



Educating. Developing. Inspiring.



AUSTRIAN BUSINESS CHAMBER

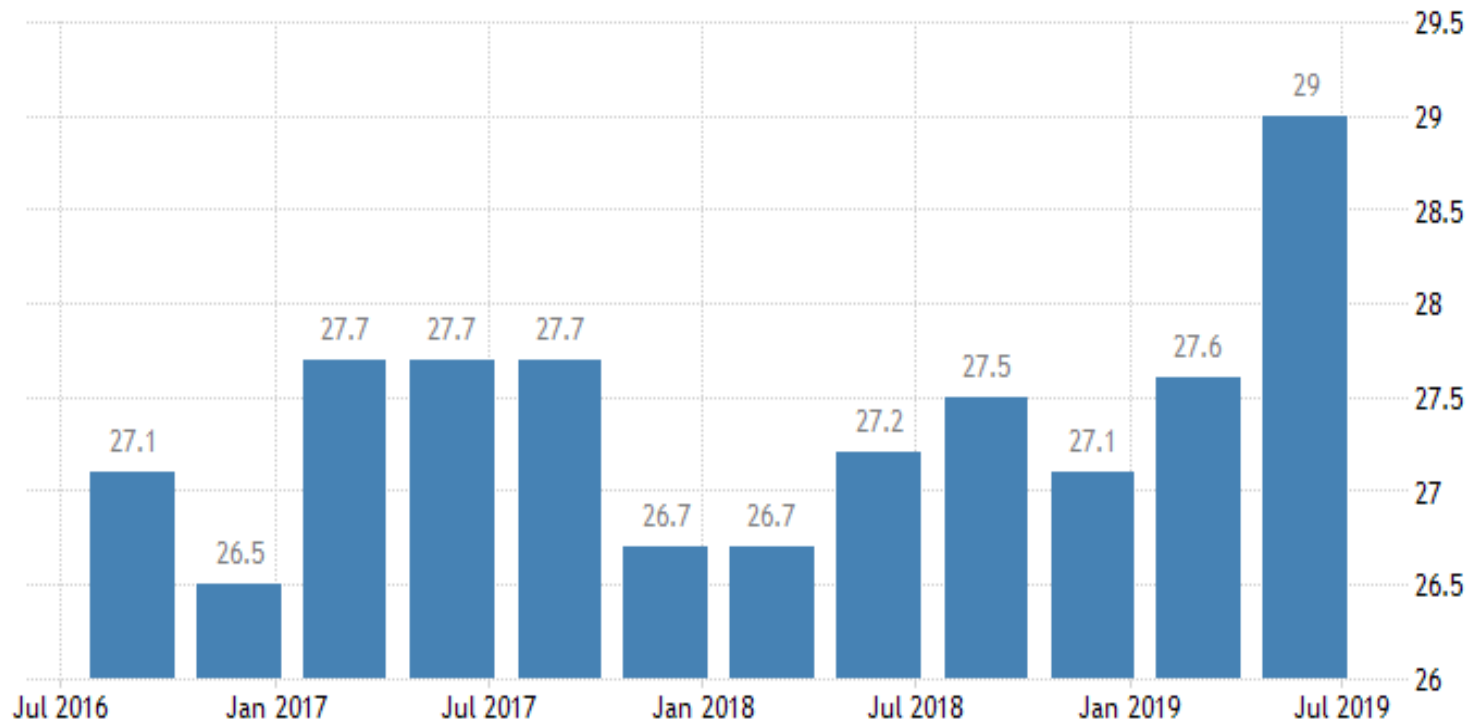


UNEMPLOYMENT IN SOUTH AFRICA

- Unemployment rate in South Africa increased to 29 percent in the second quarter of 2019 from 27.6 in the previous period
- It was the highest jobless rate since the first quarter of 2003
- The total number of the population who are employed and/or actively seeking employment is 23 million
- 15,5 million South Africans are not economically active and of those 2,7 million are disillusioned jobseekers
- The working population aged 15 – 64 is 38 million.
- Out of the 10,3 million young people (aged 15 to 24) 3,3 million are not employed, studying or in some form of training



