

The ImpleMentors

A short history and the future of the A21 Dual System



Q What is this A21?

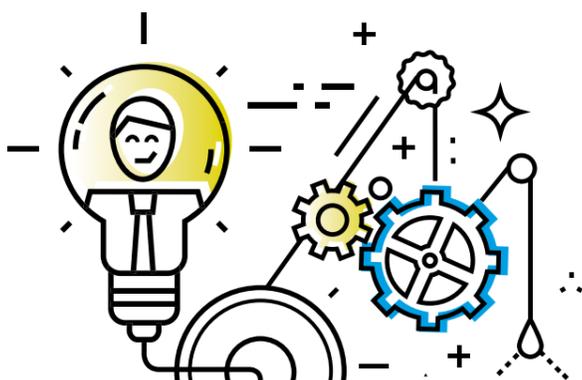
A The A21 is a learning programme, a modern apprenticeship of the 21st century, designed for the South African landscape.

Q Who came up this idea?

A While visiting Switzerland in 2011, the National Minister of Higher Education and Training saw the benefits of the dual system in the education and training of learners and the economy of the country. The result of which is extremely low unemployment, especially among the youth. The Minister then tasked his Department with developing and implementing a South African version of the Dual System.

Q How is it being implemented?

A In 2012, the National Department of Higher Education and Training (DHET) partnered with Swiss South Africa Cooperative Initiative (SSACI) to develop a local dual system. During the early days of 2012 to 2014 four different pilot processes were tried utilising both National Technical Education (NATED) and National Certificate Vocational (NCV) qualifications. All pilots have to date been implemented utilising artisan occupations, originally electrician, welder, mechatronic and vehicle body builder qualifications.

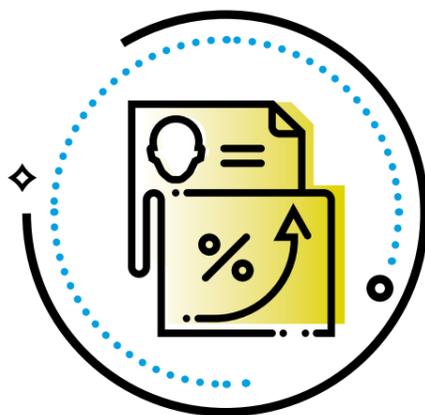


Q Did the pilot projects work?

A The NATED based pilots were reasonably successful but the mechatronic dual pilot that was based on the NCV failed due to the poor recruitment process and complex academic nature of the NCV.

Q Are there any reports on those original pilot projects?

A Yes, the projects were evaluated independently, and reports can be requested from the Department of Higher Education and Training on request.



Q What happened after the initial pilot projects?

A A second and far more comprehensive pilot process was started in 2014 this time with the extra help of the German International Cooperation Agency that joined DHET and SSACI. However, this time the pilot projects utilised the emerging and industry-based occupational qualifications that are being developed under the auspices of the Quality Council for Trades and Occupations.

Q How is the second pilot project going?

A They are progressing well at two sites in Ekurhuleni Gauteng as well as two sites in Port Elizabeth/Uitenhage in the Eastern Cape. The occupations being piloted are electricians and plumbers over a three-year period. Pilots in the Western Cape were started in January 2019.

Q Are there any reports on these second pilot projects?

A Yes, there are ten very detailed fact sheets for each workstream that covers the entire project for year one. Each fact sheet gives key factors for success, lessons learnt so far and also offers the most relevant strategic and policy aspects that are to be considered by stakeholders. The fact sheets will be updated as the project continues to be rolled out.

Q Where can I get these fact sheets?

A They are available on request from the DHET.

Q So it seems that an A21 is only for artisan trades?

A Not at all, an A21 can be developed and implemented for any occupation that has a work-place based component to it.

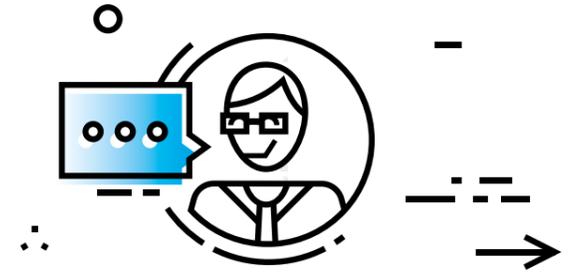
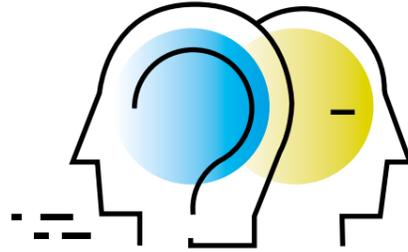
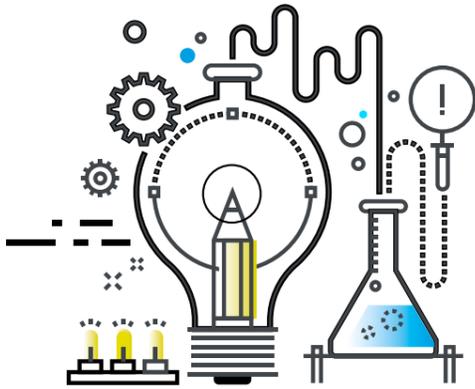


Q Are all A21s only three-year long programmes - what about shorter courses?

