

The Club Labour Brief 1: Managing Skills & Employment Equity

Skills Development Act compliance

Any entity whose annual turnover exceeds R 500 000.00 is required to register with SARS for and pay a monthly skills development levy of 1% of payroll as required by the Skills Development Levies Act.

An employer may elect to participate in the Skills Development Act process. Participation in this process is voluntary. The Skills Development Act is enabling legislation encouraging employers to utilise the 1% of payroll on developing skills within their organisation.

Employers participate in the Skills Development process for the following reasons:

1. **To claim Grants** based on levies paid, although these have reduced and are considered more difficult / administratively burdensome to claim. (20% for Mandatory Grants and a maximum of 49.5% for Discretionary Grants)
2. **A minimum evidence requirement for Broad Based Black Economic Empowerment (BBBEE) verification.**

Should an organisation require either of the above they must:

Submit an annual Workplace Skills Plan, Annual Training Report (proving that training planned was completed) as well as committing to training in Critical / Scarce Skills. This Plan / Report must be submitted in the format required by the deadline date. The SETA must approve / authorise the Plans and Reports. Thereafter Grants are paid in quarterly tranches and documents may be submitted for BEE audits.

Claiming Discretionary Grants via CATHSETA over the past few years has been extremely difficult as they have experienced management challenges and allocated most scarce skills training to rural areas.

Employment Equity compliance

All organisations, irrespective of size, are required to comply with Chapter 1 of the Employment Equity Act. This Chapter of the Act requires organisations to Prohibit Unfair Discrimination. This can be reasonably easily dispensed with. Pons Process Consulting can advise how to demonstrate the required action if the Department of Labour were to undertake an inspection.

Organisations with more than 50 employees or who exceed the legislated turnover of a small business, currently R 15 million per annum, are required to:

- Prohibit Unfair Discrimination (Chapter 1)
- Develop an Employment Equity Plan (Chapter 2)
- Submit Annual Reports to the Department of Labour (Chapter 2)

Pons Process Consulting will hold workshops with clients to assist them to facilitate implementation of EE Plans and Report submission.

Employment Equity and BBBEE: If an organisation is undertaking BEE verification, proof of submission and acceptance of Employment Equity Reports annually is considered fundamental evidence prior to assessing the organisation's demographics for points on the scorecard.

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