UNEMPLOYMENT IN SOUTH AFRICA



SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | STATISTICS SOUTH AFRICA



UNEMPLOYMENT IN SOUTH AFRICA

Country	Last				
South Africa	29.00	Jun/19			
Spain	14.02	Jun/19			
Turkey	12.80	May/19			
Brazil	12.00	Jun/19			
Argentina	10.10	Mar/19			
India	6.00	Dec/18			
Australia	5.20	Jul/19			
Indonesia	5.01	Mar/19			
Russia	4.50	Jul/19			
South Korea	4.00	Jul/19			
United Kingdom	3.90	Jun/19			
United States	3.70	Jul/19			
China	3.61	Jun/19			
Germany	3.10	Jun/19			
Japan	2.30	Jun/19			
Singapore	2.20	Jun/19			
Switzerland	2.10	Jul/19			



WHAT IS GOVERNMENT DOING?

- Government has implemented certain strategies to increase employment and train people for employability. Is it enough?
- Treasury recently released ideas for discussion on how to help the economy and create 1 Million Jobs. Here are a few of those points:
 - Lower the fuel Price
 - Households and Business should be allowed to sell Electricity
 - Sale of Eskom's coal fired power stations
 - Private Competitors to Transnet
 - Formalising the taxi Industry
 - Small Business Exempt from industry wage agreements
 - Government to pay interest on late payments
 - Reducing red tape by 25%
 - Interventions to help Exporters
 - Skilled Workers should be encouraged to Immigrate to South Africa



WHAT IS GOVERNMENT DOING?

- In order to help alleviate our own skills shortage and thus people's employability, Government has implemented several incentives for businesses be part of the solution
- HCI is in the privileged position to at least be part of the solution through being able to offer learnerships and skills training to unemployed as well as employed people



HCI LEARNERSHIPS:

There are 100's of different qualifications spread over 21 different Sector Education Training Authorities.

You will find a qualification from Health to Mining, Automotive, production, Wholesale & Retail, finance and Business to IT related to mention but a few. These are vocational qualifications that consist of 30% theory and 70% practical application as per SETA requirements

It is on these 12 month qualifications or Learnerships that Government has placed quite a bit of emphasis in terms of Compliance points and Tax breaks

Currently HCI runs various learnership projects all over South Africa including in deep rural areas. Mainly because that is where our passion lies in taking training to the people where it is most lacking

HSM

CONSULTING | TRAINING
CHANGING LIVES




D K

L E G A L

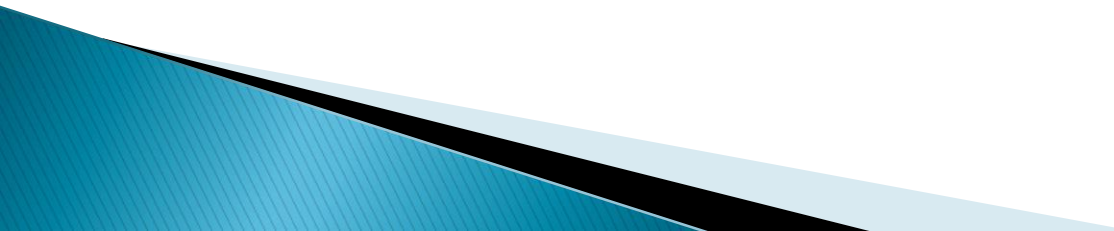
S O L U T I O N S

The more legal solutions, the better

GENERAL INFORMATION:

- ▶ Definitions Learnership, Internship and Bursary
 - ▶ What incentives does government as well as SARS give me as a business in order to be part of the solution?
 - ▶ Changes on Skills Development from 1 December 2019
 - ▶ BEE points
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Definitions:

- ▶ Learnership – A work-based route to a qualification. It is a workplace education and training programme comprising both structured practical workplace (on-the-job) experience and structured theoretical training
 - ▶ Internship – An opportunity to integrate career related experiences into an undergraduate education by participating in planned supervised work
 - ▶ Apprenticeship – An agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.
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What incentives does government as well as SARS give me as a business in order to be part of the solution?

