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Skills development levies poorly managed by SETAs



An overview of skills development levy contributions and the management thereof by the SETAs.

THE July Quarterly Labour Force Survey conducted by Statistics South Africa (Stats SA) highlighted unemployment challenges SA faces. One of the topics of many discussions is the *average unemployment rate of young individuals*, which has more than doubled over the past 10 years. The short supply of skilled staff is a serious obstacle to the competitiveness of industries in South Africa. The training of employees in South Africa is no longer just a luxury – it is compulsory.

Education and training

When travelling past some of our smaller rural towns, you notice municipal buildings, city halls, police stations, magistrate's courts, and all in an almost functioning order. What is lacking, however, are learner-friendly, well-stocked, effective municipal libraries and specialised, well-operated training facilities.

We are really in need of professional training facilities and functional libraries to further inspire a culture of lifelong learning. Development and learning should become far more noticeable and should form part of our way of life and civilisation, especially in our rural areas.

If we want to actively transform our economy and at the same time better control unemployment, we have to follow a much more active, perceptible, and logical approach towards learning and developing the youth.

Skills levy contributions

The *Skills Development Levy (SDL)* is payable by employers in different sectors of the economy and serves to fund learning and development initiatives for socially and economically marginalised groups in South Africa.

Existing legislation requires all businesses with an annual payroll in excess of R500 000 (including director fees) to pay 1% of their payroll to SARS, which will then distribute the money to the appropriate Sector Education and Training Authorities (SETA) with which the business is registered with. Failure to pay this levy constitutes an offence.

Businesses must appoint *Skills Development Facilitators (SDFs)*, who facilitate learning and skills development in the workplace and are responsible for compiling workplace plans (WSPs) and reports and submitting claims to the Setas.

Some businesses prefer outsourcing their Skills Development function, at *SERR SYNERGY* we will advise businesses in this regard and provide a Skills Development Facilitator service that assists businesses in claiming back portions of the Skills Development Levies already paid to SARS. With the revised B-BBEE (BEE) scorecard, companies can earn maximum skills development points if they spend the required 3% or 6% of their annual payroll on *SETA-accredited training initiatives* (depending on the business category). Businesses that are unaware of these incentives and claiming processes will forfeit valuable revenue.

Skills levies and SETA Management

So what happens to our SDLs at the different Setas?

Some of the SETAs are poorly managed and have been placed under administration due to maladministration and unethical conduct. A few of the SETAs have fulfilled their mandates and are rendering a good service to businesses, but since their inception 17 years ago, they have mostly been considered as a burden on businesses and the economy.

Billions of rand are wasted by the SETAs on administrative functions, malpractice, and unethical activities. Too little money has flowed back to businesses to sustain and back up training and skills development efforts.

Now, if you consider the billions of rand collected, the outcome of SETA activities on workplace training and skills development is insignificant. Businesses, workforce and the economy do not get what they pay for, while skills shortages and unemployment are getting worse.

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