



MINING QUALIFICATIONS AUTHORITY

MANDATORY AND DISCRETIONARY GRANTS POLICY

APPROVED BY THE BOARD
02 AUGUST 2007
CIRCULAR NUMBER: 075/2007

TABLE OF CONTENTS

	Page
1. GLOSSARY OF TERMS	3
2. INTRODUCTION	6
3. PURPOSE OF POLICY	6
4. TYPES OF GRANTS	6
4.1 Mandatory grants	6
4.2 Discretionary grants	7
5. MANDATORY GRANTS	7
6. DISCRETIONARY GRANTS	8
6.1 Strategic focus areas	9
6.2 Criteria for discretionary grants	9
6.3 Items that will not be considered for discretionary grant funding	10
6.4 Reasons for rejecting a discretionary grant application	10
7. DISCRETIONARY GRANT PROJECTS	10
8. CONDITIONS FOR PAYMENT	11
9. CHANGES IN LEVIES RECEIVED FROM SARS	11
10. DISPUTE RESOLUTION	12
11. REVIEW OF POLICY	12

1. GLOSSARY OF TERMS

"ABET" Adult Basic Education and Training;

"Apprenticeship" A trade qualification that was registered with an Industry Training Board in terms of the Manpower Training Act of 1981;

"ASGI-SA" Accelerated Shared Growth Initiative of South Africa;

"Assessment" A structured process for gathering evidence and making judgments about an individual's performance in relation to registered, national standards;

"Board" The governing body of the MQA;

"Discretionary Grant" Grants paid out in terms of Regulation 6(3) (a) and (b) of the Skills Development Levies Act No 9 of 1999;

"Discretionary Grant Cycle" The discretionary grant cycle refers to the MQA financial year period from which unclaimed funds are transferred into the discretionary grant reserve;

"DoL" Department of Labour;

"Employer" Employer as defined in the Fourth Schedule to the Income Tax Act;

"EXCO" Executive Committee of the MQA;

"Funding Priorities" Skills Development priorities approved by the Board;

"Further Education and Training (FET)" Education and training at Levels 2 to 4 of the National Qualifications Framework (NQF);

"General Education and Training (GET)" Education and training towards Level 1 of the NQF (Level 1 being equivalent to Grade 9/Std 7);

"HRDS" Human Resources Development Strategy;

"JIPSA" Joint Initiative on Priority Skills Acquisition;

"Learnership" A vocational based learning qualification that includes a practical work-based component. A learnership has to be aligned with a registered NQF qualification;

“Learning Programme” A set of unit standards based learning activities intended to give a learner particular knowledge and skills;

“Lead Employer” An employer who (in terms of Regulation 3(4) of the Learnership Regulations, 2002) is identified in a learnership agreement as a lead employer who undertakes to ensure compliance with the employer’s duties in terms of the agreement;

“Mandatory Grant” Grants paid out in terms of Regulation 6(1) (a) and (b) of the Skills Development Levies Act No 9 of 1999. In order to access these funds a WSP and ATR must be completed;

“MQA” Mining Qualifications Authority;

“NQF” National Qualifications Framework;

“NSDS” National Skills Development Strategy;

“PFMA” Public Finance Management Act, 1999;

“QMS” The Quality Management System as defined by the MQA Quality Assurance (ETQA) Unit;

“RPL” Recognition of Prior Learning by assessing competence against the outcomes of a set of unit standards;

“SAQA” South African Qualifications Authority established in terms of the South African Qualifications Authority Act, No. 58 of 1995;

“SARS” South African Revenue Services;

“SCMP” Supply Chain Management Policy;

“SD Regulations” Skills Development Regulations No 22398 of 22 June 2001;

“SDL” Skills Development Levy;

“SDL/Finance Committee” Skills Development Levy and Finance Committee;

“SETA” Sector Education and Training Authority;

“Skills Programme” Occupationally based unit standard training programme, delivered by accredited education and training providers.

“SLA” Service Level Agreement;

“SSP” Sector Skills Planning.

2. INTRODUCTION

The Skills Development Act No 97 of 1998 aims to provide an institutional framework to implement national, sector and workplace strategies to develop and improve the skills level of the South African workforce. The Act makes provision for the establishment of SETA's as institutional vehicles to implement the Skills Development Act and other related legislation.

This policy framework is consistent with the provisions of the Skills Development Levies Act (Act 9 of 1999), which stipulates the processes for the management and disbursement of funds received as levy income.

3. PURPOSE OF POLICY

The purpose of this policy is to provide a uniform framework that is consistent with the principles of fairness and equity and which is in line with Section 2 of the Skills Development Act. The policy is applicable to levy paying companies, non levy paying companies and education and training providers in the mining and minerals sector who are involved in the MQA mandatory and discretionary grants process.

The policy is in support of national initiatives such as JIPSA, ASGI-SA, the National Skills Development Strategy II and the Mining Charter objectives.

This policy provisions shall be aligned to the financial year, which commences annually on 1 April and ends on 31 March.