A The time required for the learning programme is determined by the qualification. There are some qualifications that need only six months, such as a bicycle mechanic. A21s can be developed with any of the job creation programmes, like the national Yes 4 Youth, the provincial DEDAT Work and Skills Programme and any current Learnership or Internship Programme - the key is a registered occupational qualification or part qualification.

The Centres of Specialisation

Background, Origins and Roles



Q What is a Centre of Specialisation?

A This is a campus of a public TVET College that has been appointed by the National Department of Higher Education and Training (DHET) to coordinate all national learning and teaching processes for a specific occupation. There are two “partner” campuses for each occupation in the different provinces and they share learnings and continuously improve processes and courses.

Q Where does this idea come from?

A Parallel to the development of the local A21 dual system process, the National Minister of Higher Education and Training set up a special projects unit in his Department that has progressively developed the Centres of Specialisation Programme.

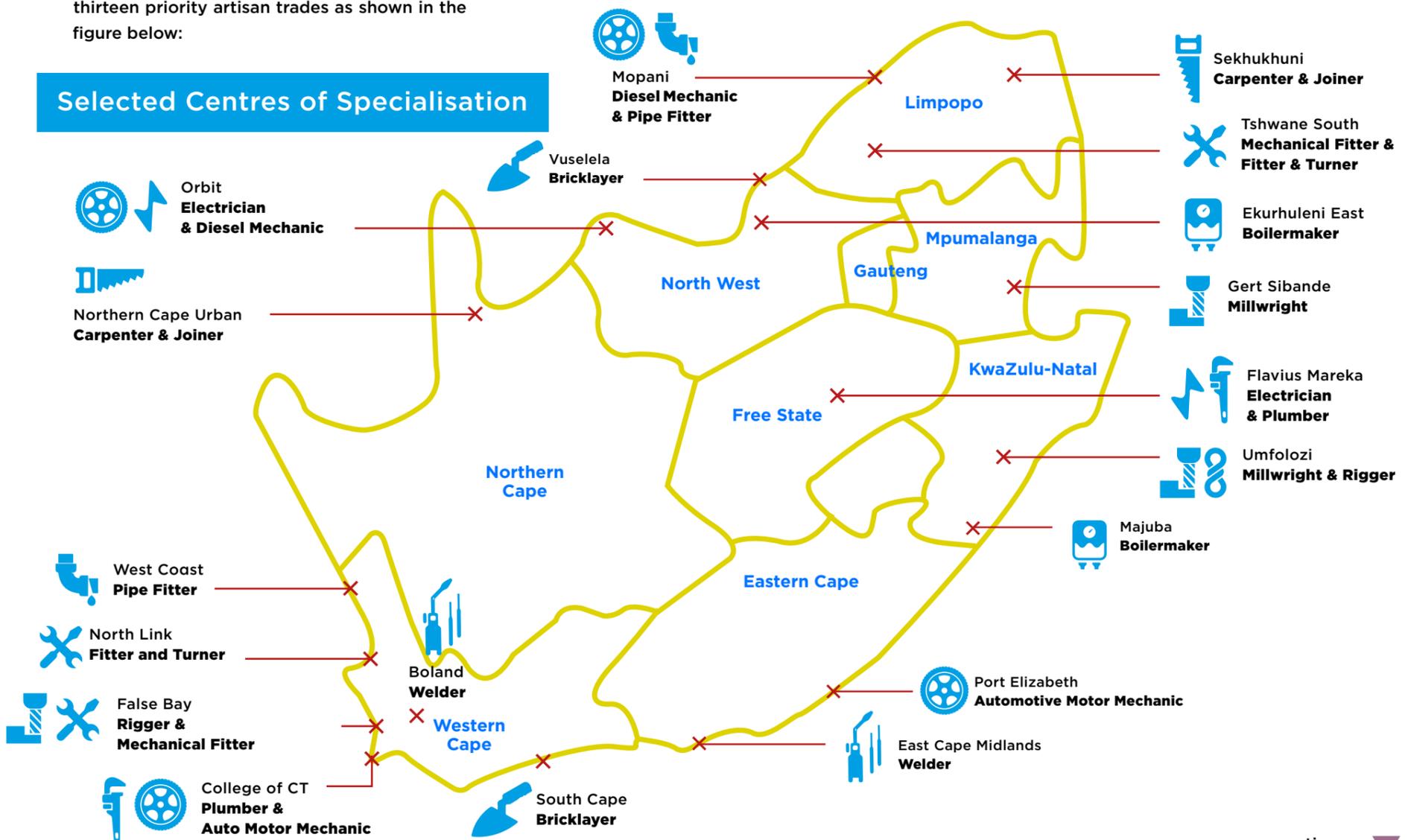
Q What made the Minister decide to do this?

A The initiative is designed to meet two objectives simultaneously: firstly, to address the demand for priority trades needed for the implementation of government’s National Development Plan in general and its National Infrastructure Plan more particularly; and secondly to contribute towards the building of the capacity of its public Technical and Vocational Education and Training (TVET) College system to deliver trade qualifications with employer partners.

Q How many Centres are there?

A At the moment, nineteen centres look after the thirteen priority artisan trades as shown in the figure below:

Selected Centres of Specialisation



continue

Q But why public TVET Colleges?

