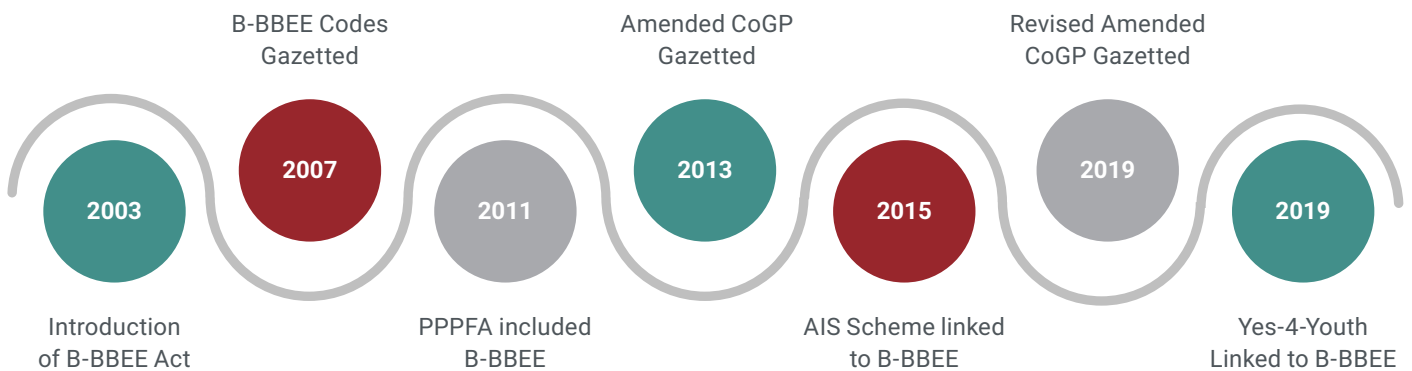
Demand-led skills development requires linkages and coordination between firms, education and training institutions

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

B-BBEE AND SKILLS DEVELOPMENT LINKAGE

The B-BBEE Act was designed to promote:

- A higher growth rate
- Increased employment
- More equitable income distribution
- Equality
- Increase broad-based economic participation
- Effective participation in the economy



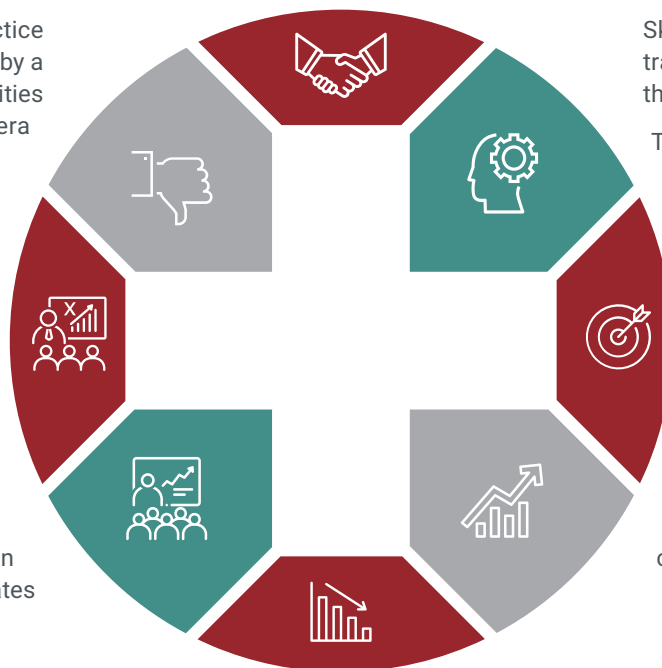
Important notes on Skills Development and B-BBEE

The B-BBEE Codes of Good Practice measure the efforts made by a company to redress the inequalities created during the apartheid era

Failure to provide a submitted and approved WSP/ATR will result in zero points being awarded

Cannot claim mandatory training, ie, What training are you legally required to provide

Entities with a T/O over R50- million: training must be proportionate to the economically active population where the company operates



Skills development measures training for Black people conducted throughout the financial year

The target is calculated by a % of the total Salary & Wages cost of the measured entity

For the majority of sectors the target is:

- R50m or more turnover – 6% of leviable amount
- R50m or less turnover – 3% of leviable amount

*Different sector codes may have different targets and criteria

It is imperative that the B-BBEE Act be taken into account when planning your training needs!

B-BBEE is an elective legislation which measures a company's investment in the economic transformation of previously disadvantaged groups and is evaluated against a set of criteria as outlined in the Codes of Good Practice

The skills development element is deemed a priority element and failure to achieve 40% of the points (8 of 20) on offer in this section will result in the discounting of one level

TYPES OF TRAINING FOR SETA AND B-BBEE

The B-BBEE Act clearly defines and outlines the types of training that can be claimed for on the B-BBEE Scorecard by classifying the training types into eight distinct categories.

Each category has a specific learning delivery method, outcomes and what can be included in your B-BBEE skills development expenditure claims.



CATEGORY A

BURSARIES OR SCHOLARSHIPS

Institutional based theoretical instruction that is formally assessed and registered with the Dept of Basic Education or Dept of Higher Education

Results in the achievement of a degree, diploma or certificate issued by an accredited provider

CLAIMABLE SPEND

- Invoice of training
- Ancillary costs limited to 15% of total skills claim unless claimed under 2.1.1.2



CATEGORY B, C & D

INTERNSHIPS, LEARNERSHIPS AND APPRENTICESHIPS

Training that comprises of theoretical and practical components

Results in the achievement of a degree, diploma or certificate issued by an accredited provider

CLAIMABLE SPEND

- Invoice of training
- Cost to company of candidate while on internship programme



CATEGORY E

WORK INTEGRATED LEARNING

- Occupationally directed instructional and work-based learning that does not require a formal contract - formally assessed by an accredited body
- Results in the achievement of credits for registered unit standards

CLAIMABLE SPEND

- - Invoice of Training
- - Ancillary costs limited to 15% of total skills claim



CATEGORY F

INFORMAL TRAINING

Occupationally directed informal instructional programmes through structured workshops, seminars, conferences and short courses

Results in the achievement of CPD points or attendance certificate

CLAIMABLE SPEND

- Invoice of training
- Ancillary costs limited to 15% of total skills claim
- Category F+G limited to 25% of total skills claim



CATEGORY G

INFORMAL TRAINING

Work-based informal training

Results in the increased understanding of job or work context or improved performance or skills

CLAIMABLE SPEND

- Hourly rate of employee who conducted the training; divided by number of participants trained and multiplied by duration
- Ancillary costs limited to 15% of total skills claim
- Category F+G limited to 25% of total skills claim

IMPORTANT B-BBEE TRAINING PLANNING NOTES

- Companies must submit an approved WSP/ATR to receive points on their next B-BBEE Audit
- Develop a Talent Acquisition Programme using learnerships/ internships/ apprenticeships
- Align B-BBEE needs of learnerships/ internships and apprenticeship needs with training plan
- Align training needs to Economically Active Population (EAP) targets to ensure training implemented can award full points.
- You can claim your SDFs cost (CTC or consulting fee) as part of your training administration costs
- SETAs are favourable to companies whose training plans are focused on designated groups per the various SETA grant policies
- Some SETAs provide priority funding for training of people with disability (eg merSETA)

Examples of training courses funded by merSETA which can be utilised for B-BBEE purposes

- | | | |
|-------------------------|--------------------------------------|--------------------------|
| • Production Technology | • Machine Line Operator | • Automotive Diagnostics |
| • Mechatronics | • Metal Process Operator | • Plastic Manufacturing |
| • Fitter & Turner | • Production Plant Supervisor | • Rigging |
| • Boilermaker | • Automotive Component Manufacturing | • Metal Production |
| • Millwright | • Autotronics | • CNC Production |
| • Tool, Jig & Die Maker | | • Project Management |
| • Welder | | |

SKILLS DEVELOPMENT IN THE AUTOMOTIVE SECTOR: GLOBAL TALES

- Hyundai Motor Company (HMC) adopted an innovative blended learning programme called Future Global Leader Programme
- Objective was to stimulate and groom high-performing junior managers to emerge future skillful leaders
- Framework set to integrate instructor-led online learning into a programme
- Hyundai was able to deliver an expanded learning curriculum in a more efficient and engaging way



KOREA

- GM Hellas – a subsidiary of Opel car manufacturer in Greece
- Training related to the principles of adult education and those related to the business goals of the company
- Opel provides in-house training programmes to all staff levels and job positions
- GM Hellas has three levels of training – gold, silver and bronze. Training is mandatory for all employees
- Objective of the training was to transfer philosophy of the organisation in its workforce
- At least 25% of all jobholders in each type of post are to receive gold standard



GREECE

- One study examined the nature of collaboration between industry and academia in the Indian automotive sector
- Most prevalent form of collaboration is competency development and training. Second involves research services (material testing, product testing and analytical services)
- The Advanced Steel Processing and Products Research Centre (ASPPRC) had a close linkage with the Colorado School of Mines. Leading global steel makers and automobile companies like Tata and Mahindra were part of this because the collaboration afforded them information on current innovation in terms of steel processing which in turn influence their manufacturing processes, material selection and automobile designs
- Automotive Skill Development Council (ASDC) is India's leading council that promotes collaborative skill development program in the automotive sector
- A Memorandum of Understanding exists between the Indian government and Tata Motors to help promote the skill development centres across its six plants in India



INDIA

GLOBAL TALES CONTINUED...