4. TYPES OF GRANTS

The Skills Development Act, 1998 distinguishes between two types of grants, namely Mandatory grants and Discretionary grants.

4.1 Mandatory Grants

In terms of the skills development grant regulations, a mandatory grant is a grant payable to levy paying companies upon submission, by 30 June each year, of a Workplace Skills Plan (WSP) and Annual Training Report (ATR). In terms of section 6(3), the SETA shall pay 50% of the total levies paid back to the employer upon approval of the WSP and ATR. Payments for

mandatory grants shall be made quarterly and any Mandatory grants not claimed in one year will be transferred to the discretionary fund reserve.

4.2 Discretionary Grants

In terms of the Skills Development Regulations No 22398 of June 2001, a discretionary grant is a grant paid to applicants, at the discretion of the MQA, for skills development projects linked to scarce and critical skills in the Mining and Minerals Sector. Projects and grants referred to in this policy are based on national, sectoral and industry specific objectives. Discretionary grants may be disbursed as grants or projects and a four (4) month discretionary grant reserve will be maintained. Availability of funding for projects and grants is subject to Board discretion and may be reduced, withdrawn and/or cancelled upon informing the industry of the MQA's intentions to do so.

5. MANDATORY GRANTS

A mandatory grant is paid once the WSP and ATR have been received, assessed and approved by the Sector Skills Planning Unit based upon the criteria stated below:

- a. The employer must pay levies to SARS for the Mining and Minerals Sector;
- b. The skills development levy (SDL) number and employer name contained in the WSP/ATR agrees with information received from the Department of Labour (DoL);
- c. The employer should not be in arrears with their SDL contributions;
- d. The WSPs and ATRs must be signed by all stakeholders after the process of consultation;
- e. Only one application per SDL number will be considered. The SDL number on the WSP/ATR must correspond with the SDL number received from SARS and DoL; and
- f. Independent Skills Development Facilitators (SDF) appointed by the MQA complete the WSP/ATR of smaller companies whose payroll falls below the threshold of R500 000.?

It remains the responsibility of employers to ensure that the payment of the mandatory grant is done against the correct levy number. Where mergers, acquisitions or rationalizations take place, employers must inform the MQA of the changes and indicate in writing which levy numbers are affected and replaced. Failure to do so will result in the sweeping of unclaimed mandatory grants into the MQA discretionary grant reserve and employers will forfeit any possible claims against payments.

In terms of sub regulation 4, the MQA may grant an extension of a maximum of one month to allow for the late submission of an application for a mandatory grant, subject to a written

request by an employer. The MQA Board shall establish criteria to ensure that the request for an extension is dealt with without delay. Mandatory grant submissions that do not comply with the criteria will be returned and employers will be allowed one (1) month to rectify amendments required. Failure to return the mandatory grant submission within the one (1) month period will result in the mandatory grant being forfeited.

The mandatory grant will be paid in accordance with the MQA grant approval procedure and grant payment schedule. Employers in the Mining and Minerals Sector, whose personnel costs are below the prescribed threshold of R500 000.00 per annum for the submission of WSPs and ATRs, are encouraged to submit their WSPs and ATRs for the purposes of research and recording of their details on the MQA database.

6. DISCRETIONARY GRANTS

The purpose of discretionary grants is to encourage employers, accredited training providers and stakeholders to contribute towards the achievement of the objectives of the Human Resources Development Strategy (HRDS), the National Skills Development Strategy (NSDS), the Mining Charter and the MQA Sector Skills Plan (SSP). The MQA shall annually prepare and distribute to stakeholders, employers and education and training providers a schedule setting out the dates for the submission of the applications for grants. The Request for Application of Discretionary Grants shall be published in the national media and will also be available on the MQA website.

Grant values will be reviewed regularly by the MQA Board to determine the total affordability of grants against available discretionary funding. It may be necessary to reduce or increase grant values as a result of this. Employers and training providers are reminded that the purpose of the MQA Discretionary Grant income is to incentivise skills development in the Mining and Minerals Sector. At no stage should MQA Discretionary Grant income influence the business case made by employers or training providers.

The first tranche of funding will be disbursed to the discretionary grant applicant as soon as all conditions and obligations have been met to the satisfaction of the MQA. Site verification visits will be carried out to monitor the progress of the total number of learners undergoing training. Information on learners undergoing training and on those who have completed training will be verified with the data captured on the Datanet system. The disbursement of

further tranches of funding will be made providing that the MQA is satisfied with progress made and all conditions and obligations have been met.

Where an employer makes use of service providers to do skills development on their behalf, a signed Service Level Agreement (SLA) should be in place to regulate the scope of work and payment arrangements. The MQA will not be a party to the SLA. The MQA will only deal with the employer in terms of Discretionary Grant claims and payments and will not enter into any correspondence or discussions with service providers.

6.1 Strategic focus areas

The MQA identified the following strategic focus areas against which skills development projects will be measured:

- a. Transformation of the Mining and Minerals Sector;
- b. Health and safety;
- c. Development of the current workforce;
- d. Development of new entrants to the labour market;
- e. Stimulation of new enterprise development;
- f. Transition from employed to unemployed; and ?
- g. The delivery of quality learning.

