

The Role of the SDF and New Developments in Skills Development

Fasset
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The supply shortage of skilled staff is a serious obstacle to economic growth in South Africa. The Skills Development Act and the levy grant scheme aims to incentivise organisations to expand the competencies of the labour force, resulting in improvements in employability and productivity. This is to be achieved through new approaches to planning for training, implementing learning programmes, taking advantage of incentives and assessing learners. By participating in the scheme, employers will reap the benefits of a better skilled and more productive workforce.

In May 2010 Fasset held its annual Skills Development Facilitator (SDF) workshop aimed at upskilling SDFs within the financial sector. Taking a different approach, the workshop was facilitated at an intermediate level and took a more holistic approach to skills development in South Africa and specifically the financial sector. Delegates attended a full day workshop, provided by Fasset CEO, Cheryl James, Fasset COO, Nadine Kater and Fasset Director of Skills Planning, Lauren Derman. The workshops were held at various venues in Gauteng, KwaZulu-Natal, and the Western Cape.

The workshop covered the following areas:

- Understanding Skills Development legislation, including the Skills Development Act (as amended)
- Understanding current and new legislation, structures and institutions that govern Skills Development such as the South African Qualifications Authority (SAQA), National Qualifications Framework (NQF), the Quality Council for Trades and Occupations (QCTO), and the Organising Framework for Occupations ((OFO)
- Utilising Seta benefits, Seta initiatives, paying levies and receiving grants
- The strategic role of the SDF
- Developing and implementing a workplace Skills Plan (WSP)
- Understanding, implementing and managing learning programmes e.g. learnerships and assessments and the NQF.

The principal aim of the Skills Development Levy Act (1999) is to finance skills development programmes by way of a compulsory levy system. Based on the Act, every company that exceeds the threshold set for the annual payroll (currently this threshold is R 500,000 total payroll per annum), as calculated for Pay-as-You-Earn (PAYE), has to pay one percent (1%) of their total payroll as a Skills Development Levy (SDL).

Of the SDL paid over to SARS, 20% of the amount is transferred by the Department of Higher Education and Training (DHET) to the National Skills Fund (NSF). This funding is used to fund large-scale development projects that will address national skills needs such as training those who are unemployed, the youth, people living in rural communities and people with disabilities. The funding may be accessed by a range of stakeholders including Setas.

Fasset is not guaranteed funding via the NSF, but does endeavour to, and has successfully received funding to train learners who are ultimately intended to enter the Fasset sector. Therefore, although employers are not able to claim back 20% in this levy amount, they will ultimately see the benefit of the 20% in the increased supply of skilled labour into the Fasset sector.

The Seta receives the remaining 80% of the levy paid over by the employer. 10% of this levy may be retained by the Seta to fund its administration expenses, and the employer may claim back from Fasset up to 70% of the remaining funding via a mandatory (50%) and discretionary grant (20%) structure.

Employers may claim a maximum of 20% of the SDL if they undertake education and training interventions in areas defined as strategic by the Seta, such as learnerships, bursaries for unemployed learners, Adult Basic Education and Training (ABET). Specific areas are determined to be of strategic importance to Fasset's sector and the Strategic Cash Grant (SCG) is allocated to initiatives that cover these strategic areas. These criteria change from one year to another, depending on the priorities of the sector at that time.

Leftover grant monies, not claimed by the employer, are directed into strategic skills priority areas decided by the Fasset Management Board annually. The strategic priority areas may change from year to year and include specific grants such as the Learnership Cash Grant (LCG) and the Pilot Small, Medium and Micro Enterprise (SMME) Grant. Fasset may use a portion of the funding to fund specific programmes such as free training for Fasset members (via e.g. ABET, lifelong learning) and training up unemployed learners in scarce skills areas.

Various grants are available across SDL-paying and non-SDL paying employers. The table below summarises these grants.

Benefit	SDL Paying	Non SDL Paying
Mandatory Grant – 50% of Skills Development Levy (SDL)	✓	x
Strategic Cash Grant – up to 20% of SDL	✓	x
Learnership Cash Grant	✓	✓
Development Project Beneficiaries	✓	✓
SMME Grant (Pilot)	✓	✓
Assessor and Moderator Training Grant	✓	✓
Fasset Skills Advisors	✓	✓
Free Training/Lifelong Learning Courses	✓	✓
Learnership Tax Deductions	✓	✓

The 2010 update also reflected a number of changes which have occurred in the skills development environment. These changes relate to legislation, the establishment of a quality council to register and quality assure trades and occupations, and the introduction of new occupational classification system.

With the numerous changes in legislation and introduction of new concepts to the skills development environment, there are a number of areas which skills development professionals should be aware of, and which are still to be formalised. These are:

- The Quality Council for Trade and Occupations (QCTO) has been formed, and over time, under the direction of its Board it will begin to implement its mandate to register and quality assure relevant qualifications.
- The Occupational Qualifications Framework (OQF) will evolve as it becomes populated by learning programmes developed through the QCTO.
- The status of unit standards is currently being debated. Given that unit standards fall into the Occupational Learning System (OLS), the QCTO is in the process of defining occupational learning programmes and their components, the definition of unit standards provided here may change over time as the OLS becomes better defined.
- The finalisation of the descriptions (descriptors) of the 10 levels of the NQF, and the replacement of the 8-level National Qualifications Framework (NQF).
- Professional associations may select whether they choose to work with the Occupational Qualifications Framework (OQF) or the Higher Education Qualifications Framework (HEQF). This is because professional associations require a combination of theoretical and on-the-job training, before they are able to register a member against a designation in their association.
- The structure of unit standards will change; the OLS has proposed a different format to unit standards.
- 'Unit standards' will no longer be developed by South African Qualifications Authority (SAQA) directly; they will be developed via Community of Expert Practices (CEPs) and registered with SAQA via the QCTO.
- Foundational Learning Competence (FLC) may replace the notion of fundamental unit standards and will allow for a more streamlined approach to integrated 'learning assumed to be in place' in qualifications.

It is the role of the SDF to stay abreast of grants and other initiatives implemented by the Seta. These initiatives are put in place to reward companies who train to combat the current skills shortage. For more information please visit www.fasset.org.za or call the Fasset Call Centre on 086 101 0001.