



Mandatory Grants Policy 2017/18

CULTURE, ARTS, TOURISM HOSPITALITY & SPORT SECTOR
EDUCATION AND TRAINING AUTHORITY



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1. PURPOSE

The purpose of this policy is to create an enabling framework and environment for the application, claiming and disbursement of mandatory grant payments by all qualifying CATHSSETA levy-paying employers.

2. DEFINITIONS

In this policy, unless the context indicates otherwise:

- 2.1 **"Accounting Authority"** - means the Administrator of CATHSSETA as published in the Government Gazette 38101 15 October 2014;
- 2.2 **"Appeals Committee"** - means the internal CATHSSETA Appeals Committee appointed by the CATHSSETA Accounting Authority to appeal the decision not to award a mandatory grant to a mandatory grant applicant;
- 2.3 **"CATHSSETA"** - means the Culture, Arts, Tourism, Hospitality and Sport Sector Education Training Authority;
- 2.4 **"Commissioner"** - means the Commissioner for SARS appointed in terms of section 6 of the South African Revenue Service Act, 34 of 1997;
- 2.5 **"DHET – SOP"** - means the Department of Higher Education and Training Standard Operating Procedure – Guidelines on the Classification of Employers with SETAs and the Inter-SETA transfer of Employers and Skills Levies;



- 2.6 **"Discretionary Grant"** - means the monies allocated within the CATHSSETA to be spent on discretionary grant projects as contemplated by regulation 6 of the Grant Regulations; the grant is used by the SETA to implement the Sector Skills Plan in collaboration with the sector;
- 2.7 **"Mandatory Grant Application"** - means an application submitted on or before 30th April each year in the minimum prescribed format contained in Annexure 2 to the Grant Regulations"
- 2.8 **"Duly Authorised Person/Agent"** - means a person who has the authority or is delegated to sign a particular document;
- 2.9 **"Grant Regulations"** - means the Sector Education and Training Authorities (SETAS) Grant Regulations published under Government Notice R990 in Government Gazette 35940 of 3 December 2012, as amended;
- 2.10 **"IST"** - means Inter SETA Transfer;
- 2.11 **"Inter SETA Transfer of an Employer"** means the transfer of an employer who has been classified by the Commissioner of South African Revenue Services (SARS) from one SETA to another SETA;
- 2.12 **"Inter SETA Transfer of Skills Levies"** means the transfer of skills development levies that has been allocated from one SETA (in terms of section 8(3)(b) of the Skills Development Levies Act, 9 of 1999) to another SETA;
- 2.13 **"Large Employer"** - means a levy-paying employer employing 50 or more employees;



- 2.14 **"Levy-Paying Employer"** - means an employer who is compelled to pay skills development levies in terms of section 3(1) of the Skills Development Levies Act;
- 2.15 **"Mandatory Grant"** - means funds designated as mandatory grants as contemplated in regulation 4 of the Grant Regulations;
- 2.16 **"NQF"** - means the National Qualifications Framework contemplated by the National Qualifications Framework Act, 67 of 2008;
- 2.17 **"NSDS"** - National Skills Development Strategy;
- 2.18 **"PP"** - means PIVOTAL Plan;
- 2.19 **"PIVOTAL"** - is an acronym which means professional, vocational, technical and academic learning programmes that results in qualifications or part qualifications on the National Qualifications Framework and as contemplated in the Grant Regulations;
- 2.20 **"PR"** - means PIVOTAL Report;
- 2.21 **"SARS"** - means the South African Revenue Service, established by Section 2 of the South African Revenue Service Act, 34 of 1997;
- 2.22 **"SDF"** - means Skills Development Facilitator as described at paragraph 7.1 of this policy;
- 2.23 **"Skills Development Act"** - means the Skills Development Act, 97 of 1998;
- 2.24 **"Skills Development Levies Act"** - means the Skills Development Levies Act, 9 of 1999;



- 2.25 "Small Employer" - means a levy-paying employer employing less than 50 employees;
- 2.26 "SMS " - means the SETA Management System;
- 2.27 "SSP" - means the Sector Skills Plan of CATHSSETA as contemplated in sections 10(1)(a) and (b) of the Skills Development Act;
- 2.28 "submission date" - means the 30th of April of every year;
- 2.29 "this policy" - means this Mandatory Grants Policy of the CATHSSETA.

3. SCOPE OF APPLICATION

This policy applies to all levy-paying employers within CATHSSETA's gazetted sectors and relevant CATHSSETA employees.