- Guangzhou Toyota is the pioneer organisation that adapted the “Dealership in School” model of training in collaboration with Sichuan Vocational and Technical College of Communications (SVTCC) in China
- Cooperative training delivery method between the car manufacturer and SVTCC
- The college provides the training and associated facilities for manufacturers on campus
- The car manufacturer provides the training vehicles, necessary equipment, training materials and facilitators to assist the college in the training of students
- Graduate employment rate for those students who graduated from the Automotive Engineering Department of SVTCC between 2007 and 2010 was 100%
- Outstanding performance linked to the collaborative training approach by SVTCC and local car manufacturers and dealerships to fully support the automotive students



CHINA

Source: <http://dx.doi.org/10.5772/intechopen.70305>

FUTURE DEMAND FOR SKILLS

DECLINING

41% in 2018 declined to 26% in 2022

Assembly and Factory Workers
 Data Entry Clerks
 Client Information & Customer Service Workers
 Accountants & Auditors
 Accounting, Bookkeeping & Payroll Clerks
 Administrative & Executive Secretaries
 Transportation Attendants & Conductors
 Material Recording & Stock Keeping Clerks
 General & Operations Managers
 Business Services & Admin Managers



EMERGING

8% in 2018 emerging to 21% in 2022

Data Analysts & Scientists
 AI & Machine Learning Specialists
 Process Automation Specialists
 Software & Applications Developers & Analysts
 Innovative Professionals
 Sales & Marketing Professionals
 Service & Solutions Designers
 Product Managers
 Industrial & Production Engineers
 Supply Chain & Logistics Specialists

Source: WEF, *The Future of Jobs Report 2018, 2018*

According to the World Economic Forum’s Future of Jobs Report 2018

In the future there will be greater demand in the automotive industry for data analysts and scientists, process automation specialists and industrial and production engineers, among other high-skilled workers.

However, there will be less demand for roles such as assembly and factory workers, administrative and executive secretaries and other low-skilled workers.

Transforming the skills requirements leads to opportunity to be more inclusive for women who are underrepresented in the industry.

SKILLS GAPS IN THE AUTOMOTIVE SECTOR: TALES FROM ACROSS BRICS

When assessing common threads in the training needs gaps for BRICS countries, the below were identified as overlapping areas for development of the workforce

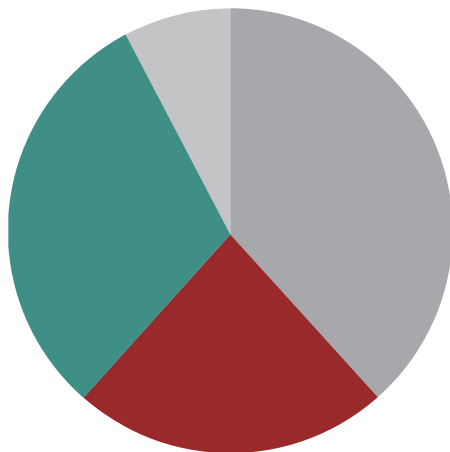
 BRAZIL	 RUSSIA	 INDIA	 CHINA	 SOUTH AFRICA
<p>The identified skills gaps include:</p> <ul style="list-style-type: none"> • Technical skills • Problem solving skills • Process skills • Social skills <p>Strategies for addressing skills gaps include:</p> <ul style="list-style-type: none"> • Reskilling existing staff • Hiring skilled staff • Technical/ vocational training (on the job) 	<p>The identified skills gaps include:</p> <ul style="list-style-type: none"> • Systems thinking • Programming /AI/ robotics • Project management • Communication skills <p>Strategies for addressing skills gaps include:</p> <ul style="list-style-type: none"> • Reskilling of existing staff • Hire permanent staff with requisite skills • Automation • Hire temporary staff with requisite skills • Outsourcing specialist areas 	<p>The identified skills gaps include:</p> <ul style="list-style-type: none"> • Technical skills • Problem solving skills • Process skills • Social skills • Analytical skills <p>Strategies for addressing skills gaps include:</p> <ul style="list-style-type: none"> • Reskilling and upskilling requisite skills • Corporate workforce skills planning • Matching jobs and existing skills • Blended training • Mentoring • On the job training 	<p>The identified skills gaps include:</p> <ul style="list-style-type: none"> • Technical skills • Lack of work experience • Managerial experience <p>Strategies for addressing skills gaps include:</p> <ul style="list-style-type: none"> • Reskilling existing staff • Upskilling existing staff • Hire staff with relevant skills • Automation 	<p>The identified skills gaps include:</p> <ul style="list-style-type: none"> • Technical skills • Lack of work experience • Problem solving skills • Analytical skills • Systems thinking <p>Strategies for addressing skills gaps:</p> <ul style="list-style-type: none"> • Hire staff with requisite skills • Reskilling existing staff • Upskilling existing staff • Automation • Learnerships/ internships/ apprenticeships • Technical/ vocational training

For the full report on the skills gap analysis trends of each BRICS country from which the above data was extrapolated visit:

<https://bricspolicycenter.org/en/projetos/brics-and-industry-4-0-skills-gaps-and-skills-development>

