

# THETA Guidelines on payment of Administration Fee by Public Service Employers

## For the period 1 April 2005 to 31 March 2010

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### Legislative Imperative

The Tourism, Hospitality & Sport Education & Training Authority (THETA), is a statutory body established in terms of Skills Development Act, No. 97 of 1998.

- In terms of the Skills Development Levies Act of 1999 section 4(a), any public service employer in the national or provincial sphere of government is exempted from paying the Skills Development Levy and;
- Section 4(d) of the same Act stipulates that; any national or provincial public entity, if 80 percent or more of its expenditure is defrayed directly or indirectly from funds voted by Parliament is exempted from paying Skills Development Levy.
- However, these public entities are required by the same Act as amended, section 7(b) that they must budget at least one percent of their payroll with effect from 1 April 2001, for the training and education of their employees,
- Section 30 (a) and (b) of the Skills Development Act of 1999 states that such public entities may contribute funds to their respective SETAs.
- Cabinet decision on the 06 December 2000 approved, amongst others, that: all government departments should contribute an equivalent amount to their line function SETAs;
- THETA has thus requested that public entities falling within the sub sector contributes 10 percent of their 1 % annual training budget in order to stimulate skills development within the sector.
- The *Public Service Employers* are those as defined in the Public Service Act of 1994, schedule 1 and 2 which refer to Government departments at both national and provincial levels. Public Finance Management Act, 1999 schedule 3 further refers to other Public Entities deemed to be Public Service Employers referred to in this document.

### Workplace Skills Plan (WSP)

THETA strongly recommends that the public entities within the THETA scope complete and submit a workplace skills plan to THETA in the prescribed manner in order to enable THETA to establish their training needs and plan for necessary interventions. The WSP is used by THETA to support:

- the identification of imbalances in the supply of, and demand for, skilled labour in the sector
- the Government to assist in the development and review of the National Skills Development Strategy that must be demand-led and sensitive to labour market needs
- the assessment of training capacity and training investment so as to ensure the sound allocation of resources
- the disbursement of levy funds to eligible employers, through the Levy Grant System
- employers to provide a strategic basis for planning the development of their staff and organisation.

The WSP and the Implementation Report (IR) Grant are central to the establishment of a demand-led skills development system, which is responsive to the economic and social needs of South Africa. The IR allows employers to monitor the achievement of the skills priorities and skills development objectives that were outlined in the WSP. Where there are variations between the WSP and the IR, the IR provides employers and Skills Development Facilitator's (SDFs) with an opportunity to analyse reasons for non-completion of planned training.

Upon submission of a WSP THETA does not pay public entities any grants as is the case with private employers who pay the skills levy.

- The WSP and IR will be submitted on **30<sup>th</sup> June** of each year as a combined document.

THETA has introduced an online submission system and employers through their appointed and registered Skills Development Facilitators (SDF) can access the THETA SMS for this purpose. THETA will not be extending the deadlines for submission specified above. The Registration of SDF can be facilitated by contacting the Levies and Grant Coordinator, **Abigail Shabangu at (011) 803 6010**.

### Registration and Payment Process

In order for THETA to register a public entity, a prescribed form together with a pro forma invoice must be completed and faxed to THETA. The public entity will further pay the prescribed amount into THETA's designated account on either monthly basis or once annually. THETA banking details appears on the pro forma invoice. Proof of payment must be faxed to THETA, attention to **Abigail Shabangu, at 011 803 6702** for record purposes. THETA will capture employer's details on the Seta Management System and issue an acknowledgement letter to the employer. At the end of each month or financial year THETA will issue a pro forma invoice to the employer for payment purposes.

### Anticipated Benefits

Benefits that might accrue to the National and Provincial Departments as well as other public entities within the THETA scope would be in line with the NSDS 2 targets and as contemplated in the SETA Funding Regulations, No 27801 gazetted 18 July 2005, in particular under discretionary grants.

According to the Funding Regulations THETA may determine and allocate a discretionary grant:-

- (a) to commission research in the sector in accordance with the sector skills plan and guidelines prepared by the Department of Labour;
- (b) to fund the development of guidelines and the training of sector specialists or skills development facilitators;
- (c) to a qualifying employer or an accredited organization in respect of Adult Basic Education and Training provided to a learner or worker;
- (d) to a training provider or employer in respect of a learner who enters a learning programme to acquire a scarce skill identified by the SETA;
- (e) to an employer who provides work experience opportunities to learners in sector relevant programmes;
- (f) to an employer or training provider to train and mentor learners to acquire new venture qualification;
- (g) to fund an institution of sectoral or occupational excellence;
- (h) to fund an institution that offers the new venture qualification;

- (i) to fund an education and training provider or an institution responsible for the implementation of the National Qualifications Framework in support of the National Skills Development Strategy;
- (j) to fund SETA constituency capacity building initiatives and promotion of skills development in the sector;
- (k) to fund a lead employer contemplated in regulation 3(4) of the Learnership regulations;
- (l) to fund an agency established in terms of section 17(7) of the Act;
- (m) to fund an employer for learnerships registered under a different SETA;
- (n) And to fund an employer in respect of sector skills priorities.

The discretionary grants to be paid by THETA in terms of sub regulation above can be funded from-

- (a) 20% of the total levies paid by the employer in terms of section 3(1) of the Skills Levies Act during each financial year;
- (b) surplus administration funds;
- (c) unclaimed mandatory grants;
- (d) interest and penalties received in terms of sections 11 and 12 of the Skills Development Levies Act;
- (e) interest earned on investment;
- (f) surplus contributions received from public service employers in the national or provincial spheres of government contemplated in section 30(b) of the Act; and
- (g) any other money received by THETA in terms of section 14(1) (f) of the Act.

THETA discretionary grant may be paid in terms of sub regulation (1) of the Act to-

- (a) an employer within the jurisdiction of THETA, including an employer who is not required to pay skills development levy in terms of the Skills Development Levies Act; and
- (b) other associations or organizations that meet the criteria for the payment of such grant.

All THETA criteria for discretionary grants are approved by the THETA Board before funds are allocated. THETA is responsible for the skills development of the internal public service employees as well as the external stakeholders of the public service employer.

### Public Service Employers per SIC Codes

Public Service Employers within THETA jurisdiction are allocated according to the Standard Industrial Classification Codes (SIC Codes) as stipulated by the Department of Labour. The SIC code is the industrial classification that matches the employer's main business activity. According to the 6<sup>th</sup> edition codes **91101** classify national departments, **91102** classify provincial departments and **91106** classify other public entities not classified under 91102.

### Public Service Employers

As stated earlier, the public service employers are those as defined in the Public Service Act of 1994, schedule 1 and 2 which refer to Government departments at both national and provincial levels. Public Finance Management Act, 1999 schedule 3 further refers to other Public Entities deemed to be Public Service Employers referred to in this document. Refer to the aforementioned Acts for further information.