

How to make the SETAs work for your business

Sector Education and Training Authorities (SETAs) are primarily funded by the skills development levies paid by South African companies with payrolls of over R500,000. However, companies narrowly viewing the SETA governing their industry just through the lens of compliance may very well be missing out on optimising on the various benefits built into their statutory obligations.

This is the view of Richard Rayne - CEO of South African learning solutions company, iLearn - who explains that there are tangible gains to be made that range from yearly rebates and boosted B-BBEE scores to strategically setting your business on a road to success.

“Firstly, it’s important for businesses ranging from the largest corporations to qualifying SMEs to really understand the role of the SETAs,” comments Rayne, “The context of addressing skills shortages in South Africa is far from just a government concern. It impacts directly on the present and future achievements of businesses, big and small.”

In March 2000, government established 22 industry-specific SETAs in order to:

- Identify skills development needs in each sector;
- Facilitate the development and implementation of strategic sector skills development plans;
- Develop and administer learnerships that go beyond ‘blue-collar’ trades;
- Undertake quality assurance to ensure training providers meet the agreed standards for education and training within the national qualifications framework; and to pay out grants.

Rayne points out that companies who have registered with their SETA and executed training according to plans, including approved learnerships, stand to claim back up to 70% of the portion of their Skills Development Levy (SDL) paid over to SARS every year.

“What many companies don’t realise is that the SETA’s administration absorbs only 10% of their allocation of the SDL,” says Rayne, “while 20% funds the mandatory grant given to companies who submit their Workplace Skills Plans, Annual Training Reports and Pivotal Training Plans. The remaining 50% goes into the SETA’s Discretionary Fund which provides companies with the opportunity to apply for and receive funding towards the implementation of special training projects and Pivotal Training programmes, such as learnerships.”

A learnership is a viable alternative to more costly and arduous training interventions. It can be an ideal training solution for corporate organisations and SMEs alike. A learnership is a work-based, SETA-approved learning programme directly related to an occupation or field of work that leads to a NQF qualification. Businesses can enter into learnership agreements with their current employers or with unemployed people.

According to Rayne, learnerships help companies to improve B-BBEE scores; claim back on skills development spend; benefit from tax rebates; grow talent in line with business strategy; and prepare unemployed people for potential recruitment. Learnerships are typically implemented over a 12 month period with the learners attending an average of three days of training each month in addition to completing their assessments.

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