A The Centres of Specialisation Programme aims to uphold and support the ‘White Paper for Post-School Education and Training: Building an Expanded, Effective and Integrated Post-School System’ which states: ‘Since the main purpose of the TVET colleges is to prepare students for the workplace and/or self-employment, it is essential that they develop and maintain close working relationships with employers in their areas of study. Close partnerships between colleges and employers will assist the colleges to locate opportunities for work-integrated learning and help them to place students when they complete their qualifications.’

Q How were those occupations selected?

A The thirteen priority trades have been identified as being in strong demand for the national infrastructure or Strategic Integrated Projects (SIPs) programmes as well as for other strategic programmes like the National Department of Environmental Affairs’ ocean economy programme, or Operation Phakisa.

Q What types of programmes will be implemented by the Centres?

A The development of the thirteen priority trades will be through the implementation of the new Quality Council for Trades and Occupation’s (QCTO) trade qualifications. This will be a major step up from the past as they are national qualifications - no longer sector-specific - and will be delivered using the A21 dual system approach, which sees learners moving between a college and a workplace over the duration of their studies and prior to taking their trade test.

Q Who are involved in the Centres and the A21?

A A wide range of stakeholders, from a selected number of TVET colleges chosen to be Centres of Specialisation for one or more of the thirteen priority trades, to employer associations and ‘occupational teams with special expertise in the priority trades. These principal actors will be supported by the DHET and the seven dedicated policy-focused teams whose function is to develop national guidelines for the roll-out of these qualifications.

Q What is this Quality Council for Trades and Occupation (QCTO)?

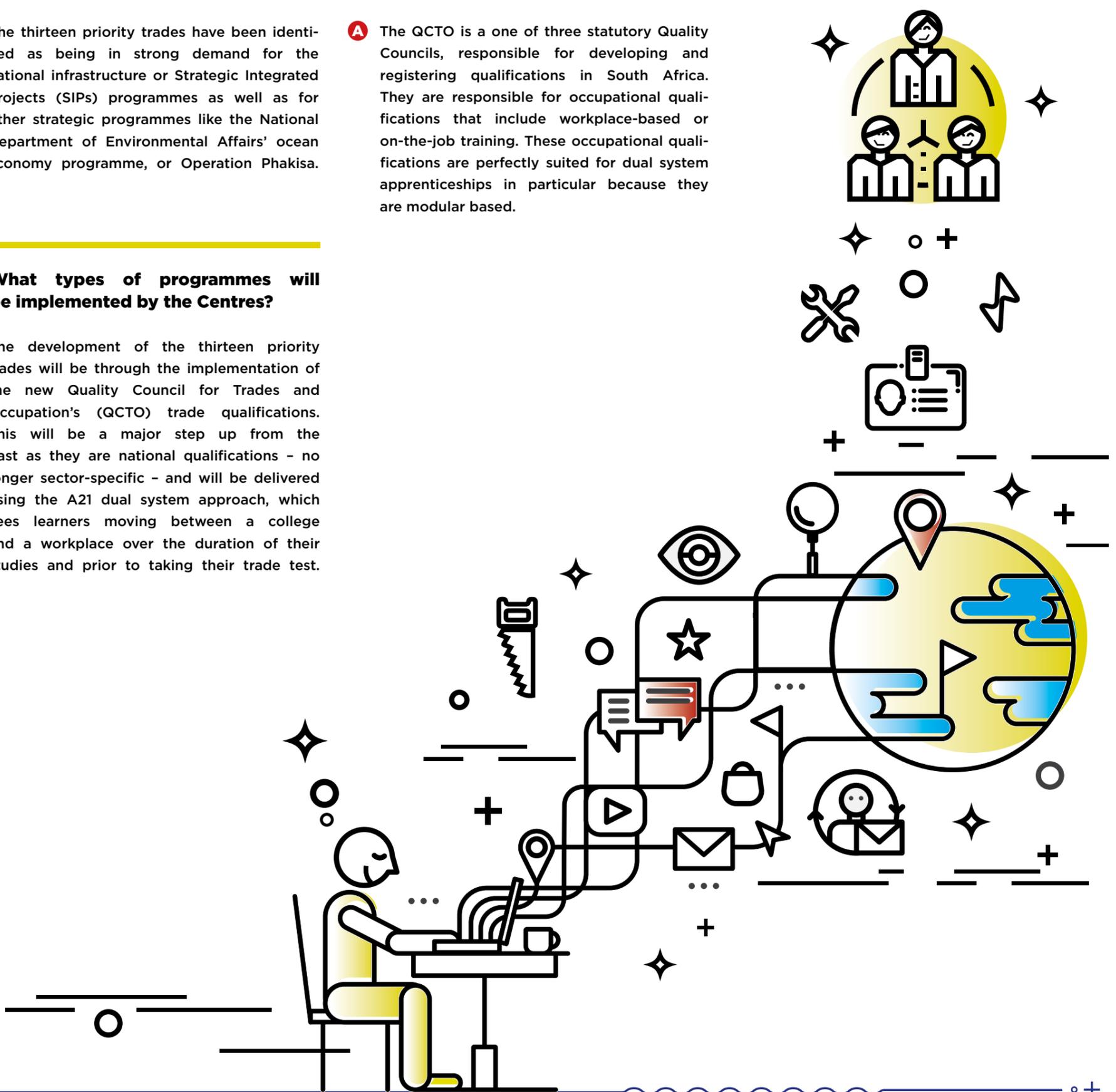
A The QCTO is a one of three statutory Quality Councils, responsible for developing and registering qualifications in South Africa. They are responsible for occupational qualifications that include workplace-based or on-the-job training. These occupational qualifications are perfectly suited for dual system apprenticeships in particular because they are modular based.

