

SKILLS DEVELOPMENT AND THE 2013 AMENDED CODES

It is common knowledge by now that the 2013 General Amended Codes, effective from 01 May 2015, have brought about significant changes in how companies, irrespective of size, approach and regard B-BBEE, but how does it impact the element, Skills Development?

Firstly, Skills Development is no longer a mere element on which companies can obtain points so as to increase their overall B-BBEE level. In terms of the 2013 Amended Codes, Skills Development is deemed to be a Priority Element, meaning that companies need to meet the 40% sub-minimum target in order to avoid a penalty whereby their overall B-BBEE Score is discounted with 1 level, i.e. an overall B-BBEE Level 5 will become a Level 6. The set sub-minimum target requires companies to meet or obtain at least 40% of the total points available, excluding bonus points, being:

- 8 out of 20 points for Generic / Large Enterprises (i.e. companies with an annual turnover exceeding the R 50 million p/a threshold) and
- 10 out of 25 points for Qualifying Small Enterprises (i.e. companies with an annual turnover between R 10 to R 50 million p/a).

Secondly, for any company to be eligible to obtain points on their respective Skills Development scorecard, the company needs to have not just submitted a Workplace Skills Plan (WSP), Annual Training Report (ATR) and Pivotal Report to their respective SETA on an annual basis, the 2013 Amended Codes specifically requires that the company's report and plan be approved by the SETA.

In addition to the above, the implementation of a "**Priority Skills Programme**" generally, and more specifically for Black people is also required. "**Priority Skills**" in this context refer to the Core, Critical and Scarce Skills related to a specific industry or sector as well as any skills specifically identified in a Sector Skills Plan issued by SETA.

This is further supported by the General Principles of the 2013 Amended Codes which specifically states that:

"5.1.1. Skills Development must contribute to the achievement of the country's economic growth and social development goals that will enrich the creation of decent work and sustainable livelihoods,

5.1.2 Promote the development of an industrial skills base in critical sectors of production and value-added manufacturing.

5.1.3 Support "Professional, Vocational, Technical and Academic Learning Programmes" achieved by means of professional placements, work integrated learning, apprenticeships, learnerships and internships, that meet the critical needs for economic growth and development.

5.1.4 Strengthen the skills and human resource base by encouraging the support of skills development initiatives with an emphasis on skills development and career pathing for all working people in order to support employment creation."

With these General Principles in mind, it makes sense why the most beneficial training programmes are Learnerships, Apprenticeships and Internships (i.e. Category B, C and D training as defined in the Skills Development Learning Programme Matrix), as the following can all be taken into account for points on the Skills Development scorecard:

1. The actual rand value of registration, course fees and text books (all excluding VAT),

2. For the duration of the training programme falling within the company's financial period, the learner, intern or apprentice's cost-to-company salary and
3. If the company were to be a Generic or Large Enterprise (i.e. a company with an annual turnover exceeding the R 50 million p/a threshold), the headcount of the learner, intern or apprentice.

In closing, it is important to note that the DTI has not issued any form of an Interpretive Guide and that the Verification Manual issued in June 2015, is but a draft - it carries no weight and cannot be relied upon to assist with the interpretation and application of the 2013 Amended Codes.

Companies need to be aware of the fact that their selected B-BBEE Verification Agency's interpretation and methodology is critical to how they fare on their B-BBEE scorecard and although all B-BBEE Verification Agencies are governed by the same accreditation body (SANAS), their respective interpretation and methodology differs from agency to agency.

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STEFANI DU TOIT
TRANSFORMATION SPECIALIST