



Report: Workshop on business' role in shaping the revised SETA Grant Regulations regarding monies received by SETA's (15 July 2021)

1. Background:

This report serves as a summary of the conversations and recommendations made during the workshop held on 15 July 2021. For the sake of completeness, the attendance list as well as three presentations used by the speakers on the day, are attached to this report.

2. ILO Review of Skills Levy Systems in Countries of the Southern African Development Community 2020:

The first presentation was made by Jahni de Villiers on a study that was proposed to assess the skills development levy system in SADC countries. The study reviewed good practice globally and provided lessons learnt and recommendations on developing/adapting the system to advance the agenda of smooth transitions to the world of work and lifelong learning, with a particular focus on the role of the SADC Private Sector Forum (SPSF) and the Southern Africa Coordination Council (SATUCC) in this process.

This report is the product of collaboration between SPSF and SATUCC as a contribution towards bridging the skills gap for youth employment and decent work under the future of work agenda.

The full report can be accessed at:

https://www.ilo.org/actemp/publications/WCMS_754219/lang--en/index.htm

The recommendations in the presentations were made to and accepted by the SADC Labour Ministers at their meeting on 28-30 April 2021.

Participants supported the proposals aimed at employers in the presentation. Conversations centered around ways to include small businesses in the system of obtaining funding for skills development.

This project is co-funded by the European Union and the Federal Ministry for Economic Cooperation and Development



Supported by



3. Technical policy analysis of the National Skills Development Plan 2030: Towards a pragmatic approach for Business 2021:

The second presentation was made by Dr Florus Prinsloo and included important thinking points for organised business to take note of in terms of skills development planning and the resultant levies that are available to support these plans.

Firstly, a proposed solution to the levy grant allocations would be: As this will be a highly contested area of debate by almost every individual member of BUSA, it is suggested that a piecemeal approach be taken on the levy percentage split, starting with the known to the unknown but with some proposed adaptations along the way. As an initial starting point, based on the analysis in this report, the following is proposed for further debate and discussion.

A 20% allocation to the NSF remains as is, with 2% of the 20% being available to SARS for collection if required. A % of the 20% allocation to the NSF is predetermined and allocated annually to each TVET College and CET College to establish and implement partnerships with relevant Local District Based Business Chambers, Metros and District Municipalities. The NSF is ideally suited to progressively implement this process through all their provincially based staff members.

An 8.5% allocations to SETA Administration that is reduced from the current 10,5 % made up of:

- 7,5% for SETA Administration – SETAs need to become leaner and use the learnings from the new normal virtual world to become more efficient as well as no longer budget or pay staff that are carrying out QCTO related functions (see point below). As an option SETA Boards could also be reduced in size to affect more cost savings. It is also proposed that Labour Market Research be centralised through its own direct grant allocation (see below), further reducing the SETA Administration cost requirement since they will not have Sector Skills Planning research costs anymore.
- 1,0% for QCTO operations but with the proviso that ALL quality assurance personnel currently at SETAs are progressively transferred to the QCTO.
- A 1,5% allocation for Sector Based Skills Development Planning and Research Capacity that must include systems and processes to close out the supply – demand gaps in each Sector. This

allocation must be awarded to the LMI Unit of the DHET but must be spent with the inclusion of an executive from each SETA. The allocation may be administered by a consortium of public HEIs such as UCT, UWC, Rhodes University and others. This is a key process that must be standardised across all SETAs and Sectors and cannot be left to each SETA to manage.

In terms of the mandatory grants, it is proposed that a 20% to 50% allocation for mandatory grants based on a sliding scale reward-based system that recognises employers for skills development spend beyond the 1% minimum that includes costs for all forms of work-based learning programmes including retraining and upskilling of existing employees as recorded and confirmed on the annual training report by organised labour or employee representation structures and subject to validation by a SETA if considered prudent.

Proposed Sliding Scale:

% of Remuneration Spent on Training	Mandatory Grant Allocations
1%	20%
>1% but <3%	30%
>3% but <5%	40%
>5%	50%

Note: Regulations must allow for the costs that can be included in the % of remuneration to be determined by each SETA but through a consultative process as cost structures vary significantly across different sectors. All current compliance criteria must remain such as being registered with SARS, up to date with levy payments, submit WSP/ ATR by 30th April annually but, in addition, it is proposed that criteria be included that each employer also demonstrated a significant contribution to the NSDP 2030 outcomes before qualifying for such mandatory grants. Each SETA will need to develop a scorecard for skills development against the NSDP 2030. An additional incentive that could be considered is that of SETA surplus funds over and above the allowed maximum threshold of 5% as contemplated in SETA Grant

Regulations be refunded on a prorata basis to all employers that have complied with mandatory grant requirements.

