

BusinessDay

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FTSE-JSE indices	Close	% ch	FTSE-JSE all share daily close	Bonds/forwards	INET BFA	% ch	Currencies	INET BFA	% ch	Commodities	Latest	% ch	Foreign Markets	Latest	% ch
All Share	51817.84	▼ 0.72	 Close: 51817.84 Aug 25 2015 Nov 24	R186	8.44	▲ 0.04	R/\$	14.012	▲ 0.47	Gold PM Fix	1076.40	▲ 0.55	Dow Jones	17794.79	▲ 0.01
Top 40	46569.63	▼ 0.75		R207	7.86	▲ 0.04	R/£	21.111	▲ 0.89	Gold NY	1075.28	▲ 0.50	S&P 500	2084.60	▼ 0.10
Findi 30	75428.91	▼ 0.94		3-mth NCD spot	6.58	▲ 1.13	R/€	14.915	▲ 0.39	Brent Future	46.36	▲ 3.41	FTSE 100	6277.23	▼ 0.45
Resources 20	27795.89	▲ 1.04		R/\$ (6-mth)	14.529	▼ 0.99	\$/€	1.065	▼ 0.11	Platinum PM Fix	847.00	▲ 1.28	Nikkei 225	19924.89	▲ 0.23
Goldex	892.70	▲ 2.43		R/\$ (12-mth)	15.018	▼ 1.08	¥/\$	122.420	▲ 0.43	Palladium Spot	541.50	▲ 0.65	Xetra Dax	10933.99	▼ 1.43



Unlock skills funds for tertiary education

THE higher benchmark for training and skills development set by the new black economic empowerment (BEE) codes may provide an ideal solution to help fund tertiary education.

If entities were allowed to donate portions of their skills development spend to existing student assistance funds, they could earn BEE points and be allowed to claim the section 12H tax allowances.

No additional "wealth tax" would be needed. Big businesses have budgeted for the amounts required to bolster their BEE credentials and many battle to find ways to spend the money.

The new or revised BEE codes have been substantially cranked up in the area of skills development. Some of the most significant changes for generic entities are:

- Expenditure by generic entities with an annual turnover above R50m has been increased from 3% to 6% per financial year.
- Training expenditure must be incurred according to racial and gender demographics based on the economically active population targets for each region. Should a business operate in more than one

area, the national demographic targets must apply.

Skills development is a priority BEE element. Entities that fail to conduct training for disabled employees or neglect learnerships, apprenticeships or internships will not achieve the 40% subminimum.

Very few workplaces in SA reflect both the race and gender demographics to train enough people in the right proportions to take up 6% of the annual payroll. The solution would be to train other black South African employees in the same group of companies or to look at unemployed black South Africans.

The concept of training people outside the workplace is foreign to the South African corporate environment. But they need to overcome their hesitance because the new BEE scorecard has been developed in such a way that generic entities will be required to look at training black South Africans outside the workforce and to offer learnerships, apprenticeships and internships.

Apart from the bonus points to be earned for this category of training, there is significant financial benefit in that a large portion of the cost of this category of training is tax recoupable.



Gideon Gerber
BEE MATTERS

This type of training also reduces the amount to be spent, given that the salary of a person on a learnership or a similar programme can be deducted in full. A simple illustration: entity ABC's 6% calculation amounts to R800,000 to be spent on skills development and it has decided to incur the total expenditure on 12-month learnership programmes.

Deducting the salaries of black South African employees who are on the programmes would reduce the amount to, say, R500,000. Of this, about R450,000 could be recouped from tax.

It is, therefore, a no-brainer to spend R500,000 instead of R800,000 and recover R450,000.

Enough money would be raised to oversubscribe the amount we need for tertiary education tenfold

Learnership programmes are often perceived as, or confused with, programmes of a technical nature such as apprenticeships. Programmes include office administration, venture-creation and generic management.

Some of these programmes can be presented at NQF level 1 and above, which means people with a school qualification as low as Grade 6 can enrol. There is enough learnership scope to accommodate all categories of employees and nonemployees.

If entities were allowed to donate portions of their skills-development spend to existing student assistance funds, they could earn BEE points and be

allowed to claim the section 12H tax allowances.

I deal with big multinationals and domestic entities daily and am convinced that enough money would be raised to oversubscribe the amount we need for tertiary education tenfold — two of these entities have to spend R20m collectively before the end of their financial year next month.

Education, training and skills development will remain in the spotlight. There can be little doubt they serve as the starting blocks in the race to break generations of poverty. They give an opportunity to compete and industry needs a qualified, skilled and competent workforce to increase output, which in turn makes the economy grow and create jobs.

With legislation in place in the form of the BEE codes and businesses having the money available and under pressure to spend outside the workplace, leadership should link the challenge of free or affordable higher education with the solution.

A deal not to be missed.

■ Gerber is an attorney and the founder and director of Serr Synergy, specialising in BEE structuring and compliance.