

## B-BBEE AND SKILLS DEVELOPMENT

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.

With submissions to the relevant SETA's due by the end of the month, one cannot help but wonder how does B-BBEE impact the element, Skills Development and what significant changes can be expected?

With the Dti unexpectedly issuing Draft BEE Legislation on 29 March 2018 for a 60-day public commentary period, it is important to note that if this B-BBEE Legislation were to be gazetted in its current form it will have a profound impact on B-BBEE and specifically Skills Development.

Firstly, it will be possible for QSE's and Large Enterprises (who are compliant with their respective Priority Element requirements), to enhance their overall B-BBEE Levels by the use of the **Youth Employment Service** also more commonly referred to as Y.E.S. Based on a formula referring to headcount, Nett Profit after Tax (NPAT), absorption rates and certain prerequisites, if targets are met for the provision of jobs for Black Youth, a compliant QSE and/or Large Enterprise's B-BBEE Recognition Level can be enhanced by one of two levels.

In addition to the above, 50% of Informal Skills Development expenditure for Y.E.S. employees can be included under Category F and G for points on the Skills Development scorecard.

Other significant changes to the Skills Development element include the following:

1. For Large Enterprises, the first scorecard item regarding Skills Development expenditure has been reduced in terms of targets (i.e. 6% of the Leverage Amount has been reduced to 3.5%) and points (i.e. 8 points has been reduced to 6 points).
2. A new scorecard item has been introduced which will measure **Skills Development expenditure on Bursaries for Black students at higher education institutions**. The target for this scorecard item is set at 2.5% of the Leverage Amount for 4 points and for calculation purposes, EAP targets are not applicable to these bursaries.
3. The 15% limit on Associated Costs (i.e. travel, accommodation, catering and the costs incurred by the Measured Entity for employing a Skills Development Facilitator or training manager) has been increased to 25%.
4. The above limit on Associated is not applicable to the new scorecard item, **Skills Development expenditure on Bursaries for Black students at higher education institutions**.
5. The stipends paid to Black students linked to a bursary programme (i.e. forming part of the above new scorecard item), can also be taken into account as Skills Development expenditure alongside the salaries and/or wages paid to an intern, learner or apprentice participating in Category B, C and D learning programmes.

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