4. PRINCIPLES

- 4.1 CATHSSETA is required to ensure the payment of mandatory grants in accordance with the Skills Development Act, Skills Development Levies Act, Grant Regulations and all other applicable laws.
- 4.2 CATHSSETA is committed to the promotion of NQF registered and quality assured programmes that address priority scarce and critical skills needs identified in the CATHSSETA SSP.
- 4.3 CATHSSETA aims to improve the quantity and quality of labour market information received and processed from levy-paying employers.
- 4.4 CATHSSETA strives to ensure timeous payment of mandatory grants to all levy-paying employers who meet the relevant eligibility requirements and assessment criteria in terms of applicable law.



5. ELIGIBILITY FOR PAYMENT OF MANDATORY GRANTS

- 5.1 CATHSSETA will not pay a mandatory grant to a levy-paying employer, unless the levy-paying employer—
- 5.1.1 has registered with the Commissioner in terms of section 3(1) of the Skills Development Levies Act;
 - 5.1.2 has paid all levies due directly to the Commissioner in the manner and within the period determined in section 6 of the Skills Development Levies Act;
 - 5.1.3 has submitted a mandatory grant application which has been signed by a duly authorised person by the submission date and in the format required by CATHSSETA and the Grant Regulations;
 - 5.1.4 satisfies the evaluation criteria established by the CATHSSETA as described in paragraph 6 of this policy; and
 - 5.1.5 is up to date with the levy payments to the Commissioner at the time of approval and in respect of the period for which an application is made.
- 5.2 To the extent that levy-paying employers have recognition agreements with trade unions
- 5.2.1 evidence will need to be provided that the information submitted to the CATHSSETA for the purposes of a mandatory grant application has been subject to consultation with such recognised trade union(s);
 - 5.2.2 unless an explanation is provided, the mandatory grant application must be signed off by the labour representative appointed by the recognised trade union(s); and
 - 5.2.3 proof of the recognition agreement must be submitted to CATHSSETA.
- 5.3 Failure to meet any of the eligibility criteria described in this policy will be a basis upon which to reject the mandatory grant application.



6. EVALUATION CRITERIA FOR MANDATORY GRANT APPLICATIONS

- 6.1 Mandatory grant applications considered for evaluation will be scored against the criteria set out in Annexure A.
- 6.2 CATHSSETA's evaluation criteria are based on the implementation framework for "Good Practices in Skills Development" of the Department of Labour. The aim of the framework is to establish a sustainable national culture of good practices in skills development, and embed good skills development practices as a part of standard organisational practice. The four pillars of good skills development practices as set out in the framework are—
 - 6.2.1 promotion of training and development of people in the workplace, unemployed and for social development.
 - 6.2.2 building on compliance with legislation, especially the regulatory framework for skills development.
 - 6.2.3 promoting equity in line with the NSDS principles.
 - 6.2.4 promoting accredited training aligned to the NQF.
- 6.3 An evaluation committee appointed by the CATHSSETA Accounting Authority shall be responsible for the evaluation of all mandatory grants applications.
- 6.4 Failure to meet the quality standards and criteria set by CATHSSETA shall be a basis upon which to reject the mandatory grant application.

7. PROCEDURE FOR SUBMISSION OF MANDATORY GRANT APPLICATIONS

7.1 Appointment of Skills Development Facilitator

- 7.1.1 A levy-paying employer claiming a mandatory grant should appoint a SDF. The role of the SDF is to serve as the contact person between the levy-paying employer and CATHSSETA.
- 7.1.2 The SDF is responsible for providing strategic guidance, planning and the development of an employer's skills development strategy for a specific period.



- 7.1.3 In order to be recognised by CATHSSETA, the SDF is required to:
- 7.1.3.1 access the CATHSSETA website and register as a SDF;
 - 7.1.3.2 submit a letter of appointment on their company letterhead to CATHSSETA, signed by a duly authorised person within the levy-paying organisation confirming their appointment as SDF ("**the SDF authorisation letter**").
- 7.1.4 Once the CATHSSETA has received the SDF authorisation letter, the SDF's registration will be accepted and a system-generated letter sent to the SDF. SDFs are encouraged to apply for access on the CATHSSETA system at least 14 working days before Mandatory Grants submission cut- off date.
- 7.1.5 Only once activated will the appointed SDF be able to access information about the employer(s) they have been appointed to represent.
- 7.1.6 CATHSSETA reserves the right to deregister a SDF if there is sufficient evidence that the SDF has been involved in irregularities during the submission process.
- 7.1.7 An employer wishing to deregister an SDF should contact CATHSSETA's levies and grants division in order to request deregistration of the SDF. The employer will be required to register a new SDF as per the steps outlined above.
- 7.1.8 Registered SDFs are encouraged to attend advertised workshops conducted by CATHSSETA regarding skills development and mandatory grant submissions including the SETA Management System Training.