SKILLS GAPS AND SKILLS DEVELOPMENT

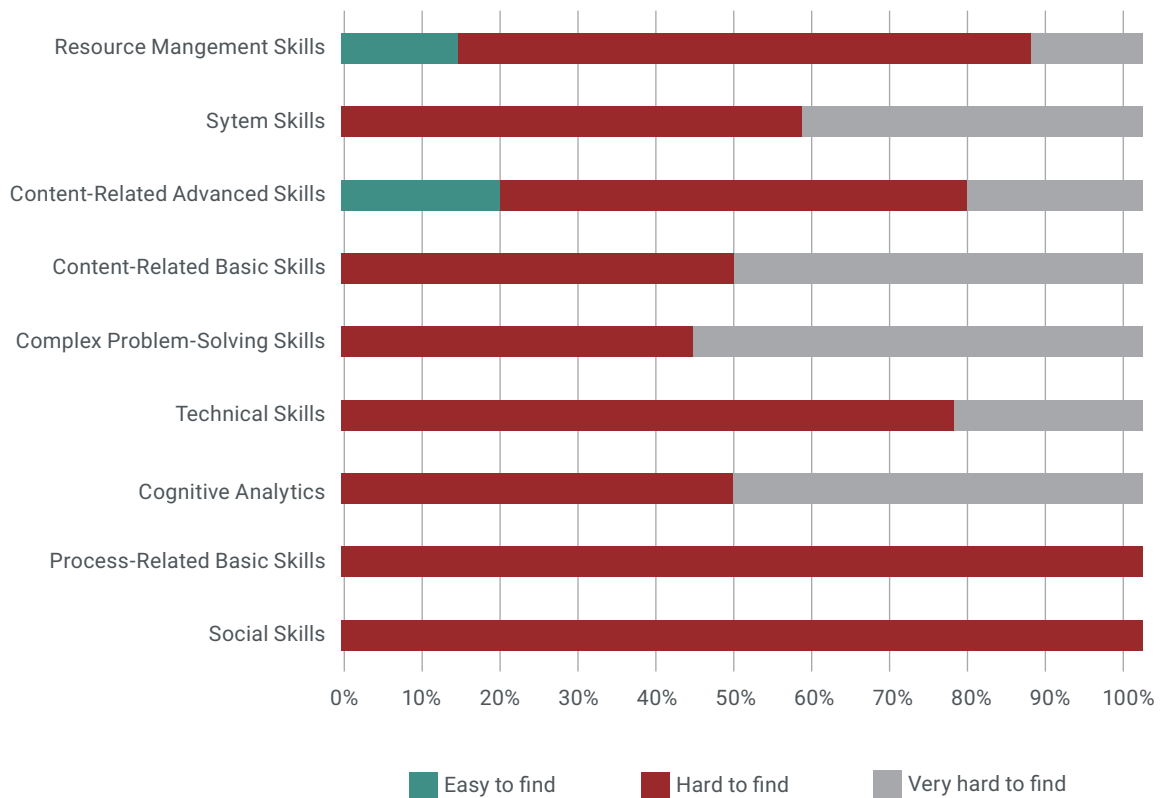
Country: South Africa



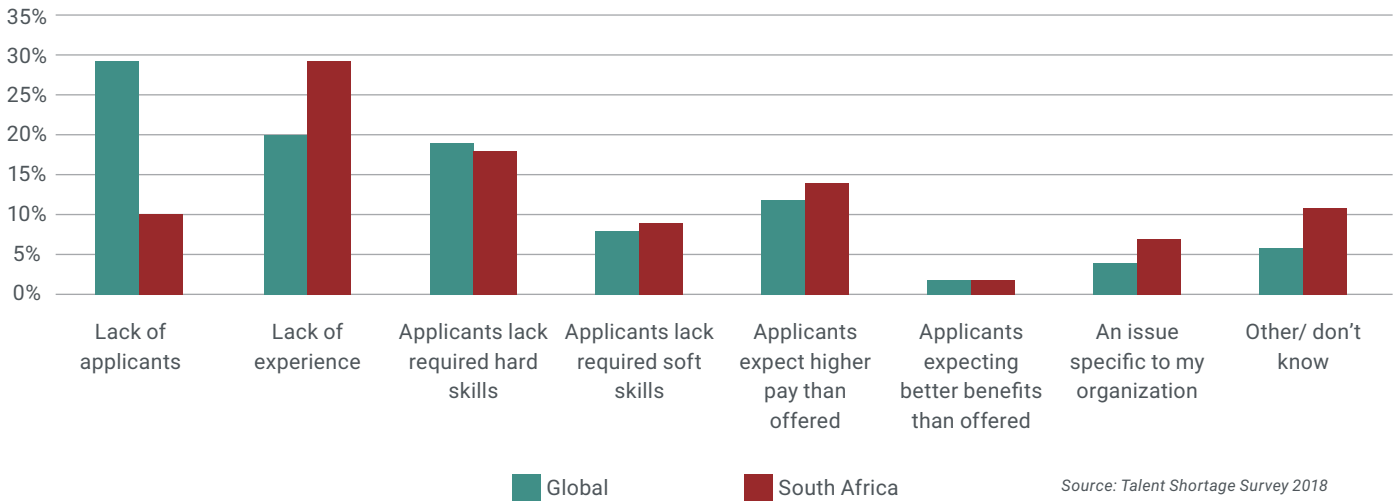
Workforce Inadequacy



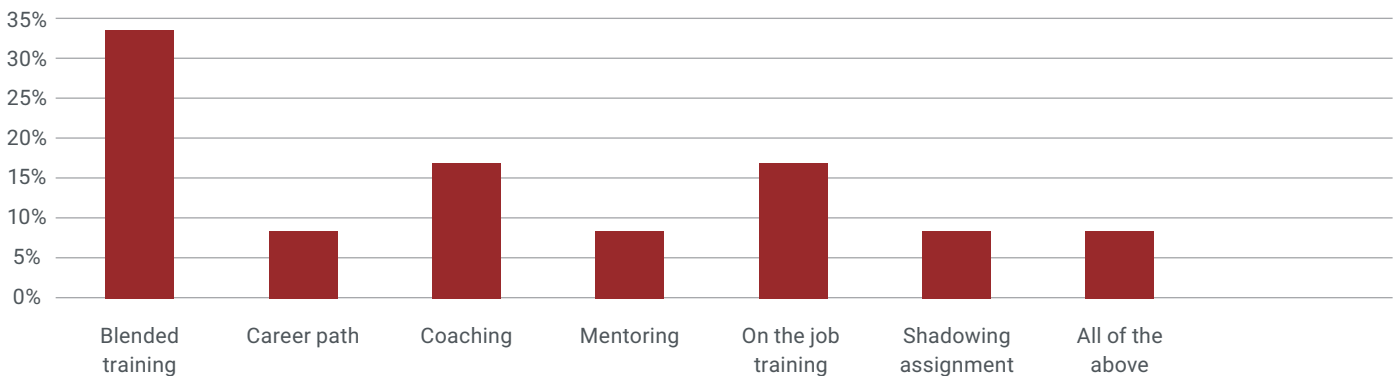
Skills - Sets Availability



Drivers of Talent Shortage (%)



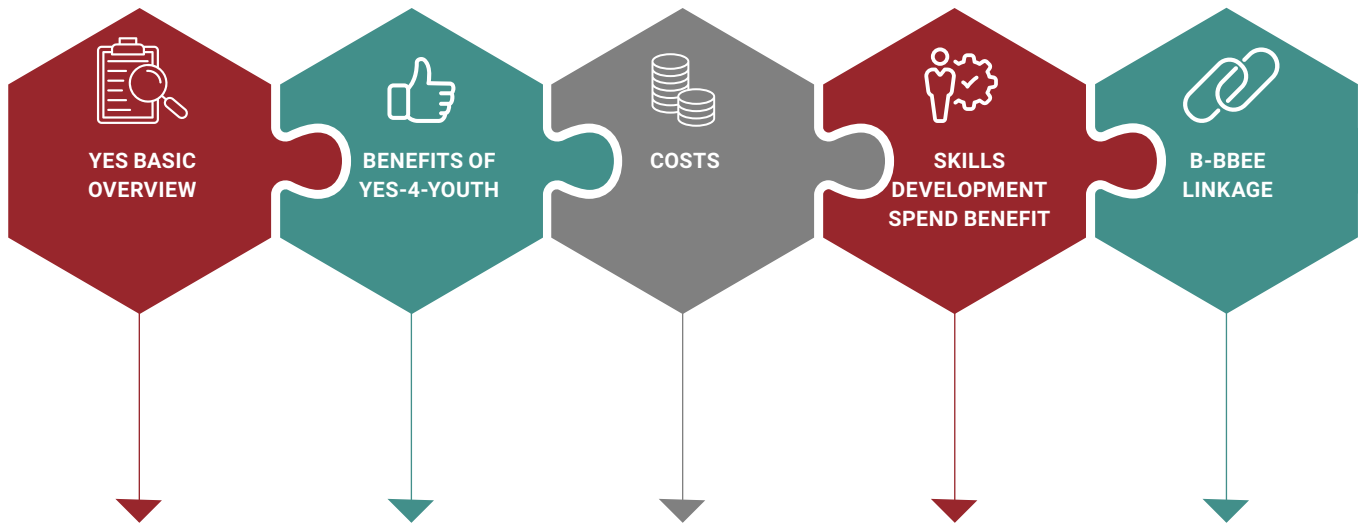
Skilling Approaches



Source: <https://bricspolicycenter.org/en/projetos/brics-and-industry-4-0-skills-gaps-and-skills-development>

YES-4-YOUTH PROGRAMME

Yes-4-Youth is a business-driven initiative which is breaking new ground by pioneering a partnership with government and labour, to collectively tackle a national plan to build economic pathways for Black youth.



- **Not** a LIA Programme
- 12-month fixed-term contracts provided
- New positions must be created
- 18 to 35 years of age
- Black as defined by the B-BBEE codes
- Candidates must be unemployed at time of entering programme

- Opportunity for talent acquisition programmes
- Can place YES candidates on training which can be funded by SETA grants if applied for during reporting periods

- Company registration fee dependent on turnover
- Candidate registration fee dependent on NPAT
- Minimum Wage of R45 600 p/a
- MIBCO and Bargaining Council rate trump Minimum Wage
- ETI qualification for candidates
- 18 to 29 years of age

- If engaged in Yes-4-Youth:
- Company can claim up to 50% of training on Information Training (Category F + G)
- Can implement a Personal Development Programme for candidates
- Any training costs incurred for YES candidates that meet B-BBEE criteria apply in claim

- Meet headcount target - +1 B-BBEE Level
- Meet 1.5x headcount target - +1 B-BBEE Level + 3 Points
- Meet double headcount target - +2 B-BBEE Levels

To calculate your sponsoring targets and more information go to www.yes4youth.co.za

Can place candidates internally or outsource the placements to another business – support supply chain and SMMEs

Talent acquisition programmes will empower a company with their Employment Equity Act compliance

There are approved implementation partner companies who can assist you structure your Yes-4-Youth programme

FUNDING MECHANISM – 12H TAX CONCESSION AND ETI

12H Tax Concession

Section 19A of Income Tax Act

Section 12H of the Income Tax Act provides for an allowance to employers in respect of qualifying “registered learnership agreement(s)” entered into between the employer and employee. The allowance is intended as an incentive for employers to train employees in a regulated environment in order to encourage skills development and job creation.

Learners with Disability (NQF Level 1-6)

Up to R120 000 as a tax deduction

- 50% pro-rata’d – claimable of R6 000pm while on learnership
- 50% claimable upon successful completion of learnership

Able Bodied Learner (NQF Level 1-6)

Up to R80 000 as a tax deduction

- 50% pro-rata’d – claimable of R3 333pm while on learnership
- 50% claimable upon successful completion of Learnership

Apprenticeships that span more than 12 months

- Can claim the pro-rata’d value for every consecutive 12 month period on placement
- Claim completion bonus once upon conclusion

Opportunity exists for company expansion by the design and implementation of well devised talent acquisition programmes for youth.