Participants did not appear to be opposed to the proposals as presented by Dr Prinsloo.

4. Business current position on the Seta Grant Regulations Proposal:

The last presentation was made by Sino Moabolobelo, Director of Social Policy at BUSA. The current BUSA position as it relates to SETA grants, is:

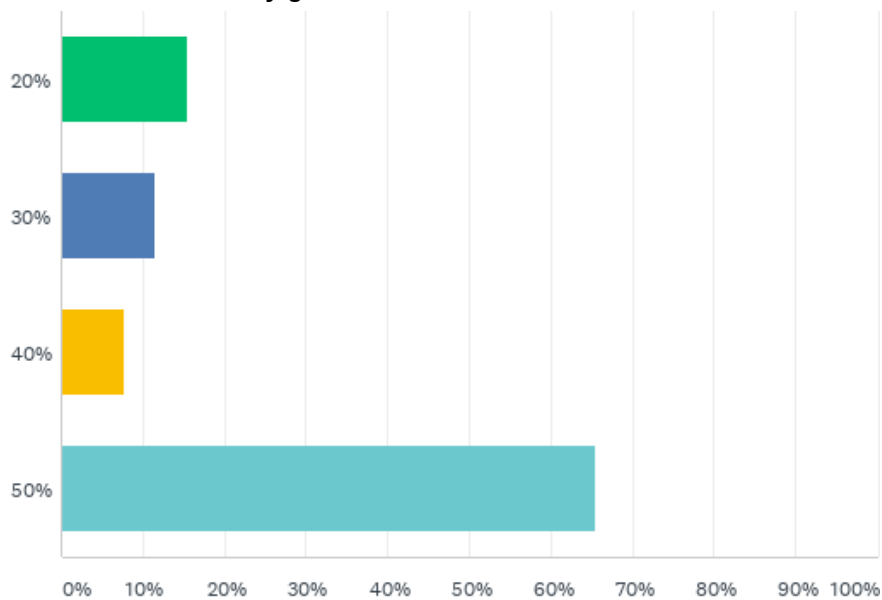
- The position in respect of the Mandatory Grant is 50%. This is based on the Labour Appeal Court judgment of October 2019.
- Whilst the Department of Higher Education and Training has not complied with the Labour Appeal Court judgment, and BUSA is continuing to pursue the matter with the ministry.
- The task team appointed to engage on the Skills Strategy for ERRP has held the BUSA position in Nedlac engagements.
- The office has however, in light of the ongoing engagements at Nedlac, sought a mandate on a counter proposal – should we need one, as follows:
 - 30% on Submission of WSP (with the phased planned training interventions during the specific year)
 - 20% paid on submission of ATR with evidence of grant spend on national priorities including but not limited to: Workplace Based Learning for short courses, both accredited and non-accredited, for reskilling and upskilling, digital skills capacitation, worker education, occupational health and safety.
 - The evidence for the 20% Mandatory Grant should be simply gathered including utilising the B-BBEE reporting model.

Given the current BUSA position as explained, the interactive session was planned in order to elicit further inputs and suggestions from participants.

5. Discussion and input from delegates on the criteria for and percentage of the Mandatory Grant:

Participants were asked to complete a short survey of their views on the mandatory grant system during the interactive session. The survey can be accessed here: <https://www.surveymonkey.com/r/WM3YTBT>. The questions were:

Q1: How much should mandatory grants be?