7.2 Utilising the SETA Management System

- 7.2.1 Large employers are required to submit a mandatory grant application that, at a minimum, complies with the format prescribed in the Grant Regulations.
- 7.2.2 Small employers are able to submit a simplified mandatory grant application as provided by the CATHSSETA.



- 7.2.3 CATHSSETA utilises the SMS system. The SMS system determines if an employer is small or large. This is tested according to the number of employees and total annual payroll of the levy-paying employer.
- 7.2.4 The forms for both large and small employers are available on the SMS system. Mandatory grant applications must be submitted electronically utilising the SMS system. CATHSSETA does not accept hard copy or manual grant applications.
- 7.2.5 Employers that experience difficulties using the SMS system may contact CATHSSETA's Levies and Grants department for assistance.

7.3 Submitting evidence in support of a mandatory grant application

- 7.3.1 As part of its mandatory grant application, the SDF is required to submit proof in support of the reports compiled by the employer. Suitable supporting evidence includes:
 - 7.3.1.1 a CATHSSETA authorisation page which is signed by a duly authorised person;
 - 7.3.1.2 signed attendance registers including identity numbers and full names of the recipients of the training or intervention;
 - 7.3.1.3 statement of results; or
 - 7.3.1.4 copies of attendance and competence certificates.
- 7.3.2 It is preferable that such supporting documentation be submitted online using the SMS system. However, in cases where the SMS system is unable to upload the relevant documentation, then supporting documentation may also be delivered separately by post, courier or hand to CATHSSETA marked for the attention of the Levies and Grants Division. The applicant will in all cases still be required to register and submit their main mandatory grant application online.
- 7.3.3 CATHSSETA may need to conduct a site visit to verify submitted information. In a case where a site visit is required, CATHSSETA will send a notification to the employer.



7.4 Consolidated applications

- 7.4.1 Consolidated applications are those submissions where either—
- 7.4.1.1 one levy-paying employer submits mandatory grant applications for subsidiary organisations using a single levy number; or
 - 7.4.1.2 where one levy-paying employer submits mandatory grant applications for subsidiary organisations even though each has a levy number.
- 7.4.2 levy-paying employers submitting a consolidated application for a number of subsidiary organisations must:
- 7.4.2.1 make a request to CATHSSETA's Levies and Grants Division requesting permission prior to submission;
 - 7.4.2.2 submit a letter of endorsement from each subsidiary organisation; and
 - 7.4.2.3 ensure that subsidiary organisations are linked prior to the submission deadline.
- 7.4.3 Where a mandatory grant application has been successful, mandatory grant payments will be deposited into the bank account provided by the main levy-paying employer in the case where that employer uses a single levy number. In the case where each subsidiary organisation has a levy number, the mandatory grant payments will be deposited into the bank account of each subsidiary organisation.
- 7.4.4 De-linking of organisations can only take place at the end of the payment cycle and only on written request by the linked organisations.

7.5 Bulk upload submissions

- 7.5.1 Large employers with over 1000 employees can make a written request to CATHSSETA to submit their mandatory grant application information on a spreadsheet for bulk upload. The written request must be addressed to CATHSSETA's Levies and Grants department and received by no later than 15 March of each year.



7.5.2 The number of bulk upload submissions allowed will be limited due to internal capacity constraints. CATHSSETA will aim to notify an employer if their request for a bulk upload has been successful within 7 days of receiving such request.

7.5.3 Employers whose requests for a bulk upload have been successful will receive a bulk upload template from CATHSSETA. Where applicable, and subject to internal capacity constraints, one to one training may be conducted by CATHSSETA.

7.5.4 Bulk upload submissions should be received at least one month before the submission deadline.

7.6 Inter-SETA Transfer

7.6.1 A levy-paying employer that has been wrongly placed under CATHSSETA's jurisdiction will have to complete an Inter-SETA transfer form, which is available from the Levies and Grants Department at CATHSSETA.

7.6.2 The complete form must be submitted to CATHSSETA and any relevant processes required by the Department of Higher Education and Training must be followed.

7.6.3 The levy-paying employer must continue submitting its mandatory grant application to CATHSSETA until the transfer has been completed.