Carefully planned expansion opportunities can be achieved by upskilling existing staff to supervisor level and the onboarding of new employees through learnership and apprenticeship programmes.

This approach ensures that your company has a readily available talent pool, succession planning is accomplished, staff are upskilled and funding assists in cost control sureties.

Employee Tax Concession

An incentive aimed at encouraging employers to hire young and less experienced work seekers. It reduces an employer’s cost of hiring young people through a cost-sharing mechanism with government, while leaving the wage the employee receives unaffected. The employer can claim the ETI and **reduce the amount of Pay-As-You-Earn (PAYE) tax payable by the amount of the total ETI** calculated in respect of all qualifying employees.

Employers are able to claim the incentive when they have employees who:

- Have a valid South African ID
- Are from 18 to 29 years old
- Are not domestic workers
- Are not related or “connected” to the employer
- Earn at least a minimum wage in terms of wage regulating measures. If no measure exists then the employee must earn R2 000 per month in wages
- Earn less than R6 000 per month in total remuneration (basic salary plus all other benefits)

Legislation provided by SARS allows a measured entities tax liability to be utilised as a funding mechanism to fulfill skills development objectives

SARS does not preclude an employer from participation in more than one incentive programme

Talent acquisition programmes will empower a company with their Employment Equity Act compliance

LIAs form the best return on investment as a result of ancillary claims, SETA funding and SARS concessions

IMPACT OF 2021 BUDGET SPEECH ON AUTOMOTIVE SKILLS DEVELOPMENT

The 2021 Budget Speech delivered by Finance Minister Tito Mboweni outlined the following three areas which may have an impact on training and job creation within the automotive sector.

SKILLS DEVELOPMENT SPEND AND NEW JOB CREATION

Spending from the skills development levy is projected to increase by 10.2% annually and will allow SETAs to fund more skills programmes, learnerships, internships and apprenticeships, and workplace experience.

Over the period, R65.5-billion will help an estimated 89 000 new artisans to register for training, develop 71 500 qualified artisans and provide more than 320 000 work-based learning opportunities. This is across sectors and not specifically geared at the automotive sector.

PRESIDENTIAL YOUTH EMPLOYMENT INIATIVE

A further R11-billion has been allocated to the Presidential Youth Employment Initiative bringing the funding for employment creation to close to R100-billion, specifically targeting the employment of young people.

This may drive additional youth being absorbed into work experience opportunities in the auto sector through initiatives such as the YES-4-Youth Programme.

EMPLOYEE TAX INCENTIVE

Due to the abuse of the Employee Tax Incentive by taxpayers allowing training institutions to claim the ETI for students, it is proposed that the definition of an “employee” be changed in the Employment Tax Incentive Act (2013) to specify that work must be performed in terms of an employment contract that adheres to recordkeeping provisions in accordance with the Basic Conditions of Employment Act (1997). These amendments will take effect from 1 March 2021.

*The 2021 Budget Speech as delivered by Finance Minister Tito Mboweni can be accessed on the below link:
<http://www.treasury.gov.za/documents/National%20Budget/2021/speech/speech.pdf>*



SETA STRATEGIC GOALS AND THE NATIONAL SKILLS DEVELOPMENT PLAN (NSDP)

The table below shows the alignment of the outcomes of the NSDP with the strategic goals of the SETA:

	NSDP KEY OUTCOMES	merSETA STRATEGIC OBJECTIVES
1.	Identify and increase production of occupations in high demand	<ul style="list-style-type: none"> Improved quality of organisational planning, budgeting, performance monitoring and reporting Increased publication of research products that inform cutting-edge solutions in the sector
2.	Linking education and the workplace	<ul style="list-style-type: none"> Increased contribution to employment and growth opportunities through skills facilitation Strengthened partnerships for improved responsiveness to the needs of the sector
3.	Improving the level of skills in the South African workforce	<ul style="list-style-type: none"> Increased publication of research products that inform cutting-edge solutions in the sector Increased contribution to employment and growth opportunities through skills facilitation Increased throughput of learners in occupational programmes through a strengthened merSETA quality assurance system
4.	Increase access to occupationally directed programmes	<ul style="list-style-type: none"> Increased responsiveness to the Mer-sector, through the provision of sector endorsed occupational qualifications and part qualifications Increased throughput of learners in occupational programmes through a strengthened merSETA quality assurance system
5.	Support the growth of the public college system	<ul style="list-style-type: none"> Strengthened partnerships for improved responsiveness to the needs of the sector
6.	Skills development support for entrepreneurship and cooperative development	<ul style="list-style-type: none"> Improved competency levels of small and medium enterprises (SMEs), township and village enterprises and cooperatives entrepreneurs
7.	Encourage and support worker-initiated training – driven by critical networks of employee representatives and unions officials	<ul style="list-style-type: none"> Strengthened partnerships for improved responsiveness to the needs of the sector
8.	Support career development services	<ul style="list-style-type: none"> A skilled, agile and flexible current and future workforce for emerging and future occupations and employment opportunities, within the merSETA sector engineering and manufacturing industries, and related labour market

IMPACT OF COVID-19 IN THE MER-SECTOR

Across the Mer-sector a picture of **extreme economic hardship** has emerged – all the six sub-sectors have been negatively affected by the Covid-19 pandemic.



RETRENCHMENTS

Despite indications show that employers are doing much to try to protect jobs and employment, many companies in the Mer-sector have implemented retrenchments



SUPPLY CHAIN

Disruptions in the manufacturing value chains/ supply chains due to restrictions in movement of people and goods (locally and internationally)



CUSTOMER BASE

Decrease in consumer confidence and reducing consumption – loss of customer base due to the extended lockdown and economic recession which has resulted in reduced consumer spending and demand of products produced by the mer sector



PRODUCTIVITY

Inability to meet production targets and reduced productivity due to restrictions in import and export of goods and reduced demand during the national lockdown



WORK-BASED LEARNING

WBL has been impacted by the national lockdown which has resulted in an economic recession with consequences such as reduced productivity, company closures and widespread retrenchments

The South African Economic Reconstruction and Recovery Plan

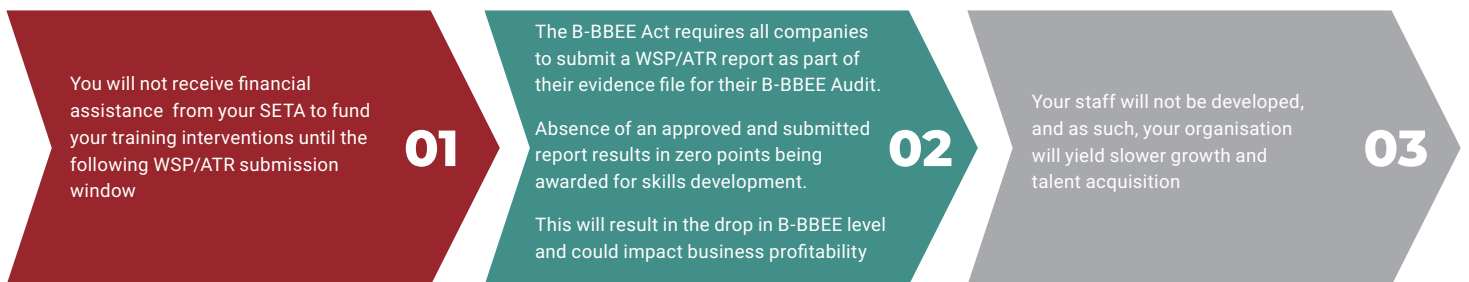
Interventions should cut across the merSETA suite of training interventions with a particular focus on quick relief for beneficiaries and firms.

The priority areas below are aligned to merSETA strategic objectives

1. Self-generation of electricity/energy
2. Support for localisation and local manufacturing
3. Maintaining community infrastructure and the circular economy
4. A green economy – waste recycling, beneficiation and transition to the circular economy
5. Technological enablers
6. Diversity and social inclusion
7. Supporting retrenched and unemployed workers in the sector

CONSEQUENCES OF NON-COMPLIANCE WITH SKILLS ACT

While the Skills Development Act is a non-compulsory Act, there are negative consequences for non-compliance



merSETA – THE WAY FORWARD 2021

“The declaration of a national state of disaster just before year-end affected all SETAs, not least through the four-month levy payment holiday. We began a deep-dive into the effect on our Mandatory and Discretionary Grant disbursements, as well as our administrative costs. We are monitoring these costs closely.

In minimising the impact of this unprecedented event, the merSETA provided tools and capabilities for employees to work remotely and continued most of its operations

The lockdown, in fact, allowed the SETA to strengthen monitoring and evaluation systems, digital ecosystems, innovation systems, research and labour market intelligence and governance, risk management and compliance structures.

We also conceptualised the Viro-vent Skills Innovation Challenge, a partnership with five higher education institutions (HEIs) linked to the National Research Foundation and the National Ventilator Project. This merSETA-funded project will provide skills development and skills transfer through designing, developing and testing prototype products, particularly high-technology ventilators.