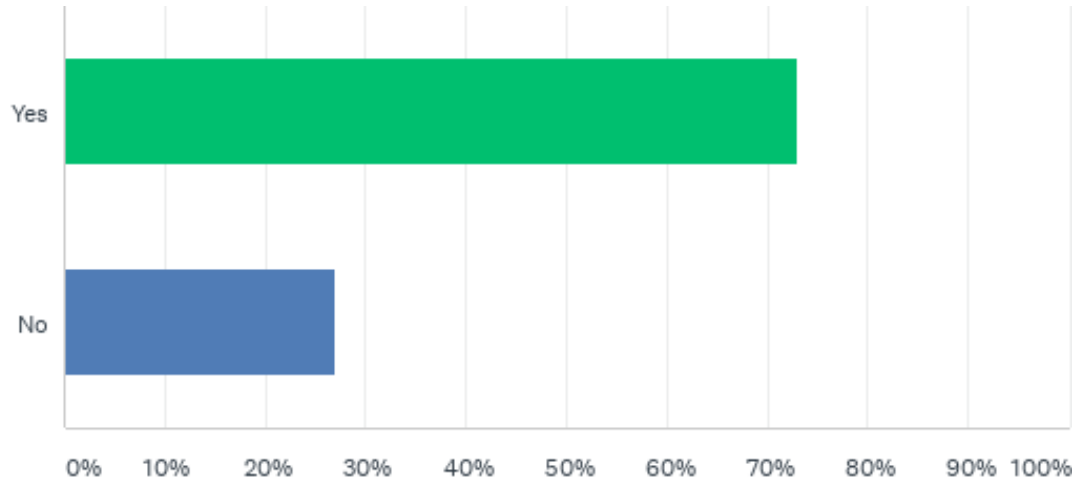


ANSWER CHOICES	RESPONSES	
20%	15.38%	4
30%	11.54%	3
40%	7.69%	2
50%	65.38%	17
TOTAL		26

Q2: Choose the option you agree with the most:

ANSWER CHOICES	RESPONSES	
The mandatory grant should be split. A portion should be paid out upon submission of an employer's WSP and the remainder should be paid out upon submission of an employer's annual training report for workplace-based learning.	92.31%	24
If an employer has submitted their WSP and their annual training report for 3 years in a row, they should be exempt from future submissions, but continue to receive the mandatory grant.	7.69%	2
TOTAL		26

Q3: Do you agree that mandatory grants should be paid out as 30% upon submission of a WSP and 20% upon submission of an annual training report?



Q4 If your answer at question 3 was "no", please share your alternative proposal with us.

Should not be split. Rather do audits if need be to assess the validity of what the money was used for.

Q5 If your question at 3 was "yes", what criteria should be included in the annual training report for payment of the mandatory grant?

- 6% spend - as per BBBEE code;
- Absorption of learners per BBBEE code specifications;
- SPOI programmes;
- Include costs of training and necessarily amount of candidates completed training;
- Training Related to Sector Priorities - Work Based Integrated Learning.

Another interesting input from the participants was support for the proposed fall-back position of 30-35% Mandatory Grant allocation, without being prescriptive about the split distribution.

The delegates also felt strongly that the systems should be much more user friendly to ensure increased access by SMMEs and facilitate their participation in the Mandatory Grant process.

6. Discussion and input from delegates on the criteria for and percentage of the Discretionary Grant:

Participants were asked to complete a short survey of their views on the discretionary grant system during the interactive session. The survey can be accessed here: <https://www.surveymonkey.com/r/GSDQ539>. The questions were:

Q1 What percentage should the discretionary grant be? Please bear in mind that this percentage will be influenced by your answer in the mandatory grant survey and the total percentage may not exceed 70%

- 20% (42.11%)
- 30% (15.79%)
- 40% (15.79%)
- 50% (31.58%)

There seems to be a preference for retaining the mandatory grant percentage at 20% (corresponding discretionary grant at 50%) as well as a push to flip the system with a 50% discretionary grant. Participants were very vocal about the need for a higher discretionary grant to enable smaller employers, both levy and non-levy paying, to gain access to training funding.

Q2 What should discretionary grants be spent on? You may choose more than one option.