Q What is the QCTOs role with Centres of Specialisation and A21s?

A The QCTO will also play a central role in developing the occupational qualifications, accreditation of the Centres and for quality assuring assessment processes that will eventually result in the certification of learners.

Q Who issues the Certificates?

A Only the QCTO is legally mandated to issue occupational certificates so these will be national certificates that are already replacing the sector or SETA-based certificates currently in use.



Qualifications, Documents and Acronyms

Q What is the occupational qualification?

- A** They are modern, industry-based qualifications that are developed under the legal auspices of the Quality Council for Trades and Occupations (QCTO).

Q What is included in an occupational qualification?

- A**
- Knowledge modules - theory.
 - Practical skills modules - on-the-job learning in a training centre or simulated environment.
 - Work experience modules - applying the knowledge modules and practical skills modules in a real-world environment.

Q Once the QCTO has developed a qualification what happens to it?

- A** Once developed, an occupational qualification is submitted to the South African Qualifications Authority (SAQA) that, subject to meeting prescribed criteria, allows for the qualification to be registered on the National Qualifications Framework (NQF).

Q So where can I find these occupational qualifications?

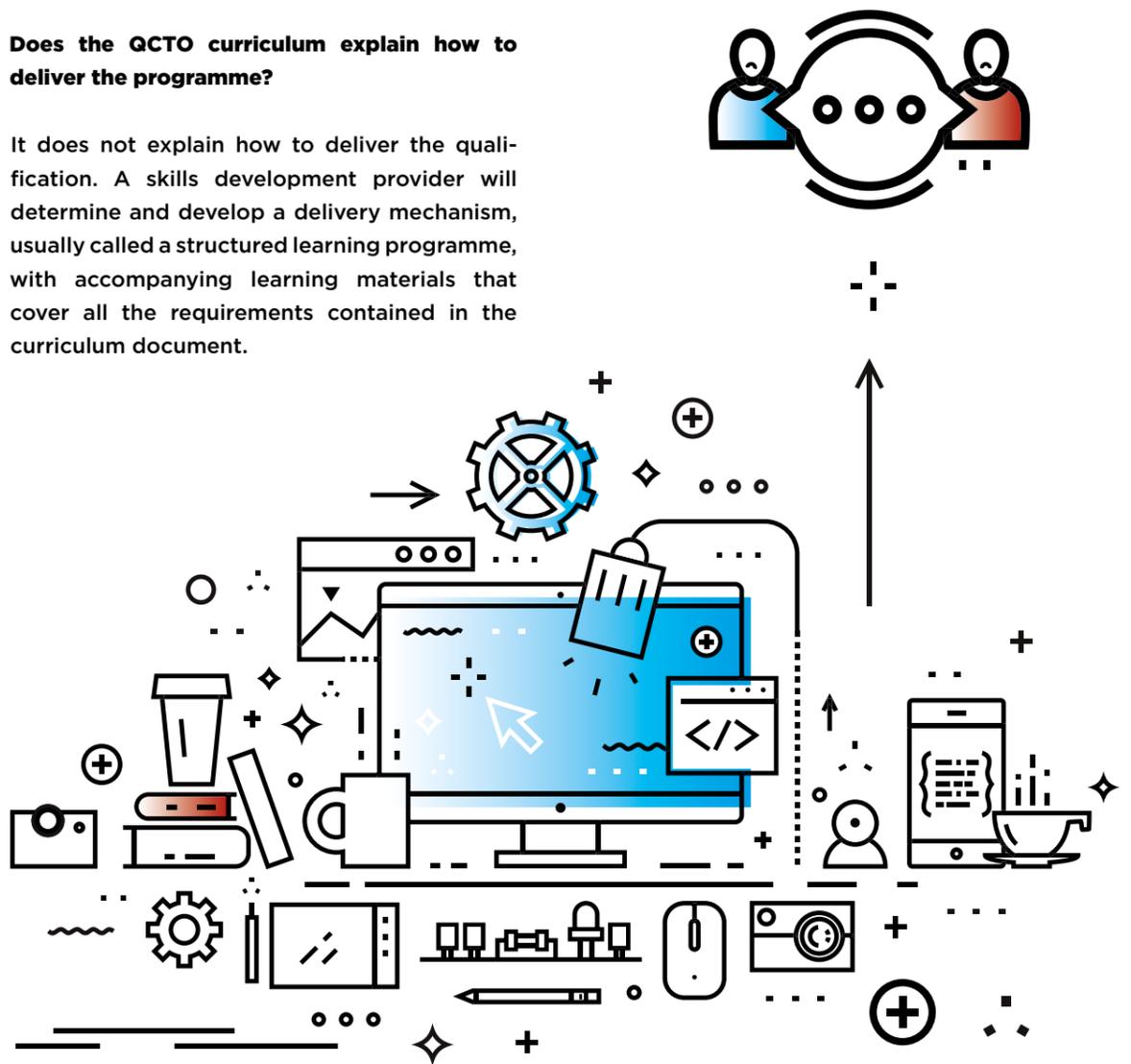
- A** The best place to start is on the QCTO website at <http://www.qcto.org.za/> or the SAQA website at <http://www.saqqa.org.za/>. Or, if you're in the Western Cape, submit a request to redtape@westerncape.gov.za for help.