Two fast-tracked research concepts were developed to prepare the merSETA for post-Covid-19 initiatives – one for simulated training to counteract the lack of work-based learning spaces, and the other to improve the skills of community-based entrepreneurs and use TVET college infrastructure after hours for services to communities.

We also began to realign our strategy and plans, considering the gradual reopening of the economy to come and the launch of our sixth chamber, the Automotive Components Manufacturing Chamber.

The coming financial year will be a steep learning curve for the merSETA as South Africa, hopefully, begins to see the light at the end of the bleak tunnel down which the economy has travelled in recent times. This reality shows clearly in our performance in the review year.

However, the promise of a new SETA landscape with its NSDP, a reconstituted Accounting Authority at the start of its tenure, and a carefully thought-out and well-formulated five-year strategic plan, the merSETA – in its well-entrenched tradition – is ready for whatever challenges arise.”

Wayne Adams – Acting Chief Executive Officer merSETA – Achieve Newsletter Issue 47
<http://www.merseta.org.za/merSETA%20Media/Achieve%20Newsletters/Achieve%20Issue%2047.pdf>

CONCLUSION

Automotive sector:

“Some of the pressing challenges facing the sector is a relatively small domestic market and the overall competitiveness gap between South Africa and other competing regions.

To address these constraints, the South African government is putting in significant effort to support local industries and integration to the international market through various programmes and initiatives. Along with the Automotive Master Plan, the Automotive Supply Chain Competitiveness Initiative (ASSCI) will continue to be implemented in the key areas to improve supplier competitiveness. Key to this is supporting skills programmes related to engineering and the trades for industry supply and ensuring sustainable productivity.”

merSeta Sector Skills Plan
2020 to 2025






















merSETA

MANUFACTURING, ENGINEERING
AND RELATED SERVICES SETA



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IYF HIGH GEAR GENDER AND SOCIAL INCLUSION STRATEGY (GESI) OVERVIEW

High Gear is aligned to the International Youth Foundation (IYF)'s global strategy and areas of expertise:

- Advancing youth economic opportunity
- Facilitating youth-responsive and youth-inclusive systems change
- Increasing agency of young people

TVET colleges play an important role for disadvantaged young people as an alternative to universities which are unattainable for many.

IYF works with TVET systems globally to strengthen technical and work-readiness curricula ensuring the driving of change that catalyses inclusion and better economic outcomes for youth enrolled at TVET colleges.

High Gear designed explicitly with GESI considerations



With 99% of TVET college enrollees in South African being historically disadvantaged, High Gear aims to strengthen the public TVET colleges system through strengthening learning and employment outcomes.

High Gear and IYF's commitment and strategy is to ensure inclusion is at the forefront of all programmatic strategies, decisions and activities within the automotive industry



SUPPORTED BY A THEORY OF CHANGE

HYPOTHESIS

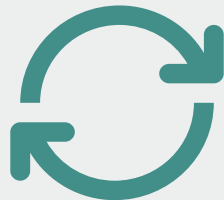
IF industry intermediaries better support and facilitate collaboration and partnerships between employers and public TVET colleges **AND** curricula and teaching in TVET colleges is aligned to industry needs,

THEN public TVET colleges will become and remain more responsive to the needs of young people and industry, providing employers with an improved skills pipeline, and positioning more young people for workforce success.

THEORY OF CHANGE

OBJECTIVE 1

Sustained partnership between industry and TVET colleges to align courses with employer needs



OBJECTIVE 2

TVET students have equitable access to high-quality, relevant training and improved employment opportunities

NAACAM leads increased industry-wide partnerships with the TVET system, supported by SA funders

SYSTEM SCALE & SUSTAINABILITY

Students demonstrate improved academic performance and have expanded professional networks

IMPACT

A demand-driven TVET system aligned with industry, and with quality course delivery, that generates learning and employment outcomes for young women and men.

Industry groups' strategic plans incorporates High gear model

Industry disseminates project learning & results

INITIAL SYSTEM ADOPTION

TVET lecturers adopt and champion course upgrades

IYF collects purpose-driven metrics

SYSTEM CHANGE CATALYSTS

Industry-validated course upgrades

Inclusive workplace training for TVET staff & studentst

IYF facilitates ecosystem partnerships

CORE NATIONAL PARTNERS: National Association of Automotive Component and Allied Manufactures (NAACAM); Department of Education & Training (DHET); youth advisors

GESI NEEDS ANALYSIS AND FOCUS AREAS

An analysis of systems influence and GESI Needs Analysis helps to ensure project activities are targeting the appropriate issues and that IYF has the ability to affect the proposed systemic changes. This is achieved through:



Findings from GESI Needs Analysis

Apartheid in South Africa produced “historically disadvantaged groups” who have a significantly higher incidence of poverty, including black South Africans (which includes black Africans; people of Indian/Asian descent; and the coloured community), women, and people with disabilities. The TVET system, post-1994, has made major inclusion advances, but struggles to produce inclusionary workforce outcomes.

Overview of the TVET and manufacturing workforce inclusion status for priority groups

	TVETs	Manufacturing Workforce Inclusion
Low-income youth	<ul style="list-style-type: none"> 95% of TVET college enrolees are youth 99% of students come from previously disadvantaged groups 	<ul style="list-style-type: none"> Young South Africans nearly twice as likely to be unemployed as adults Number of young people employed as artisans is shrinking 1% to 2% pa
Black South Africans	<ul style="list-style-type: none"> 99% of public TVET college enrolees are black South Africans (Including black Africans, Indian/ Asian descent/ coloured community) 	<ul style="list-style-type: none"> Black South Africans are especially vulnerable to unemployment. with unemployment rate of 39%, compared to 10% for white youth
Women	<ul style="list-style-type: none"> 58% of TVET enrolees are women. The proportion of female students in technical trade courses ranges from 34% to 48% 	<ul style="list-style-type: none"> Female TVET graduates face barriers in post-TVET college training and employment Women represent 41% of technical trade graduates, but are only 28% of apprentices and 25% of artisans
People with disabilities	<ul style="list-style-type: none"> People with disabilities at TVETs less than 1% of total enrolments with 2.5% of South Africa's youth population reporting having a disability 	<ul style="list-style-type: none"> In 2017, 4 600 employees (less than 1%) reported with disabilities in manufacturing firms A high level of exclusion, given that 6% of South Africa's working age population report having a disability

Based on these needs, IYF has identified :

- 1. Positive inclusion trends that High Gear will continue to advance** within the TVET and manufacturing skills ecosystem
 - Increasing proportion of TVET students enrolled in engineering courses are female, and nearly all are black youth
 - Increasing proportion of employed artisans are black South Africans
- 2. Significant inclusion barriers that High Gear can address to a significant degree**, given the project scope (duration and resources)
 - Poor learning and workforce outcomes for TVET college learners
 - Significant exclusion of female TVET graduates' access to workplace experience
- 3. Significant and deep inclusion barriers** that the project will unlikely be able to shift to any significant degree during project implementation, but which IYF is committed to addressing where possible
 - TVET system and manufacturer's exclusion of people with disabilities

Strategy delivered through focus in four areas



Collaboration with
Priority Target Groups,
from inception to
close-out



Systemic change to
increase equity in
employment access for
Priority Target Groups



Gender and
inclusion-sensitive
risk management



Gender and
inclusion-sensitive
programme measurement





GENDER & SOCIAL INCLUSION (GESI) BUSINESS CASE FOR TRAINING

1. High Gear Objectives

High Gear, is an exciting initiative managed by the International Youth Foundation (IYF) with the primary objective of advancing South Africa's public technical vocational education and training (TVET) college system.

High Gear draws on industry knowledge and skills imperatives – along with IYF curricula enhancement tools – to strengthen the market relevance of selected 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 industry, while also generating positive returns for young people and employers within the automotive industry in South Africa.

2. The Inclusion Imperative

High Gear is aligned to IYF's global strategy and areas of expertise. IYF's organisational goals are focused on:

- Advancing economic opportunity for youth
- Facilitating youth-responsive and youth-inclusive systems change
- Increasing the agency of young people world-wide

Globally, TVET colleges play an important role in the lives of disadvantaged young people, as they often function as an alternative to universities that are either unattainable economically or that have academic requirements which disadvantaged individuals cannot reach owing to a lack of investment in lower levels of public education. IYF focuses on transformation of the TVET systems globally to strengthen their technical and work readiness curricula to affect change that is a catalyst for inclusion and better economic outcomes for enrollees in the system.

