

**AMENDED FSC SERIES FS300: MEASUREMENT OF THE SKILLS DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT FS300: THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT**

Issued under section 9 (1) of the Broad-Based Black Economic Empowerment Act of 2003 as amended by Act 46 of 2013

**Arrangement of statement FS300**

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**1 OBJECTIVES OF STATEMENT FS300**

The objectives of this statement are to:

- 1.1 Specify the scorecard for measuring the skills development element of B-BBEE;
- 1.2 Define the key measurement principles associated with the skills development element; and
- 1.3 Indicate the formula for measuring the skills development element.

**2 THE SKILLS DEVELOPMENT ELEMENT SCORECARD**

This table represents the criteria used for scoring skills development in terms of this statement:

Description		Points	Target
2.1	<b>Senior Management</b>	<b>2</b>	
	2.1.1	Skills development expenditure on learning programmes specified in the learning programme matrix for black senior and executive managers as a percentage of the leviabale amount applicable to this level	1 2.00%
	2.1.2	Skills development expenditure on learning programmes specified in the learning programme matrix for black women senior and executive managers as a percentage of the leviabale amount applicable to this level	0.5 1.00%
	2.1.3	Skills development expenditure on learning programmes specified in the learning programme matrix for African senior and executive managers as a percentage of the leviabale amount applicable to this level	0.5 EAP%
2.2	<b>Middle Management</b>	<b>2</b>	
	2.2.1	Skills development expenditure on learning programmes specified in the learning programme matrix for black middle managers as a percentage of the leviabale amount applicable to this level	1 3.00%
	2.2.2	Skills development expenditure on learning programmes specified in the learning programme matrix for black women middle managers as a percentage of the leviabale amount applicable to this level	0.5 1.50%
	2.2.3	Skills development expenditure on learning programmes specified in the learning programme matrix for African middle managers as a percentage of the leviabale amount applicable to this level	0.5 EAP%
2.3	<b>Junior Management</b>	<b>3</b>	
	2.3.1	Skills development expenditure on learning programmes specified in the learning programme matrix for black junior managers as a percentage of leviabale amount applicable to this level	1 5.00%
	2.3.2	Skills development expenditure on learning programmes specified in the learning programme matrix for black women junior managers as a percentage of the leviabale amount applicable to this level	1 2.50%

	2.3.3	Skills development expenditure on learning programmes specified in the learning programme matrix for African junior managers as a percentage of the leviabale amount applicable to this level	1	EAP%
	<b>Non-management staff</b>		<b>4</b>	
2.4	2.4.1	Skills development expenditure on learning programmes specified in the learning programme matrix for black non-management staff as a percentage of the leviabale amount applicable to this level	2	8.00%
	2.4.2	Skills development expenditure on learning programmes specified in the learning programme matrix for black women non-management staff as a percentage of the leviabale amount applicable to this level	1	4.00%
	2.4.3	Skills development expenditure on learning programmes specified in the learning programme matrix for African non-management staff as a percentage of the leviabale amount applicable to this level	1	EAP%
2.5		Skills development expenditure on learning programmes specified in the learning programme matrix for black unemployed people as a percentage of the leviabale amount	4	1.5%
2.6		Skills development expenditure on learning programmes specified in the learning programme matrix for black people with disabilities as a percentage of the leviabale amount	1	0.30%
2.7		Number of black people, (employed or unemployed) participating in learnerships, apprenticeships, internships or Category B, C or D programmes as a percentage of total employees	4	5.00%
	<b>Total</b>		<b>20</b>	
2.8		<b>Bonus Points:</b> Number of previously unemployed black people Absorbed by the measured entity/industry at the end of the learnerships, apprenticeships, internships, or Category B, C or D programmes.	3	100%

### 3 KEY MEASUREMENT PRINCIPLES

- 3.1 The following criteria must be fulfilled in order for the measured entity to receive points on the skills development scorecard:
- 3.1.1 A Workplace Skills Plan, an Annual Training Report and a Pivotal Report which are SETA approved; and
- 3.1.2 Implementation of a priority skills programme in general, and for black people in particular.
- 3.2 The compliance targets in paragraphs 2.4.1 and 2.4.2 includes external training expenditure for black people that are not employed by the measured entity.
- 3.3 A trainee tracking tool has to be developed in order for the measured entity to score in terms of paragraph 2.7.
- 3.4 If less than 100% of the trainees are absorbed in terms of paragraph 2.7, the percentage absorbed will be recognised.