1. 12 H SARS Tax Regulations

- ▶ **Definition:** A tax deduction which the employer may claim for training learners in terms of the learnership agreement.
- ▶ Reason for 12H: To encourage Skills development & Job creation

Two Types Of Deductions

- ▶ Annual Allowance (Starting Allowance)
- ▶ Completion Allowance

Claim values

Type of Learner	NQF Level	Proposed
Learner without disability	1 – 6	R40 000
	7 – 10	R20 000
Learner with disability	1 – 6	R60 000
	7 – 10	R50 000

Proof Of Completion

- ▶ Confirmation from SETA
- ▶ Statement of results by an accredited training provider
- ▶ Report by registered assessor on workplace experience

2. YOUTH EMPLOYMENT INCENTIVES

Requirements to qualify:

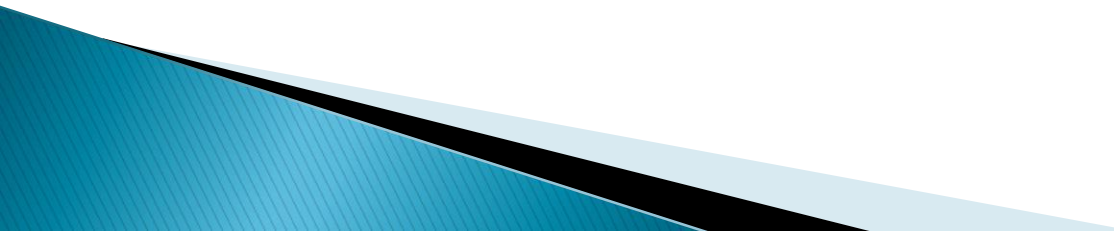
- ▶ Age between 18 – 29
 - ▶ South African ID
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How Incentive amount is calculated:

Monthly Remuneration	Tax Incentive for 1 st 12 Months	Tax Incentive <u>after</u> 1 st 12 Months
Less than R2000	50% of monthly remuneration	25% of monthly remuneration
R2000 – R4000	R1000	R500
R4000 – R6000	$X = A - (B \times (C - D))$	$X = A - (B \times (C - D))$
More than R6000	Nil	Nil

- ▶ X – Monthly ETI
- ▶ A – R1000/R500
- ▶ B – 0.5/0.25
- ▶ C – Monthly Remuneration
- ▶ D – R4000

Definitions:

- ▶ Leviable amount – bears the meaning as defined in the Skills Development Act of 1999 as determined using the Fourth Schedule to the Income tax Act.
 - ▶ Absorption – Means a measure of the measured entity's ability to successfully secure a long term contract of employment for the Employee, Learner, Intern or Apprentice .
 - ▶ Long term employment – Means a legal agreement between an individual and an entity that this individual would work for until his or her mandatory date of retirement.
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Calculating Skills Targets

Monthly SDL (Skills Development levies) for 12 months x 100 = Leviable amount x 6% = Skills Target [This may vary according to the size of your organisation]

Example:

- ✓ SDL 12 month period R 20 000 x 100 = R2 000 000
- ✓ R2 000 000 x 6% = R120 000 (Skills Target)

Skills Development Changes

The Skills Development Generic scorecard is amended as follows:

Indicator	Weight	Target	Change
Skills Development Expenditure on Black People	6	3.5%	Points and target reduced.
Expenditure on Bursaries for Black Students at Higher Education Institutions	4	2.5%	New indicator relating to bursaries for tertiary education.
Skills Development Expenditure on Black Employees with Disabilities	4	0.3%	No change.
Number of Black People participating in Learnerships, Apprenticeships and Internships	6	5%	Points reduced and a clear restriction to Cat B, C and D with no distinction between employed and unemployed black people.
Bonus: Number of Black People Absorbed	5	100%	Clearly limited to Cat B, C and D learners only.
Total	25		Unchanged