Q How are these occupational qualifications implemented?

- A** Each occupational qualification comes with a curriculum document which details the requirements for each of the modules contained within the qualifications. This is:
- A list of topics.
 - Internal assessment specifications.
 - Provider accreditation criteria.
 - Workplace approval criteria.
 - Allowed lecturer/trainer/mentor to learner ratio.

Q Does the QCTO curriculum explain how to deliver the programme?

- A** It does not explain how to deliver the qualification. A skills development provider will determine and develop a delivery mechanism, usually called a structured learning programme, with accompanying learning materials that cover all the requirements contained in the curriculum document.



Q Is there an assessment or exam before a person can be certificated?

- A** An External Assessment Specifications document that describes how a person is "tested or examined" at the end of the full learning period to check for competence before being recommended for certification is also available with each occupational qualification.

Q How are occupational qualifications assessed or examined?

- A** All occupational qualifications have both the theoretical tests (exams in an academic context) and a practical test (a trade test in an artisan context). The actual assessment is called an EISA (External Integrated Summative Assessment).

Q What can you expect when you go for an "EISA"?

- A** The EISA includes a range of questions to test theory and practical tasks for the learner to check for actual hands-on competence. These questions and tasks are developed by experienced and qualified experts under the guidance of an Assessment Quality Partner (AQP) appointed by the QCTO.

Q Are the "EISA" questions and tasks always the same?

- A** No, there's a databank of questions, tasks and exemplars of such questions and tasks that are developed by the AQP for access by an accredited assessment centre to use when testing or examining a person. During an EISA, not all questions and/or tasks are carried out, a random sample is selected. This means the learner must have covered and be competent across all the component parts of a qualification.

continued ▼

Q Where and who assesses a learner with an EISA?

A Only assessment centres accredited by the QCTO for that particular occupation.

Q What is this National Occupational Curriculum Content (NOCC)?

A The current QCTO process does not give the actual step-by-step process that is to be followed by providers, employers and learners on how to deliver an occupational qualification.

This approach allowed for different delivery methodologies to be implemented, as long as the minimum requirement specified by the QCTO documents are met.

A NOCC document is required when using the “dual system apprenticeship” of learning. This system integrates theory and practise, based on a progressive set of learning projects, and requires a learner to “rotate” between an institution such as a college and the actual workplace at an employer.

Q So a NOCC is not mandatory for all occupational qualifications?

A No, as long as the skills development provider satisfies the QCTO that learning occurs in an integrated manner, other delivery mechanisms can be utilised.

Q Why is the NOCC being developed for all programmes at Centres of Specialisation?

A To set a minimum standard for an integrated structure learning programme for that occupational qualification and to ensure that the public system chosen to deliver occupational qualifications does so in a standardised way across all 50 public TVET Colleges.

Q So can a NOCC be used by a private skills development provider?

A Yes, and they are encouraged to, allowing for a standardised minimum level of quality for delivery.

Q How is a NOCC developed?

A The NOCC is developed based on the occupational qualifications and supporting documents as well as the EISA. The result is a set of learning areas that contain a set of work situations. When learners commence an A21 they are guided through the learning process by the NOCC as to what to learn and in what order, until all work situations have been successfully completed.

Q What is the benefit of an NOCC to a learner?

A The NOCC is carefully designed to ensure that ALL the modules of the occupational qualifications are covered as the learner progresses through the various projects. This will ensure a learner covers all modules before he or she goes for an EISA.

Q How will the new A21 with a NOCC improve throughput?

A The internal assessment criteria for each work situation and learning area in a NOCC must be aligned to external assessment specification criteria with a single minimum standard guideline that all providers are to adhere to.

Q Does the new A21 & Centres of Specialisation consider employed or experienced workers?

A All occupational qualifications allow for the recognition of previous or prior learning, commonly known as RPL. Often, many people have already learnt by doing certain tasks related to certain occupations. RPL avoids unnecessary duplication, offering learners an opportunity to compile and submit “evidence” of their learning for “credit” - potentially shortening the time required for a programme and saving on costs.

Q So how does this “RPL” work?