7.6.4 The classification of employers with SETAs and all inter-SETA transfer processes are subject to the guidelines outlined in the DHET – SOP.

8. EXTENSION OF DEADLINE FOR SUBMISSION

8.1 The submission deadline for mandatory grant applications is the 30th of April of each year.

8.2 Mandatory grant applicants are encouraged to submit their applications at least 15 days before the deadline in order to give CATHSSETA time to consider the documents provided.



- 8.3 Under exceptional circumstances, a mandatory grant applicant may make a written request to obtain an extension of the submission deadline.
- 8.4 The written request for an extension must be made at least 15 days prior to the submission deadline. The request must provide detailed reasons as to why the submission deadline cannot be met and must demonstrate that these reasons were beyond the control of the applicant.
- 8.5 Reasons such as unavailability of SDF, lack of time management, inaccessibility to documentation, unavailability of relevant authorisation structures, changes in organisational structure, etc. will not be considered.
- 8.6 Upon receipt of the letter, the Accounting Authority will review the request and the applicant will be notified of the outcome. The decision whether to grant the extension and the time period of the extension is fully within the discretion of the CATHSSETA.
- 8.7 The maximum extension that may be granted is up to 1 month from the submission deadline.
- 8.8 Only mandatory grant applicants that have been granted an extension will have access to the SMS system to complete their mandatory grant application.

9. SUCCESSFUL MANDATORY GRANT APPLICATIONS

- 9.1 Successful mandatory grant applicants will be entitled to 20% of the total levies paid by them in terms of section 3(1) as read with section 6 of the Skills Development Levies Act during each financial year.
- 9.2 The mandatory grant will be paid to the successful mandatory grant applicant at least quarterly every year.
- 9.3 In line with the objective of empowering skills development within smaller organisations, CATHSSETA will prioritise payment of mandatory grants to such organisations.
- 9.4 CATHSSETA strives towards ensuring that information regarding payment of levies and grants is correct and meets the demands of the Auditor-General. To this end, all CATHSSETA levy-paying employers are required to complete the EMP201 page on the



SMS system. This is in order to enable accurate monitoring of the transfers of levies paid from SARS to CATHSSETA and to ensure that employers are disbursed with the correct grant amount.

10. UNSUCCESSFUL MANDATORY GRANT APPLICATIONS

- 10.1 Failure to meet any of the requirements set out in paragraphs 5 or 6 above, or otherwise required by law, will be a basis upon which to reject the mandatory grant application.
- 10.2 No information nor supporting evidence shall be accepted after the submission deadline unless CATHSSETA requests for such information from the unsuccessful applicant before the submission deadline.
- 10.3 Unsuccessful mandatory grant applicants shall be notified in writing of the outcome of their submission.
- 10.4 An unsuccessful mandatory grant applicant must make a detailed written request (within 5 working days of receiving the decision to decline their mandatory grant application) to CATHSSETA to appeal the decision not to award a mandatory grant to the applicant.
- 10.5 The written request mentioned in 10.3 must demonstrate exceptional circumstances why the decision not to award the mandatory grant must be appealed.
- 10.6 The Accounting Authority shall have the power to appoint an internal CATHSSETA Appeals Committee which shall have the power to appeal the decision not to award a mandatory grant to the applicant.
- 10.7 The CATHSSETA Appeals Committee shall not comprise of the members of the mandatory grants evaluations committee who initially evaluated the mandatory grants application. The decision taken by CATHSSETA shall be legally binding until such time that the Appeals Committee overturns such a decision.
- 10.8 The following reasons for appeal will not be considered by CATHSSETA:



- 10.8.1 unavailability of the SDF;
 - 10.8.2 lack of time management;
 - 10.8.3 inaccessibility to documentation;
 - 10.8.4 unavailability of relevant authorisation structures; and
 - 10.8.5 changes in the applicant's organisational structure.
- 10.9 The appeal process shall not be used as an opportunity to introduce new information, such as information that the applicant failed or omitted to submit when they initially applied for the mandatory grant.
- 10.10 The CATHSSETA Appeals Committee shall provide the unsuccessful applicant with a decision within 20 days of receiving the written request mentioned in 10.4 above, and such decision shall be considered by all parties to be legally binding.
- 10.11 CATHSSETA is required to transfer unclaimed mandatory grants to the discretionary grant fund by 15 August of the year in which the application was due.