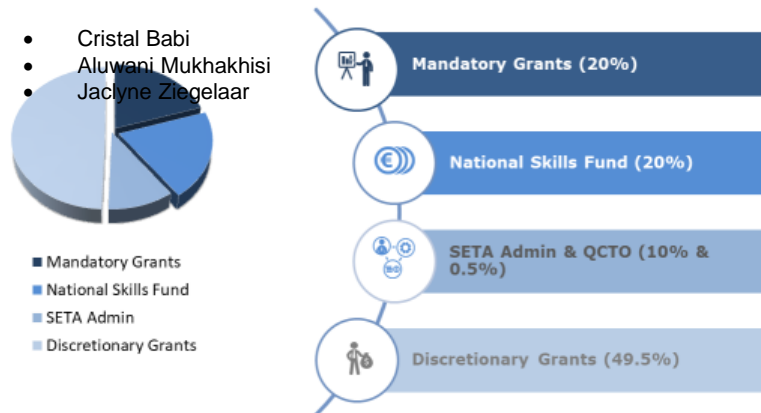
Bursaries

Skills Development Categories & Descriptions					
Category	Programme	Narrative Description	Delivery Mode	Learning Site	Learning Achievement
A	Bursaries or Scholarships	Institution-based theoretical instruction alone – formally assessed by educational institutions established by or registered with the Dept. of basic Education or Higher Education and Training	Institutional instruction	Institutions such as universities and colleges, schools, ABET providers	Recognised theoretical knowledge resulting in the achievement of a degree, diploma or certificate issued by an accredited or registered formal institution of learning

- ▶ The inclusion of Stipends / Salaries under Formal Training expenditure is extended to include Cat A Bursary Students

All companies with a payroll of more than R500 000 per year are required to pay 1% of their annual salaries to SARS as a contribution to the Skills Development Levy (SDL). SARS will automatically allocate your company SDL to the SETA they think you should be registered with. It remains your responsibility to double check that the allocation is correct.

The SDL then gets dispersed as follow:



How do you go about claiming back some of your contributions?

20% of your contribution to the SDL can be claimed back by:

1. Submitting your Annual Training Report (ATR) and Workplace Skills Plan (WSP) to the SETA you are registered with, before 30 April annually
2. The WSP is not a set in stone training plan, and deviations can be declared to the SETA when you submit the next ATR
3. Most SETA's require this to be submitted by a qualified Skills Development Facilitator
4. It is important to keep record of all training provided - this includes invoices, attendance registers and certification
5. Training that can be added to the ATR includes formal training by an external provider, formal training by the company itself, Peer Training, Induction Programmes, Online Courses and many more

Each SETA has different Discretionary Grants - these are grants that SETA offers, at their discretion, by application.

- Be sure to regularly visit your SETA's website or ask to be put on their mailing list
- **SETA's often run Learnership programmes with Discretionary Grants.**
- Learnerships are a great way to get your BEE Score up
- SARS also offer tax incentives of up to R80 000.00 per learner per year

What is the National Skills Fund (NSF) and why do they get 20%?

- The NSF provides funds to support projects that are national priorities in the National Skills Development Strategy (NSDS), and that support the National Skills Authority in its work.
- This includes the training of unemployed, non-levy paying cooperatives, non-governmental organisations (NGOs), community structures and vulnerable groups
- Should you be in need of an external Skills Development Facilitator (SDF) to assist with the WSP/ATR annually please contact HSM Consulting & Training

THANK YOU!



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LEARNERSHIP OPTION

- RTP – Recruit, Train and Place
- Onsite Training for employed staff
- Recruit, Training and onsite placement



WORKPLACE EXPERIENCE

- HCI recruits' learners from all over the country through social media and word of mouth
- 70% practical component, which consists of workplace experience.
- Exposure to world of work
- By hosting learners host companies receive a helping hand without further budgetary constraints
- HCI is potentially able to provide host companies with learners from different sectors such as:
 - ❖ Wholesale and Retail
 - ❖ Administration
 - ❖ Environmental Management
 - ❖ IT related
 - ❖ Production Technology
 - ❖ Artisanal sectors such as welding and plumbing

The logo features a stylized blue 'C' shape on the left, followed by the word 'HOSTING' in a bold, dark blue, sans-serif font.

HOSTING

We Can assist you with:

- Finding learners for onsite or offsite projects
- Learners who are needing workplace experience in various fields
- Workplace Skills Plan [WSP] and Annual Training Reports [ATR]
- Training your own Workforce
- SETA Funding applications
- Maximising your BBBEE points for Skills
- Tax deductions for skills





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