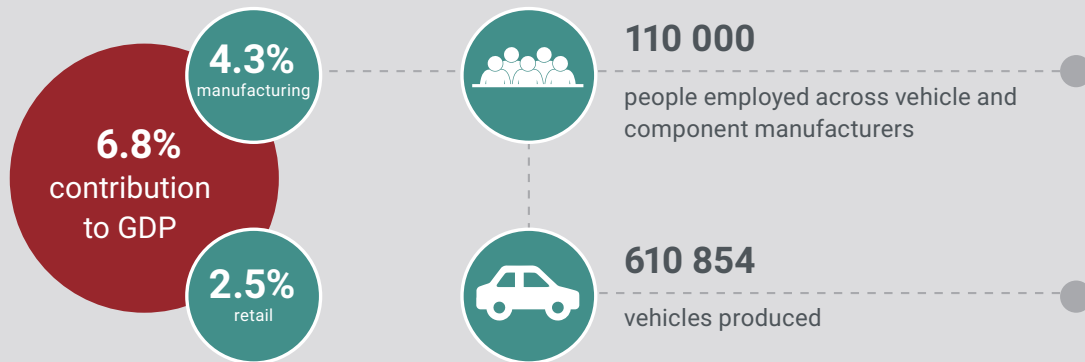
High Gear was designed explicitly with gender equality and social inclusion (GESI) considerations. South Africa's TVET system primarily serves individuals from historically disadvantaged communities¹. In fact, 99% of public TVET college enrollees – nearly 660 000 students in 2018 – meet the South African government's definition of historically disadvantaged, including black individuals (which in South African public policy includes black Africans, people of Indian/Asian descent, and the coloured community), women, and people with disabilities². The TVET system, post-1994, has therefore made major diversity advances, but struggles to produce inclusionary workforce outcomes.

¹ The Government of South Africa defines **historically disadvantaged communities** as: 1) *South Africans who had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 or the Constitution of the Republic of South Africa, 1993 [non-white citizens]; and/or* 2) *who are female; and/or* 3) *who have a disability.*

² Statistics on Post-School Education and Training in South Africa, Department of High Education and Training, 2018.

3. The Business Case

Globally the automotive industry forms a key part of the manufacturing industry and is an economic and industrial force in many economies. South Africa is no exception. As the industry snapshot (Figure 1) illustrates, the industry is a significant contributor to the country's GDP, employing approximately 110 000 people across manufacturing and retail services.



Source: Auto Industry Export Council 2019¹² and Davies, 2018¹²

Figure 1: South Africa's automotive industry snapshot

The automotive industry, however, is also made up of complex supply chains that have evolved over time into a global system and network. In addition to considering the core manufacturing and production of vehicles, thought needs to be given to the larger eco-system of vehicles (Figure 2) from design through to marketing, repairing and servicing of vehicles. This implies that the reach and input of the industry into the economy and its upliftment is larger than that of only the manufacturers.

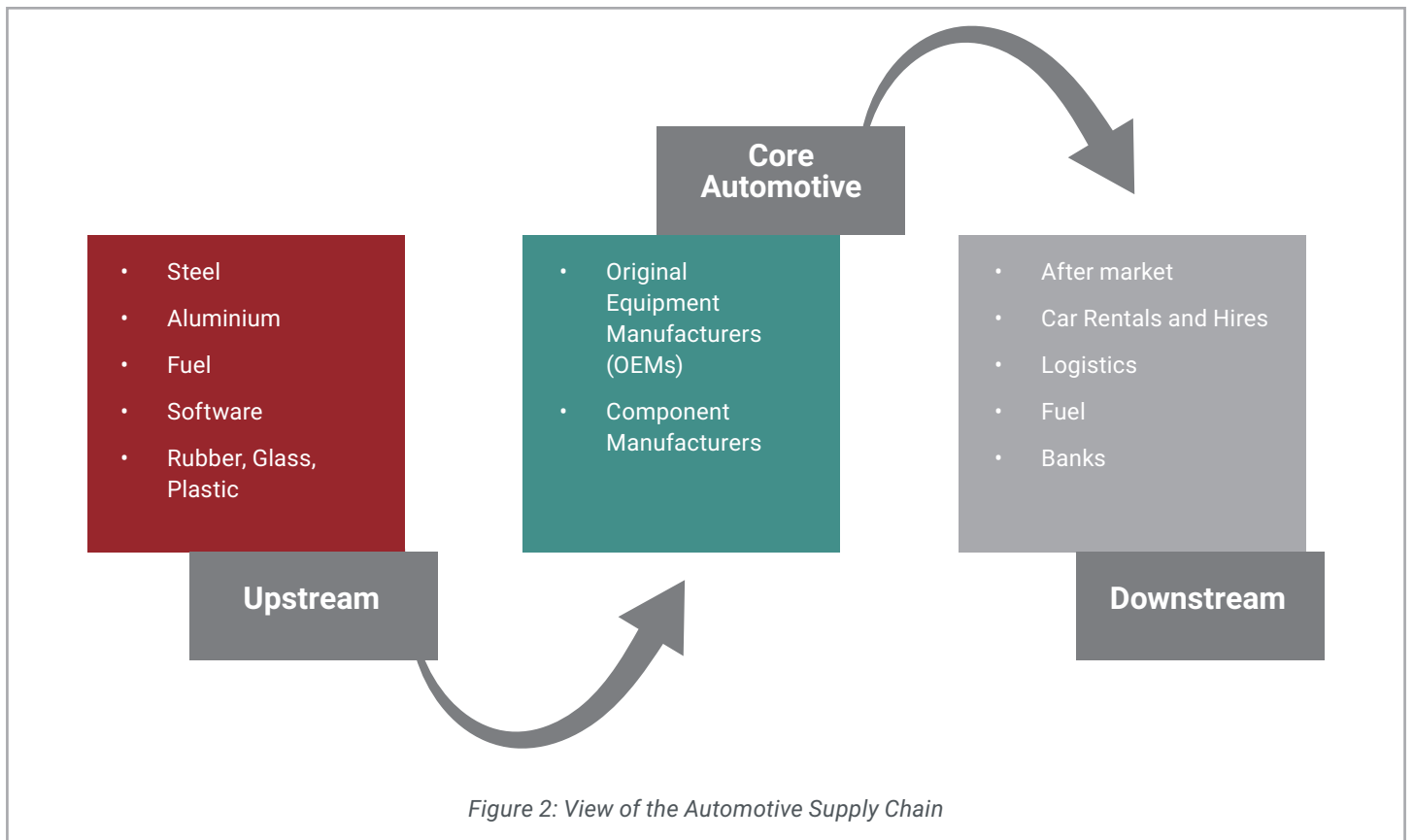


Figure 2: View of the Automotive Supply Chain

While the industry continues to be a significant part of the South African manufacturing landscape, key megatrends shape and impact the sector. These include:

- **Technological advancement:** the continued development and innovation brought on by introduction of technology
- **Advanced manufacturing:** optimisation of processes, use of advanced data analytics, AI, 3D printing and the installation of industrial robots
- **Digitalisation of the automotive value chain:** including the development of a circular value change for automotive companies
- **Changing consumer demographics:** the impacts of varied consumer groups with changing needs of consumers
- **Climate change:** the focus on the large environmental footprint and the drive for the industry to support the move to green economies
- **Job losses, job creation and job transformation:** a changing world and the skills required
- **Industry transformation:** changes to create sustainability and maintain relevance in the industry
- **Towards lifelong learning:** the ongoing investment in skills development and desire for continued learning from participants in the industry

These trends have direct impacts of transformation and inclusion in the automotive industry and the lived experience of talent that makes up the workforce. In recent surveys conducted, a number of issues act as barriers to entry for women entering into and staying in the industry (Figure 3).