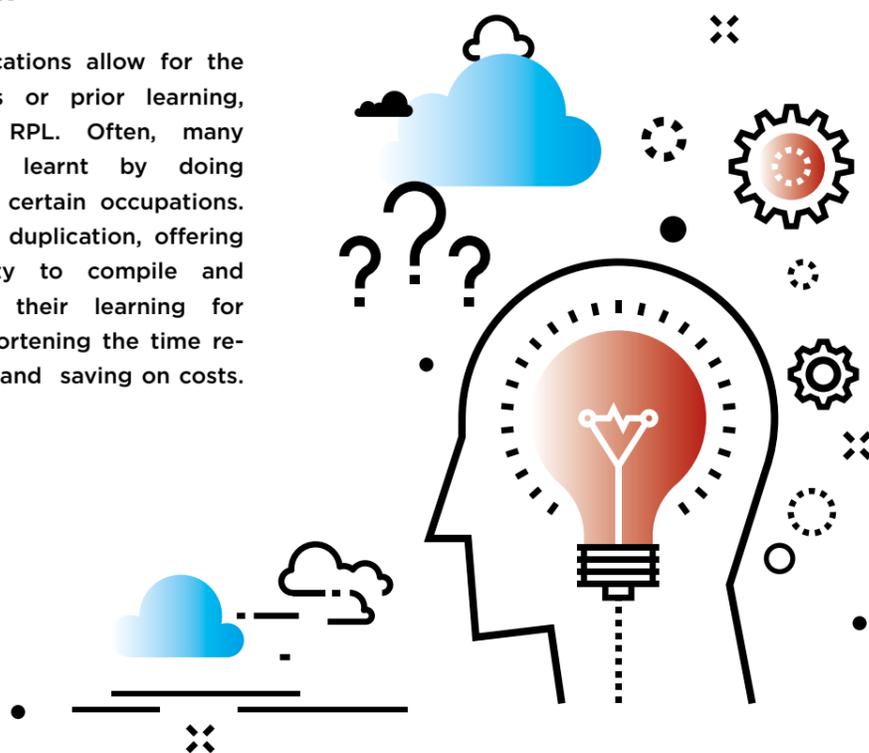
A To facilitate the compilation of evidence for an RPL, an “RPL Mechanism or Toolkit” is also developed at the same time as the NOCC with industry experts. The “toolkit” details what constitutes acceptable evidence that should be submitted and may also include some practical tasks that an applicant may have to demonstrate in a training centre and/or at an actual workplace to prove their competence.

Q Is there any actual training involved in the RPL process?

A An RPL process replaces the training process with many years of “self-training”. However, the RPL toolkit and process also allows a person to determine his or her competency “gaps” and allows for “gap” training. However, should they have competency gaps of more than 40% of the competency required, it is often advised they enter into a formal apprenticeship rather than the RPL route.

Q Where can a person gain an RPL?

A RPL is offered by assessment centres accredited by the QCTO for that occupation. But, since the occupational qualifications are relatively new, not many RPL Toolkits are available.



Learning Materials for Lecturers, Trainers, Learners and Workplace Mentors.

Q How will learning materials for each A21 be developed?

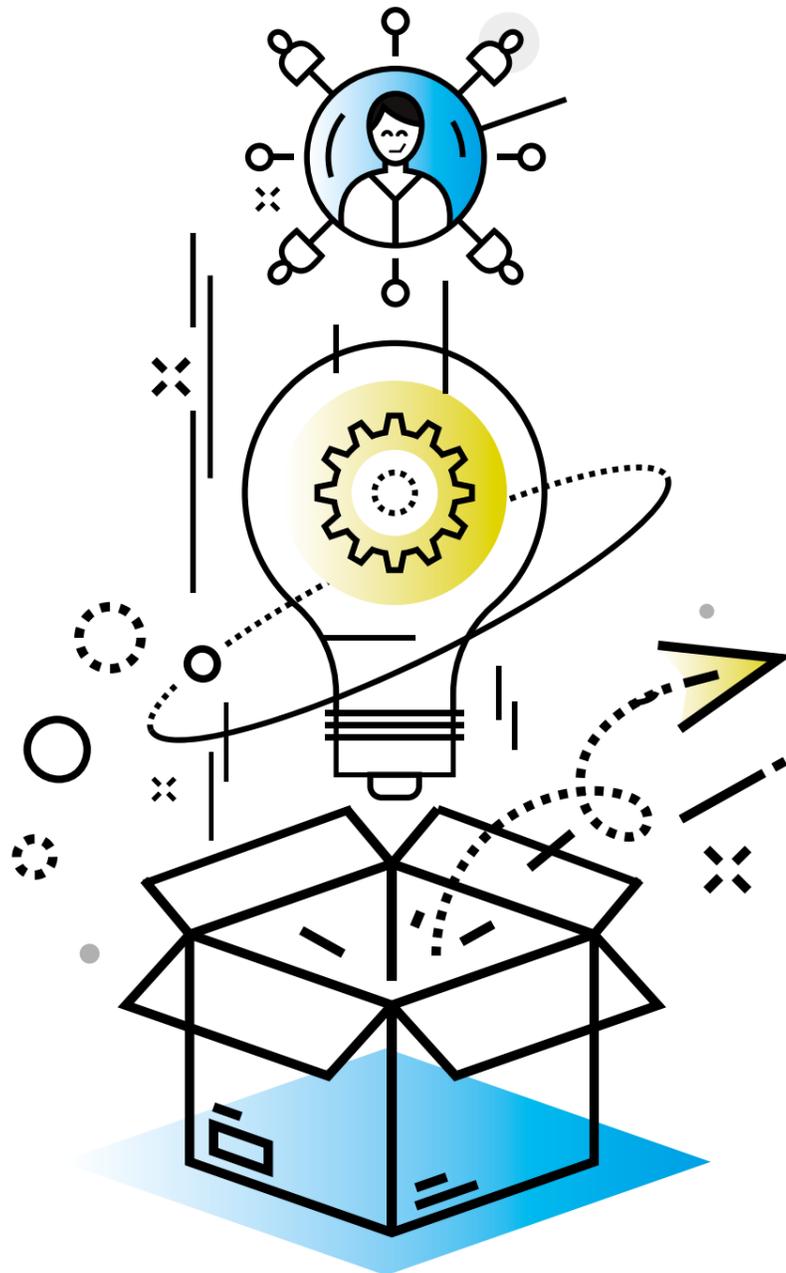
A The learning materials will be based on the National Occupational Curriculum Content (NOCC), and developed by service providers who will be required to consider blended learning methods.

