

MEDIA RELEASE FROM SAPOA
(THE SOUTH AFRICAN PROPERTY OWNERS ASSOCIATION)

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Commercial property sector to challenge skills levy grant cuts

The South African Property Owners Association (SAPOA) today announced it has a serious concern with government's amendments to the SETA Grant Regulations.

Government has cut mandatory grants, or refunds, to companies that undertake sector education training, from 50% to 20% of its skills development levy. The skills development levy companies pay is 1% of payroll and they have been able to claim a proportional refund of the levy to the extent they have incurred cost on training and development.

SAPOA President, Estienne de Klerk says: "This can only be negative for skills development in South Africa. It obliterates a key incentive for our members to train and develop employees and flies in the face of the National Development Plan's policy of fast, inclusive growth through skills development. It also neglects the collaborative approach between government and companies to close the country's yawning skills gap."

SAPOA is the voice of commercial property. Its members control about 90% of all commercial and industrial property in South Africa. The sector contributes approximately 6% to the RSA's GDP per the Bureau for Economic Research, similar to that of the mining sector. The representative body is held in high esteem by the relevant sectors of government and is consulted on matters about the property industry. SAPOA also enjoys representation on key South African bodies essential to the country's property sector development.

Like many peers in other sectors, property sector companies are required to pay these skills development levies to Sector Education and Training Authorities, or SETAs. But, by the government's own admission, SETAs are plagued by poor governance, maladministration, meagre financial management and not meeting their mandate of improving the skills environment. This results in little, if any, additional training for the sector. Then, the same companies pay again to provide private training to invest in their employees' skills and development.

"Our members will be paying twice for the same thing. Now, with the prospect of the lower 20% refund, the government is eroding an important inducement for skills development and in reality will reduce the resources companies in the property sector have for training. It is raising the tax burden in effect and looking at the SETAs track record, will be giving nothing in return," says de Klerk.

"If the property sector had been consulted, we would've been very clear on our stance: we don't support the amendment, it's bad for the property sector and does nothing to improve the training and skills development in the sector," says de Klerk.

He adds: "SAPOA and our members are fully committed to South Africa's skills development objectives. We have been developing the workforce skills to meet the

sector needs. This will impact all these programs. The skills gap can only start narrowing if companies and government work together. But slashing mandatory skills levy grants is not the answer to a larger, better-trained workforce. It will have the opposite effect."

SAPOA and many of its members are delivering far-reaching skills development initiatives. SAPOA drives education in the property sector. It works with South African universities and various education providers to present relevant training workshops, seminars, programmes and certificates for the industry. Through its Education, Training and Development Committee, it carries out schemes ranging from graduate placement in the sector to SMME development. SAPOA also oversees a bursary program via the SAPOA Bursary Trust offering bursaries to students. Independently from SAPOA's initiatives, its members have also developed many very successful training, bursary and SSME development programs.

SAPOA's CEO Neil Gopal adds: "The property sector is motivated to grow in a sustainable manner. This means we're also motivated to strengthen our skills base. We've already progressed meaningful skills development goals, and we want to continue. Government should be creating more incentives for employers to develop employees with high-demand skills, rather than discouraging them and eroding the support of companies in skills creation. SAPOA will be exploring alternatives to address the matter with Government. "

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