11. ENQUIRIES AND REQUESTS

- 11.1 Unless otherwise indicated in this policy, all correspondence relating to applications for and payment of mandatory grants must be directed to the relevant manager within the relevant CATHSSETA division.
- 11.2 In order to assist with processing of requests and queries, all written correspondence should be clearly marked with the heading "MANDATORY GRANT". In addition, the subject heading or cover letter should readily indicate the issue being raised. Such subject headers may include, for example: "Bulk Upload"; "Consolidated Application"; "Extension of Deadline"; "Mandatory Grant Payment Query"; or "Registration of Skills Development Facilitator".
- 11.3 CATHSSETA will strive to respond to all queries timeously, but will not be held responsible for lost or misdirected communications.



Large Organisations Annexure "A"

2016 CATHSSETA MANDATORY GRANT VALIDATION CRITERIA							
Compliance with legislation, especially the regulatory framework for skills development							
No.	Criteria	Average Score	Weighting of Score	Weighted Score	Positive Data Verification Yes/No	Total Score	Evidence required
1	Organisation is registered with SETA 25	5	10.0%	0.50			
2	Levies have been received and processed by CATHSSETA	5	25.0%	1.25			
3	Signed Mandatory Grant application received	5	25.0%	1.25			
4	Qualifying organisations have properly constituted training committees	5	15.0%	0.75			
5	Proof of training submitted and includes certificates, signed registers and statements of results	5	25.0%	1.25			
Total Score			100.0%	5.00			



2016 CATHSSETA MANDATORY GRANT EVALUATION CRITERIA							
1. Promote training and development of people in the workplace, unemployed and for social development							
No.	Criteria	Average Score	Weighting of Score	Weighted Score	Positive Data Verification Yes/No	Total Score	Evidence required
1.1	MG Plan Identifies skills needs of the organisation for the coming financial year and reflects some forward planning	5	12.0%	0.60			Forms C1, C4, C5, E1
1.2	Skills needs identified across the organisation for all the Major Occupational Groups of the OFO	5	12.0%	0.60			Forms C1, C4, C5, E1
1.3	Skills needs identified across the organisation include Priority Equity Groups	5	10.0%	0.50			Forms C1, C4, C5, E1
1.4	Training reported in the MG Report matches and is relevant to the skills needs identified in the previous year's MG Plan	5	12.0%	0.60			Forms D1, D2, D3, F1, F2
1.5	Variance report is completed and explains any change from planned training	5	10.0%	0.50			Forms D4 and F5
1.6	Employment summary and educational profile have been sufficiently completed to reflect all employee details	5	10.0%	0.50			Forms B1 and B2
2. Promote equity in line with NSDS principles							
2.1	Equity placement within the organisation according to the Major Occupational Groups of the OFO	5	3.0%	0.15			Form B1



Small Organisations

2016 CATHSSETA MANDATORY GRANT VALIDATION CRITERIA							
Compliance with legislation, especially the regulatory framework for skills development							
No.	Criteria	Average Score	Weighting of Score	Weighted Score	Positive Data Verification Yes/No	Total Score	Evidence required
1	Organisation is registered with SETA 25	5	20.0%	1.00			
2	Levies have been received and processed by CATHSSETA	5	30.0%	1.50			
3	Signed Mandatory Grant application received	5	25.0%	1.25			
4	Proof of training submitted and includes certificates, signed registers and statements of results	5	25.0%	1.25			
Total Score			100.0%	5.00			



2016 CATHSSETA MANDATORY GRANT EVALUATION CRITERIA –							
1. Promote training and development of people in the workplace, unemployed and for social development							
No.	Criteria	Average Score	Weighting of Score	Weighted Score	Positive Data Verification Yes/No	Total Score	Evidence required
1.1	MG Plan identifies skills needs of the organisation for the coming financial year and reflects some forward planning	5	30.0%	1.50			Forms C1, C4, C5, E1
1.2	Skills needs identified across the organisation for all the Major Occupational Groups of the OFO	5	20.0%	1.00			Forms C1, C4, C5, E1
1.3	Employment summary and educational profile have been sufficiently completed to reflect all employee details	5	20.0%	1.00			Forms B1 and B2
2. Promote accredited training aligned to the NQF							
2.1	Training planned is accredited by a Nationally Recognized Quality Assurance Body (CHE, SETA ETQA, Industry ETQA, UMALUSI)	5	15.0%	0.75			Forms E1, E2,
2.2	At least up to 30% of training reported is accredited training aligned to the NQF	5	15.0%	0.75			Forms F1, F2,
TOTAL MGA Quantitative Score			100.0 %	5.00			Yes = 5 No = 1
Total percentage of scores for which MGA data is verified as current and accurate				100%			
TOTAL Score				5.00			