Q What about using existing learning materials?

A While there may be a possibility to use existing learning materials, they would not necessarily be aligned to NOCC work situations and learning areas so they may need to be re-developed.

Q What innovations are possible with the learning materials?

A The 4th Industrial Revolution and the massive, accelerated implementation of digitisation in the world has fundamentally changed the way that people learn. Self-learning, often “just in time” learning using mobile technology such as cell phones, tablets, or laptops is fast becoming the norm with the only impediment being the lack of connectivity and the availability of relevant digital learning material.



Q Who would have access to these learning materials?

A The open source principle is used in the development and the distribution of learning materials by public funds, making them available to all persons without cost.

Q Who will the learning materials be developed for?

A The use of the NOCC that guides the step-by-step learning process to implement A21s requires the development of a whole new range of learning resources, categorised clearly by the four user groups: Lecturers, Trainers, Learners and Workplace Mentors.

Q Why is the NOCC so suitable for learning materials development?

A One of the outputs of the NOCC process are competency packages for each work situation. These competency packages are ideally suited to allow for the development of learning materials per package. And, since the NOCC also sequences the implementation of these competency packages, that allows for the sequencing of what will in essence be the “chapters of a textbook”.



The Costs of A21 Implementation

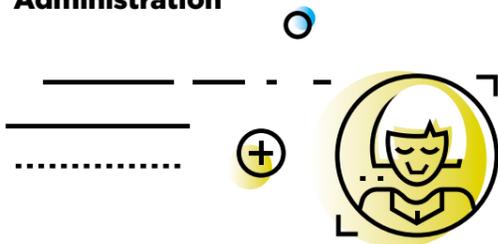
Q Is an A21 expensive to implement?

A Learning comes at a cost, making it important to carefully consider the various cost elements of implementing an A21 to avoid failure.

Q What are the cost elements associated with an A21 Implementation?

A There are various cost elements, let's break it down.

1 Employer / Lead Employer Administration



The management of learners requires considerable resources, especially given the socio-economic background of many young people in South Africa. This is a cost that an employer or a lead employer must be very aware of. The concept of a lead employer is a concept that has developed with skills development processes in South Africa. This is typically an organisation that specialises in management learner administration, especially payroll and industrial relations processes. A lead employer contracts a group of "host" employers where learners are placed and rotated for actual on-the-job learning - somewhat similar to a subcontracting process.

such as: does the occupation involve working at height, hard physical work or even underground work? All the elements of career guidance and planning are encapsulated in costs around this step. Given the massive investment that is planned for an apprentice, getting an upfront process like this right is critical. The entry requirement of an occupational qualification must also be carefully considered. The quality of schooling at present does not allow for a learner at Grade 9 level to actually be able to achieve the requirements of the occupational qualification. This must be checked with an appropriate suitability test to determine actual levels of cognitive ability. The need for a learner to be old enough to actually hold a driver's license is needed for a dual system method since the learner must travel between employers and colleges. An A21 must not be seen as a second-class option for persons who cannot complete academic learning.

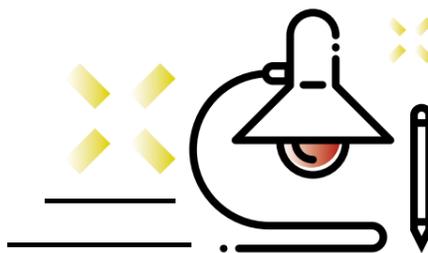
qualification must undergo a formal Foundation Learning Competence (FLC) assessment through the Independent Examinations Board (IEB). This is an online assessment for mathematics literacy and communications and costs R500-00 per learner. Should a learner not pass this assessment, they would need to re-enter a learning process for foundation learning. At present, there are no exemptions for the FLC such as a matric, diploma, or degree.