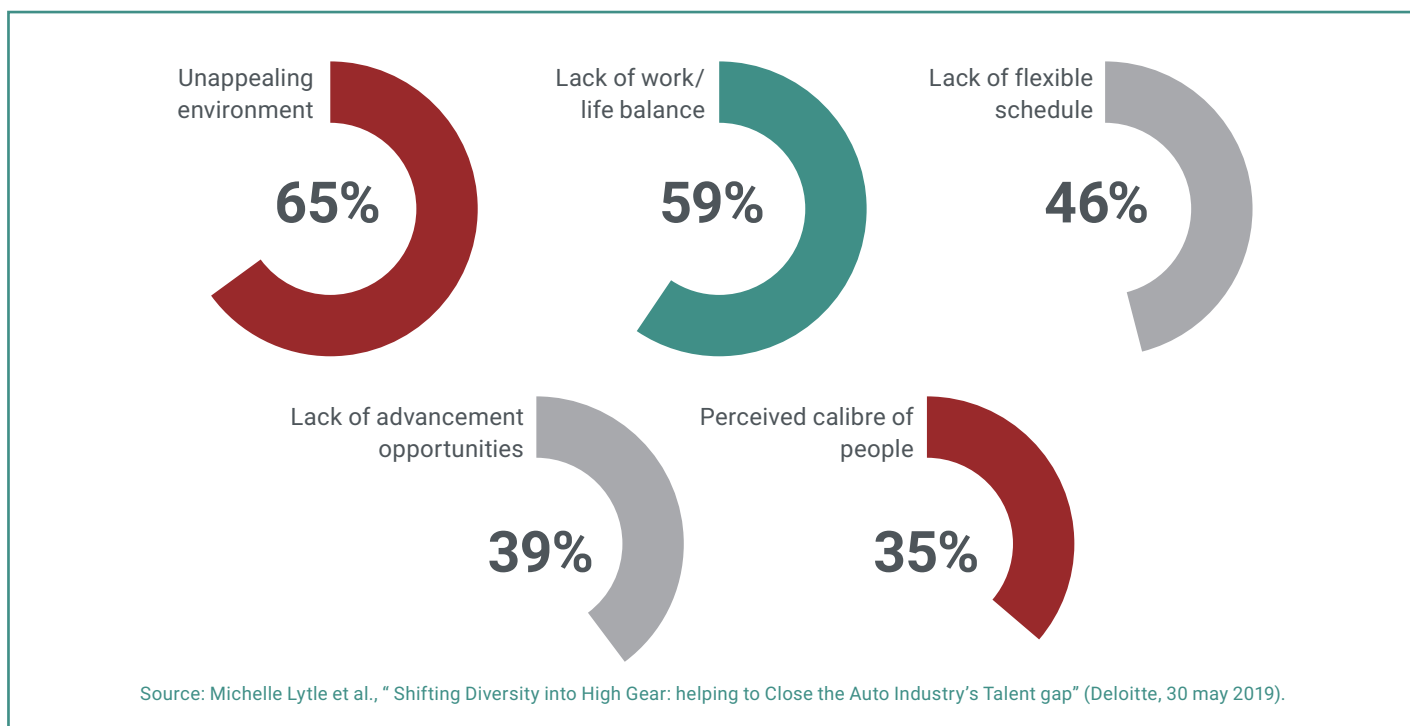


Figure 3: Barriers to women joining the auto industry from survey results

Female participation in the industry continues to be low and women in leadership positions even more so. In the European Union, three times as many men as women are employed in the sector, and in the United States, while women make up 47% of the total labour force, they make up only approximately 27% of the automotive workforce. At a leadership level the disparities are even greater. Women make up less than 8% of all executives in the top 20 automotive companies, with half of these having no female executives in their companies in 2018.

Currently the gender representation across various occupations in South Africa reflects the engendered reality of women representation and participation in certain occupations. According to the merSETA WSP of 2019 (Figure 4), women are under-represented across all categories except “clerical support workers”, and while it is clear there are a number of factors influencing choices made by women to enter certain career paths, the disproportionate nature of the representation indicates investment is required. This could be across the spectrum of inclusion, including work on the pipeline relating to career path planning and exposure, desire and aspirations to GESI-focused leadership development, succession planning and technical skills development.

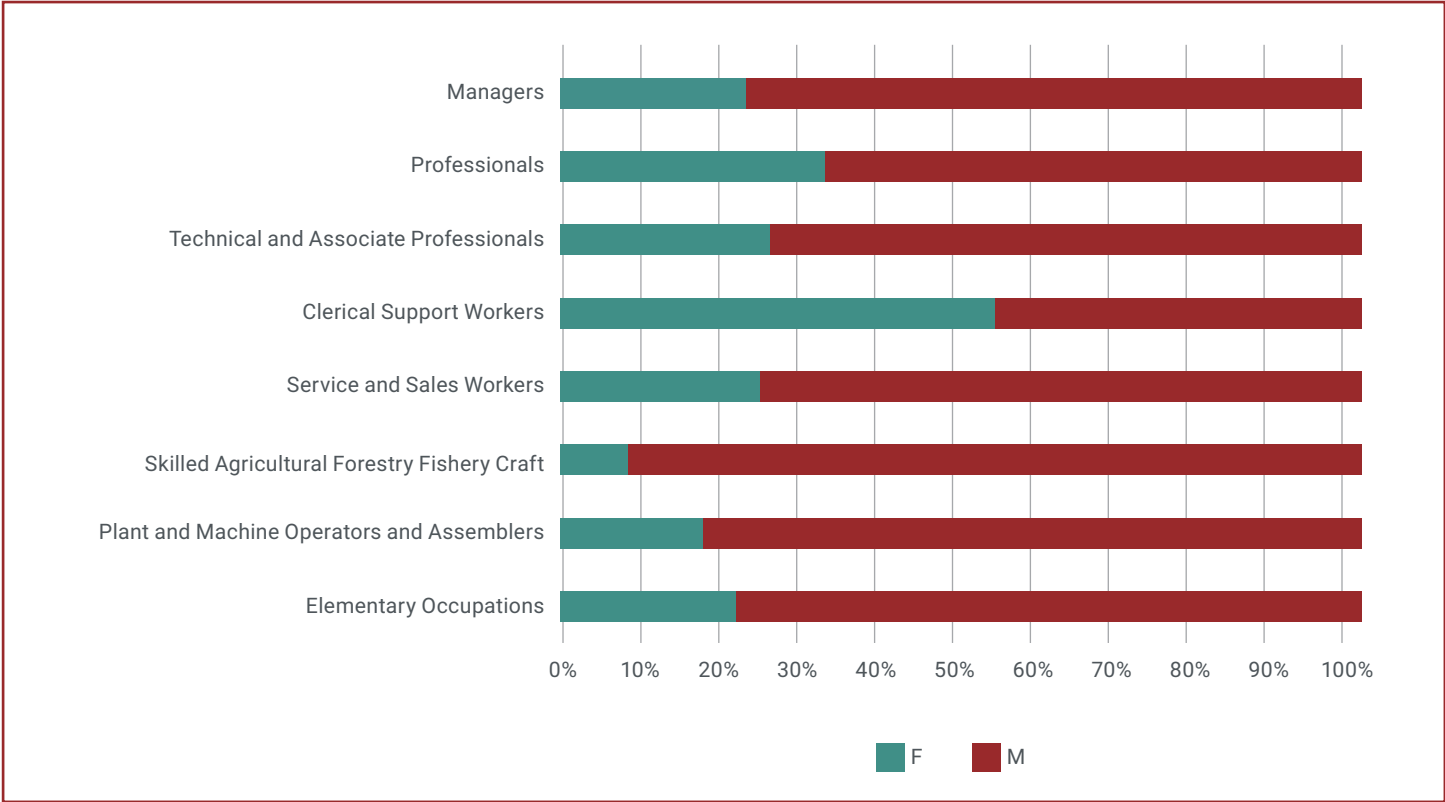


Figure 4: Gender distribution of employees according to occupational groups (merSETA, WSP, 2019)

Given South Africa’s historical context as it relates to historically disadvantaged groups who did not have access to industry opportunities, the situation is even more exacerbated and the need for inclusion across gender, race and people with disabilities requires increased focus.

With an industry vision, as detailed in the South African Automotive Masterplan (SAAM), to become and remain “a globally competitive and transformed industry that actively contributes to the sustainable development of South Africa’s productive economy, creating prosperity for industry stakeholders and broader society”, focus on factors contributing to an inclusive industry need continued effort.

4. Biases experienced by under-represented groups

The realities facing the transformation of an industry are underpinned by biases experienced by groups that are not adequately represented within the automotive industry.

These biases are deep-rooted and often unconscious yet play a lead role in the entry and access into occupations and professions by minority groups, and may be experienced even before entering the workforce.

The pipeline:

Digital, analytical and Science, Technology, Engineering and Mathematics (STEM) skills are required in the changing automotive and automotive component industry today and need to be developed at a grass roots level. Currently, biases experienced by these groups are widespread, influencing thoughts and choices of girls, black Africans and those with disabilities.




From a young age, girls are faced with traditional societal norms and gender and racial stereotypes that impact thinking and pursuit of studies in STEM-related fields. The belief that careers are engendered with women more suited to roles in “nurturing” careers rather than those in manufacturing or STEM-related fields is still experienced and influences not only subject choices and selected voluntary activities as part of schooling but also career choices.



We only play these roles

In a post-apartheid South Africa, much has been written and said about “righting the wrongs” of opportunities lost to black South Africans. However, cultural and traditional beliefs, as well as stereotypes related to innate ability, skills and capability of population groups, are still maintained through the schooling system and in broader society.



I don't see anyone like me

South Africans living in impoverished conditions rely on role models within their communities to shape their thinking and beliefs relating to opportunity, career choice and success. With limited role models in STEM skills and careers, biases are developed in young children, students and their communities in the possibilities for black Africans, women and people with disabilities.

The workplace:

Once completing schooling and preparing to enter the workplace, biases are experienced both systemically and organically through the work lifecycle of the employee.



Recruitment that fits

Recruitment and selection practices, while designed with the intention of attracting a diverse workforce, are often experienced as exclusionary. Recruitment strategies can be static and biases experienced through language, access to information, perceptions of educational institutions, access to networks and potential of candidate.