6.2 Criteria for Discretionary grants

Criteria for discretionary grant allocations are reviewed on an annual basis and are linked to the MQA's SLA with the DoL and the objectives of the NSDS. The recommendations in the research report on Scarce and Critical Skills, National, Sectoral and Industry needs will be used as the basis to ensure that resources are aligned to best achieve the skills development targets and objectives for the Mining and Minerals Sector.

Discretionary grants may only be paid to employers paying levies to the MQA. In the case of Adult Basic Education and Training (ABET), employers may pay a specified portion of the ABET grant to successful ABET learners.

Before paying a discretionary grant, the MQA will ascertain the following:

- a. The applicant must be up to date with levy contributions unless exempt from paying levies (proof of exemption must be submitted);
- b. The application for grants must be submitted on the prescribed application form;

- c. The organization applying for discretionary grant funding must have made satisfactory progress with the projects awarded in the previous discretionary grant cycle; and
- d. The provider identified to deliver the training must be accredited with the relevant quality assurance body.

6.3 Items that will not be considered for discretionary funding

Items including, but not limited to, those stated below shall not be considered for discretionary grant funding:

- a. Set up costs e.g. start up costs;
- b. Capital expenditure e.g. building costs;
- c. Development costs of learning programmes;
- d. Policy development;
- e. Any programmes that are funded by the MQA in any other way.

6.4 Reasons for rejecting a discretionary grant application

The MQA will reject a discretionary grant application if:

- a. The discretionary grant criteria are not met;
- b. The submission deadline has not been met;

7. DISCRETIONARY GRANT PROJECTS

At the Board meeting scheduled for January each year, the MQA will finalise the list of discretionary grants to be implemented during the next financial year. The MQA will develop project implementation plans and procure the services of suitably qualified service providers in accordance with the provisions of the Public Finance Management Act (PFMA) and Treasury Regulations as contemplated in Section 16A of the Supply Chain Management (SCMP) policy.

The thresholds stipulated in the MQA's SCMP shall apply in the process of appointing a discretionary grant applicant. ?

Upon receipt of applications, an evaluation team shall be appointed who will compile a summary of proposals and recommendations for approval. The evaluation team may carry out a site visit to conduct an assessment of the grant application. Upon approval, both successful and unsuccessful discretionary grant applicants will be informed in writing.

Upon approval of the successful service provider by the Procurement Committee, an SLA, which clearly sets out deliverables, timeframes and the conditions of the tender, will be concluded.

The successful service provider will provide regular reports on the implementation of the project in line with the stipulations in the SLA. In line with section 7 (5) of the Skills Development Grant Regulations, the MQA may allocate a maximum of 10% of the project costs relating to a discretionary grant in terms of sub regulation 7 (1) (a) to (n) to project administration costs, subject to the approval of the Board of a separate budget setting out the project administration costs.

8. CONDITIONS FOR PAYMENT

Payments in respect of mandatory grants shall be made at least quarterly upon approval of the WSP/ATR. Payments in respect of discretionary grants shall be made in line with the SLA and remittance advice of learners who are in training at the specific time payment is requested. The MQA reserves the right to conduct site verification visits before payment is made. Should the project terminate, for whatever reason, any funds that have not been used will be transferred into the discretionary grant fund. In the event that funds have been used negligently or fraudulently, the MQA will institute the necessary action to recover the funds.

9. CHANGES IN LEVIES RECEIVED FROM SARS

In the event that the MQA foresee a substantial drop in income from SARS due to incorrect classification of levy paying companies after administrative and projects budgets for a particular financial year have been approved, the MQA shall, through its SDL/Finance Committee, review the matter and recommend to the Board appropriate measures to ensure the continuous sustainability of the MQA as a going concern.

The appropriate measures shall be inclusive of but not limited to the following interventions:

- a. Immediate review of budgets, priorities, projects and grants;
- b. Withdrawal of identified projects and grants;
- c. Cancellation of projects and grants;
- d. Identification of projects to be put on hold; and
- e. Informing the sector of any amendments without delay.

10. DISPUTE RESOLUTION

All disputes arising from the application of this policy shall be submitted forthwith to the Chief Executive Officer of the MQA who will act as informal and non-binding mediator. If not resolved within one month after the matter has been referred to the Chief Executive Officer, either party has the option to refer the matter to the MQA Board.

Only after the dispute has been referred to the MQA Board for consideration, may the dispute be referred to arbitration in terms of the rules of the Arbitration Foundation of Southern Africa, if either party is not satisfied with the resolution of the MQA Board.

Either party shall not be precluded from approaching any competent court for relief or to hear the dispute or to exercise any other right that it may deem necessary in law against the other.

11. REVIEW OF POLICY

This policy shall be reviewed on an annual basis or as and when substantial changes to the legislative framework warrants amendment.

-----OOO-----