- 3.5 Skills development expenditure on black people who are counted on the skills development scorecard may not be counted again in any other B-BBEE element of the QSFI or generic scorecard.
- 3.6 Where a measured entity does not have any employees in a particular management category, then the weightings of the indicator which has no employees must be distributed among the remaining categories of senior, middle or junior management.
- 3.7 When combining categories of Management, the higher target will apply to the combined category.

3.7.1 Combining senior and middle management

<b>Senior Management</b>	<b>4</b>	
Skills development expenditure on black senior and executive managers	2	3.00%
Skills development expenditure on black women senior and executive managers	1	1.50%
Skills development expenditure on African senior and executive managers	1	EAP%

3.7.2 Combining middle and junior management

<b>Junior Management</b>	<b>5</b>	
Skills development expenditure on black junior managers	2	5.00%
Skills development expenditure on black women junior managers	1.5	2.50%
Skills development expenditure on African junior managers	1.5	EAP%

3.7.3 Combining all management

<b>Management</b>	<b>7</b>	
Skills development expenditure on black managers	3	5.00%
Skills development expenditure on black women managers	2	2.50%
Skills development expenditure on African managers	2	EAP%

3.7.4 Combining all categories 2.1, 2.2, 2.3, 2.4, 2.5 and 2.6

<b>Black People</b>	<b>16</b>	
Skills development expenditure on black people	8	6.00%
Skills development expenditure on black women	4	3.00%
Skills development expenditure on Africans	4	EAP%

#### **4 SUB-MINIMUM AND DISCOUNTING PRINCIPLE**

- 4.1 A measured entity must achieve a minimum of 40% of the total weighting points (excluding bonus points) set out in the skills development element.
- 4.2 Non-compliance with the threshold targets will result in the overall achieved B-BBEE recognition level being discounted in accordance with paragraph 3.3.3 of Statement 000.

#### **5 GENERAL PRINCIPLES**

- 5.1 Skills development must:
- 5.1.1 contribute to the achievement of the country's economic growth and social development goals that will enrich the creation of decent work and sustainable livelihoods;
- 5.1.2 support 'Professional, Vocational, Technical and Academic Learning (Pivotal)' programmes, achieved by means of professional placements, work-integrated learning, apprenticeships, learnerships and internships, that meet the critical needs for economic growth and development; and
- 5.1.3 strengthen the skills and human resource base by encouraging the support of skills development initiatives with an emphasis on skills development and career pathing for all working people in order to support employment creation.
- 5.2 Recognisable skills development expenditure includes any legitimate training expenses (see paragraph 6 for examples), incurred for any learning programme offered by a measured entity to its black employees and black people, evidenced by an invoice or appropriate internal accounting record.
- 5.3 Skills development expenditure arising from category G learning programmes in the learning programmes matrix cannot in aggregate represent more than 15% of the Measured Entities actual total value of skills development expenditure.
- 5.4 The following legitimate training expenses incurred by the measured entity cannot in aggregate represent more than 15% of the Measured Entities actual total value of skills development expenditure:
- 5.4.1 accommodation of learners;
- 5.4.2 catering for learners at learning site; and
- 5.4.3 traveling of learners to and from the learning site.
- 5.5 Salaries or wages paid to an employee of the measured entity participating as a learner in any learning programme constitute skills development expenditure only if the learning programme is a learnership, internship or apprenticeship (category B, C and D of the learning programme matrix). Salaries or wages paid to the employee may be claimed only for the period during which that employee was participating in the learnership, internship or apprenticeship.
- 5.6 Expenses on scholarships and bursaries for employees do not constitute skills development expenditure if the measured entity can recover any portion of those expenses from the employee or if the grant of the scholarship or bursary is conditional. Notwithstanding the foregoing, if the right of recovery or the condition involves either of the following obligations of the employee, the expenses are recognisable:
- 5.6.1 the obligation of successful completion in the studies within the time period allocated; or
- 5.6.2 the obligation of continued employment by the measured entity for a period following successful completion of the studies, that is not more than the period of the studies.