Developing me

Employees within the workplace look for training and development opportunities that support their growth within the organisation. Perceptions relating to access of information, lack of role models in training material are examples as well as assumptions relating to lifestyle, ambitions and future plans make up part of the experience of those in the industry.



Retention

Anecdotal data and understanding of reasons why under-represented groups leave organisations mean that retention efforts are often mismatched. Bias relating to the role of women and perceptions about their desire to start families, rather than progress at an organisation, everyday sexism, microaggressions, leadership potential of employees and long term ambitions are often experienced.

WomEng’s experience of driving a more diverse and inclusive engineering sector through education and training

Over the past 16 years and across 22 countries, WomEng has worked with girls and women throughout the pipeline into the engineering industry as well as with organisations and industry to drive diversity and a more inclusive workforce within Engineering and STEM.

In asking women why they leave engineering, the responses are not what one would expect.

Reasons for leaving engineering:

- Uncomfortable work environment
- Loneliness and the “work of one”
- Low salary
- Inflexible and non-supportive climate
- Subtle stressors
- Everyday sexism

Some tools and recommendations for driving these are outlined below:

Type of Intervention	Action	Description
QUICK WINS	Create awareness of GESI approach and principles	Design workshops, communication sessions to share the intention for and behind GESI approach and principles to leaders in the organisations as well as those in HR, Learning and Development functions.
	Conduct GESI education and training for HR and Training employees, partners	Conduct workshops to share information and educate HR professionals on GESI considerations including: <ul style="list-style-type: none"> • Diversity and inclusion meaning • Change management • Bias • Application to the organisation
	Position GESI considerations in training plans and programmes	Too often the positive intention is not clear for those directly affected by or benefitting from the outcomes. Expressly articulating this in key training documents from design through to implementation is one way to solve this
	Drive collaboration in training design and planning	Develop a collaborative approach to training and development design with groups being represented to ensure: <ul style="list-style-type: none"> • Appropriateness • Pitch • Relevance • Buy-in • Sustainable change and skills uplift <p>This can be executed through focus groups for changes or updates to apprenticeships or internship programmes, pilot programmes for rollout with feedback loop built into design, collaboration between third-party suppliers and organisational teams during development for context</p>

Type of Intervention	Action	Description
MEDIUM-TERM	Define stakeholder maps and needs analysis	Build an understanding of stakeholders and the needs of all affected groups through stakeholder mapping tools for training programme design
	Create visual identity of training collateral	Update training notifications, posters, material and examples to reflect GESI consideration including role models, language, names and geographic locations
	Creation of company platform	Create shared learning platforms for GESI discussions, questions and conversations within the organisation – tied to transformation teams for insights that can be built into training programmes
	Develop GESI approach for educational institution partners	Develop organisational GESI approach document for partner educational institutions to explain intention, business imperative, strategy to foster collaboration and promote awareness and understanding through the pipeline.
	Engage technical support for GESI and inclusion into materials	<p>Engage with diversity and inclusion technical specialists for GESI approach and considerations to be implemented. Technical support could pertain to:</p> <ul style="list-style-type: none"> • Data gathering and analysis (current state) • Industry and sector view • Diversity and Inclusion best practice • Input and review of materials • Design and development of materials • Train the trainer initiatives
LONG-TERM INVESTMENTS	Employer needs and skills available matching with GESI lens	Coordinate organisation hiring as well as growth and development targets with GESI objectives and principles in mind from strategy through to implementation. Setup integration opportunities with employers, industry bodies and student bodies to drive equal opportunity and equity in the workplace. This is delivered through industry workshops and ultimately representation at decision making forums to drive transformation. Important is the soliciting of feedback from under-represented groups in the workplace to provide data driven insights into changes that can be made to develop a more inclusive environment

Type of Intervention	Action	Description
	Develop integrated GESI metrics for training and development	<p>In addition to business targets for diversity, develop metrics for measurement and management of GESI considerations, including:</p> <ul style="list-style-type: none"> • Intentions • Goals • Planned actions • Progress • Achievements
	Develop industry collaboration for GESI considered training approach	<p>Develop industry-wide collaboration bodies to drive GESI in training and develop including:</p> <ul style="list-style-type: none"> • Career counselling and guidance guides driving GESI principles through the pipeline • Input into TVET training curricula and materials to align GESI considerations and drive industry wide change • Collaborative industry events at an industry level to showcase progress through enhanced material, employment opportunities and career development for groups previously excluded

6. Case studies for learning

The WomEng-Unilever partnership

WomEng is the not-for-profit arm of WomHub and focuses on outreach and developing key STEM (Science, Technology, Engineering and Mathematics) capabilities globally, and diversity and inclusion in STEM with a commitment to empowering one million girls.

The objective: working with Unilever, historically their largest global partner, to develop awareness and participation in STEM for girls and young women

Impact achieved: WomEng provided talent development services in seven countries across the globe. Apart from the impact achieved in numbers (illustrated below), the personal experiences and stories are where the impact is felt. Participants from the Unilever GirlEng programme focused on awareness of STEM-related careers



Why it worked?

- Committed to a bigger vision understanding the engineering ecosystem benefits not just the Unilever benefits
- Programme was attached to targets for the company, and KPI for the team involved
- Greater opportunity for collaboration which worked all across the engineering talent pipeline
- Seamless team integration between Unilever and WomEng
- A methodology to Attract – Train – Develop – Retain, not just focus on attraction
- Engaged leadership from the CEO to the factory floor
- Engaging heart and mind of women in the business to support the retention of women
- WomEng was institutionalised within the organisation
- Backed by funding to support a comprehensive diversity and inclusion strategy

The Thailand automotive vocational skills development story

An example of collaboration and partnership to develop skills in the automotive sector has successfully been delivered in Thailand.

The objective: despite overall increasing levels of education in Thailand, organisations and the country's Department of Education found that graduates were not adequately prepared for the working world and active labour market. While the intention was to provide education and training across the spectrum, those from poor and vulnerable populations were able to access work readiness skills through non-formal education.

Impact achieved: Thailand's *Automotive Industry Master Plan 2012-2016* aimed to take a holistic approach to training and training development through a series of integrated projects to enable and accelerate the development of human resources throughout the industry. This focused on:

- Training
- Curriculum development
- Lecturer development
- Promotion of in-house training centres

In addition, the master plan emphasised the creation of a collaborative effort with education institutions to prepare students for their future careers in the automotive industry.

The projects focused on empowering participants with knowledge, skills and abilities. The Automated Human Resource Development Project worked in collaboration with Japan, which is home to a number of Tier 1 manufacturers, to develop their outcomes.

The collaboration enabled the transfer of crucial technologies and standards and the development of a body of knowledge consisting of expert training in four areas, which enabled industry-wide development and thereby the growth of Thailand's automotive industry.

Why it worked?

- 1. A long-term view:** development of a long-term plan for talent development for Thailand's automotive industry
- 2. Strong focus on collaboration:** standard academic and continuous professional development (CPD) curricula were built with academic cooperation from both domestic and international institutions as well as the private sector to provide for present and future industry demands
- 3. Sustainable development approach:** a human resource development operating work system was planned for development of skills as well as to assist with supervision, testing and research

7. Conclusion

HR and Learning and Development specialists take the lead in driving the change within organisations. Organisations can drive sustainable GESI-enhanced implementation and inclusive outcomes through sharing a focus on:

- *A data-driven and measured approach:* stakeholders across organisations, educational institutions and industry bodies will better understand the business case through clearly articulated objectives, metrics and benefits to be attained
- *Change management:* working to drive buy-in through understanding the case for change, contribution and inputs of all affected role players supported by clear and concise communication and engagement plans
- *Transformation:* “Diversity is being invited to the party. Inclusion is being asked to dance.” Creating a transformed workplace and industry that is diverse only meets some of the intended objectives. The inclusive organisations will deliver socio-economic benefits, contribute to societal upliftment and deliver required business outcomes, including innovation, creativity, future relevance and growth
- *Collaboration:* working with organisations, industry bodies and education institutions promotes GESI considerations through a holistic view of the needs of employees coming into or already in the industry. It will further ensure that the pipeline of skills matched with those that are needed by employers are developed early and built through the employee life cycle.

The dedicated focus on skills development and training programme design, development and implementation with a focus on GESI considerations can contribute to transforming the industry, creating the required growth and delivers on the objective of more inclusive organisations and industry.

References:

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Geared For Growth: South Africa’s Automotive Industry Master Plan to 2035, a report of the South African Automotive Masterplan Project for The South African Department of Trade and Industry (**the dti**) Government of the Republic of South Africa, 2018

<https://www.intechopen.com/books/skills-development-for-sustainable-manufacturing/interventions-to-skills-development-in-the-automotive-manufacturing-sector-of-south-africa>, 2017

High Gear, Gender and Social Inclusion Strategy and Action Plan (KwaZulu-Natal), 2020

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.

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