In another edition, we said that skills development, if planned and implemented properly, can make an important contribution to the competitive advantage of a farming operation.

Skills development and capacity building however costs money, and there seems to be growing confusion in the agricultural fraternity regarding who is supposed to carry these costs.

The international best practice benchmark for skills development spending for any organisation is as high as 10% of its annual wage bill. In South Africa, companies regard best practice as between 4% and 5% of the wage bill, while black economic empowerment codes of good practice require companies to spend at least 3% of their wage bill on skills development in addition to the skills development levy of 1%.

The average farmer contributes 1% of his wage bill to the National Skills Development Fund. If the farmer submits his Workplace Skills Plan, 50% of the levies that he has contributed are paid back to him. This means that the total expenditure of the farmer for skills development levies is between 0.5% and 1% of the wage bill. A farmer should therefore spend an additional 3% to 3.5% of his wage bill directly on skills development.

Of the remaining 50% of the skills development levies paid by farmers, the Agricultural Sectoral Education and Training Authority (AgriSETA) receives 30%, and 20% goes to the National Skills Fund. The AgriSETA uses 10% of their levy income for administration. The remaining 20% of levy income forms the discretionary fund of the AgriSETA. In the 2006/2007 year, the AgriSETA has a discretionary fund of circa R38 million, from which all skills development in the agricultural sector has to be funded. Note that this includes primary and secondary agriculture, plant production and animal production, and all plant production industries.

In addition to what is palpably a very small amount of money for the skills development requirements of the sector, the AgriSETA does not have the mandate to fund all types of skills programmes. The funding policy for the allocation of discretionary funds is determined by the National Skills Development Strategy, and the objectives and success indicators determined by this document. The National Skills Development Strategy is a document that is put forth by the Department of Labour every five years. The National Skills Development Strategy that applies currently was published in 2005, and will determine the funding priorities of SETAs until March 2010.

The National Skills Development Strategy 2005-2010 prescribes
that funding from discretionary funds must be focussed on scarce and critical skills development for the next five years. The AgriSETA has identified scarce skills in the agricultural sector as being:

- General management skills
- Farm management skills
- Process engineering, technicians and tradesmen
- Horticulturalists
- Animal health
- Meat processing

Critical skills have been identified as:

- Problem solving
- Numeracy
- Literacy
- Food safety
- Export readiness
- Business and marketing skills

The AgriSETA cannot fund skills development programmes that fall outside these fields. This means that the AgriSETA cannot fund programmes that relate directly to production, except if it has been identified as a scarce or critical skill.

Skills programmes such as tractor-driving, equipment maintenance, fertilisation, plant manipulation, pest and disease control, etc., fall outside the mandate of the AgriSETA. The farmer is expected to carry the cost of skills development in these areas. This is where the additional 3% to 3.5% of the farmer’s wage bill is expected to be spent on skills development.

The Citrus Academy proposes that farmers go about determining their skills development needs and expenditure by using the following method:

- Compare current skills levels of employees in various positions on the farm with the job descriptions for those positions. Determine the skills programmes that are required to bring their skills to the desired levels.
- Identify employees with the potential for promotion and determine what type of capacity building is required to bring them to the level where they can fulfill this potential, be it specific skills programmes or a learnership. The information required for this exercise can be obtained from the Citrus Academy.
- Consolidate this information into a document that lists the skills development needs for the current year. This forms the basis of a workplace skills plan.

The learning material has been developed in the context of citrus production and can be used for skills development in any citrus production context.

- Identify the skills programmes that will be funded by the AgriSETA. Learnerships are funded fully by the AgriSETA. Submit a funding request to the AgriSETA.
- Calculate the costs of the skills programmes that are to be self-funded by contacting local learning providers.

At this point critical mass becomes very important. If a farmer for instance has five employees that need to acquire skills in pest and disease control, the cost per learner will be very high. However, if there are three other farmers in the area that also have five employees each that need to acquire the same skills, the cost per learner comes down and will be reasonable.

In summary: the farmer is expected to carry part of the costs of skills development. The farmer therefore needs to take responsibility to ensure that skills development is effective and that he gets value for money, which is best achieved by proper planning and cooperation with other farmers in the area.