**6 LEGITIMATE TRAINING EXPENSES**

- 6.1 Legitimate training expenses include, but are not necessarily limited to:
- 6.1.1 costs of training materials;
  - 6.1.2 costs of trainers;
  - 6.1.3 costs of training facilities, including costs of catering;
  - 6.1.4 scholarships and bursaries;
  - 6.1.5 course fees;
  - 6.1.6 accommodation and travel; and
  - 6.1.7 administration costs such as the organisation of training including, where appropriate, the measured entity's costs of employing a skills development facilitator, a training manager or other training staff.

**7 MEASUREMENT OF SKILLS DEVELOPMENT INDICATORS**

- 7.1 The formulae and example that explains the method of measurement of the criteria in the skills development scorecard is set out in Annexe 300 (B).

## ANNEXE FS300 (A)

Cat	Programme Example	Narrative Description	Delivery Mode	Learning Site	Learning Achievement
A	Bursaries	Institution-based theoretical instruction alone – formally assessed by the institution	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 formal institution of learning
B	Internships	Institution-based theoretical instruction as well as some practical learning with an employer or in a simulated work environment – formally assessed through the institution	Mixed mode delivery with institutional instruction as well as supervised learning in an appropriate workplace or simulated work environment	Institutions such as universities and colleges, schools, ABET providers and workplace	Theoretical knowledge and workplace experience with set requirements resulting in the achievement of a degree, diploma or certificate issued by an accredited or registered formal institution of learning
C	Internships / Articles	Recognised or registered structured experiential learning in the workplace that is required after the achievement of a qualification – formally assessed by a statutory occupational or professional body	Structured learning in the workplace with mentoring or coaching	Workplace	Occupational or professional knowledge and experience formally recognised through registration or licensing
D	Learnerships or Apprenticeships	Occupationally- directed instructional and work-based learning programme that requires a formal contract – formally assessed by an accredited body	Institutional instruction together with structured, supervised experiential learning in the workplace	Institution and workplace	Theoretical knowledge and workplace learning, resulting in the achievement of a South African Qualifications Authority registered qualification, a certificate or other similar

					occupational or professional qualification issued by an accredited or registered formal institution of learning
<b>E</b>	Work – integrated learning	Occupationally- directed instructional and work-based learning programme that does not require a formal contract – formally assessed by an accredited body	Structured, supervised experiential learning in the workplace which may include some institutional instruction	Workplace, institutional as well as ABET providers	Credits awarded for registered unit standards, continued professional development, improved performance or skills (e.g. evidence of outputs based on Performance Development Programme)
<b>F</b>	Workplace training	Occupationally- directed informal instructional programmes	Structured, information sharing or direct instruction involving workshops, seminars and conferences and short courses	Institutions, conferences and meetings	Continuing professional development, attendance certificates and credits against registered unit standard (in some instances)
<b>G</b>	Informal training	Work-based informal programmes	Informal training	Workplace	Increased understanding of job or work context or improved performance of skills



## ANNEXE FS300 (B)

## MEASUREMENT OF SKILLS DEVELOPMENT INDICATORS

The Skills Development criteria provided for in paragraph 2 of the scorecard are calculated as follows:

$$A = \frac{B}{C} \times D$$

Where

**A** is the score achieved by a measured entity in respect of the measurement of the skills development criteria specified in paragraph 2

**B** in the case of paragraphs 2.1, 2.2, 2.3, 2.4 and 2.5, is the amount of skills development expenditure expressed as a percentage of the relevant leviable amount of the occupational level or the measured entity; **or**

**B** in the case of paragraph 2.6, is the number of black people who are doing learnerships, apprenticeships and internships, expressed as a percentage of the total number of employees of the measured entity; **or**

**B** in the case of paragraph 2.7, is the number of previously unemployed black people who completed a learnership programme during the measurement period and who have been subsequently absorbed by the measured entity or the industry, expressed as a percentage of the total number of learnership programmes that black people were enrolled for and that ended during the measurement period.

**C** is the percentage compliance target in respect of the applicable criteria being measured as specified in the skills development scorecard

**D** is the weighting for the applicable criteria being measured as specified in the skills development scorecard