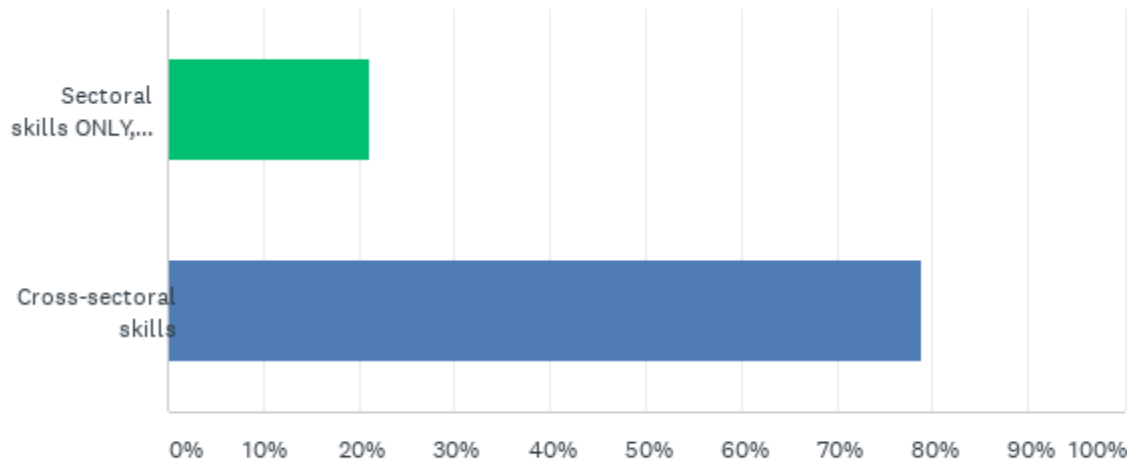
ANSWER CHOICES	RESPONSES	
Workplace-based training programmes	35.00%	7
Training for employed people only	0.00%	0
Training for unemployed people	10.00%	2
Formal courses	0.00%	0
Short courses	10.00%	2
Digital courses/Online learning	0.00%	0
Workreadiness programmes	5.00%	1
Bursaries	5.00%	1
Other (please specify)	35.00%	7
TOTAL		20

Participants made it very clear that all of these options are viable, depending on the business in question.

Alternative options mentioned by participants, included:

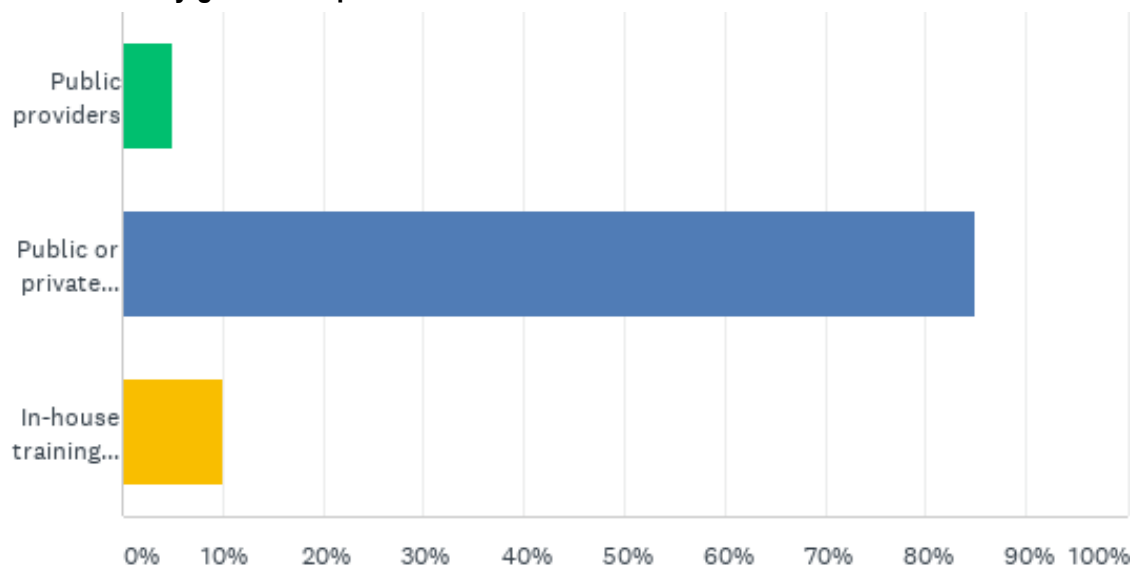
- Special projects for differently abled people;
- Anything that employers need;
- A combination of workplace training and training for unemployed people;
- Adult education, training for unemployed people and portable skills.

Q3: Should discretionary grants be spent on acquiring:



There was a clear preference from participants for cross-sectoral skills training.

Q4: Should discretionary grants be spent at:



During the discussion it became clear that participants wanted the option to use public providers, private providers as well as in house training options.

7. Way forward:

It is very clear that participants supported wider participation by small businesses, which would mean changes to the current SETA grant system.

Participants support lifelong learning and workplace-based learning, and indicated a preference for system agility and flexibility.

The report would be used as input to the business comments when the Seta Grant Regulations are published for public comment.

Participants supported a follow-up workshop aimed at apprenticeships and the design of an apprenticeship programme that will serve the needs of South African workplaces. This will be the theme of the second workshop in this workshop series.

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