2 Recruitment, Screening and Technical Check

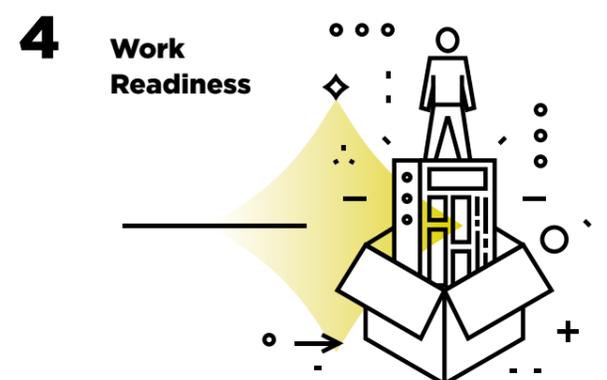


The first step in an A21 is for an employer to identify the right young person to contract as an apprentice. This is a very critical process that must be undertaken carefully, considering; company culture, learner preferences and aptitude as well as any specific technical requirements related to an occupation,

3 Foundation Learning Competence Check



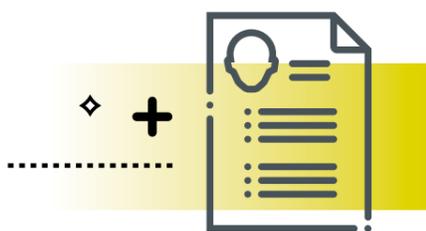
Many young people, for reasons beyond their control, have simply not developed competence in what is known as foundational or fundamental knowledge, typically numeracy and literacy. This can have a devastating effect on an apprentice once they enter the learning process as they struggle to learn without a solid foundation. To try to ensure that this is not the case, The Quality Council for Trades and Occupations has a policy in place that ALL learners enrolled onto an NQF Level 2 (Grade 10) to NQF Level 4 (Grade 12) occupational



This has become a serious impediment to many young people entering workplaces as apprentices and a reason why many employers are reluctant to open their doors to young people. This is being addressed through many organisations in the country in an attempt to try to assist as well as support young people. Typically, a work readiness programme includes employer expectations, youth expectations, professional behaviour, communication, values, ethics and developing a career path. While some of this is covered through life orientation at schools and institutions, some programmes supported by Government, SETA's, and employers may need to consider some additional costs attached to this process usually related to their own working context or culture.

continued ▼
○ +

5 Agreements and Contracts



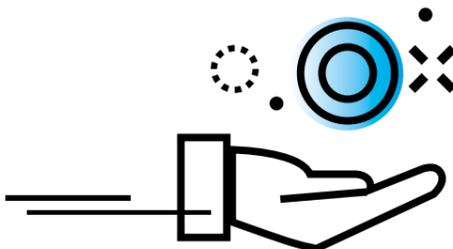
The formal legal process for an A21 requires a set of agreements to be put in place, determined by South African regulations. This can be an administrative burden and often confusing process for all role players simply because the official regulatory policy for the A21 has only recently been partly clarified with the release of the Workplace Based Learning Programme Agreement Regulations on 16th November 2018 in Gazette 42037, applicable from 1 April 2019.

These new regulations now allow for an apprenticeship agreement only for trade occupations. Any other occupation that is rolled out as an A21 requires a learnership agreement, although actual delivery will be done through an A21 dual system process. Agreements signed before 1 April 2019 will continue to use a learnership agreement in lieu of an apprenticeship contract or agreement. All of these agreements are a tripartite agreement signed between an employer (or lead employer), the TVET College as a skills development provider and the learner that has been selected by the employer.

In addition to the apprenticeship or learnership agreement, a fixed-term employment agreement is also required between the employer and learner should the learner be an unemployed person, and for A21s this would probably always be the case. Labour Laws in South Africa require this for all apprentices. Should a lead employer or lead provider be involved, there is a necessity for an agreement between the lead employer and the "host" employers as well as between lead provider and "host" providers.

While these seemingly bureaucratic processes are seen as a nightmare by all role players, global best practise apprenticeship systems all have such arrangements in place so that the roles and responsibilities of all parties are clearly spelt out in writing. SETAs can and do facilitate this agreement process, often offering an online solution. But they are not one of the legal parties in the agreement. Registration of the agreements with a SETA is a legal requirement to enable incentives to be realised, explained further in the benefits information sheet. Costs attached to all of these administrative processes need to be considered.

6 Stipends, COIDA, UIF



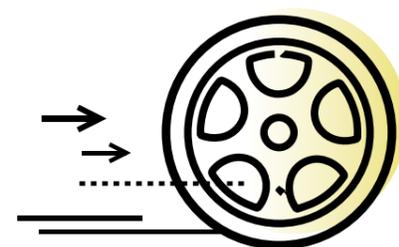
This is the single largest cost element of an A21 programme and can be 60% to 70% of the total cost. This is the Cost to Company (CTC) of the learner as an employee. It includes a salary (known as stipend or allowance), occupational health and accident insurance (COIDA) and unemployment insurance (UIF). Stipends are regulated by Learnership/Apprenticeship Sectoral Determination that now falls under the Basic Minimum Wage Legislation and is currently set at R3500-00 per month.

However, in some instances, employers are required by Labour Laws to be members of Bargaining Councils that have different minimum stipend or allowance levels for apprentices at those firms. This is typically between R4500-00 to R6000-00 per month. In such cases, employers may be required to top up on the stipends or find complementary funding sources for the top-up amount. This remains a serious challenge to many companies as they cannot afford to top up the funding. Some industries do allow exemptions for learners, but not all.

The management governance around this cost element must be efficient and carefully controlled since this is an area where maladministration and corrupt practices have been known to creep into the system.

of Trade and the environment where learning takes place often also requires an apprentice to wear special clothing or equipment to ensure that they are safe and healthy. For traditional trades, such "PPE" is common and easy to obtain but modern, digital type occupations may require new and yet to be identified types of PPE. These items are also cost issues to be considered by an employer.

8 Transport, Accommodation and Subsistence



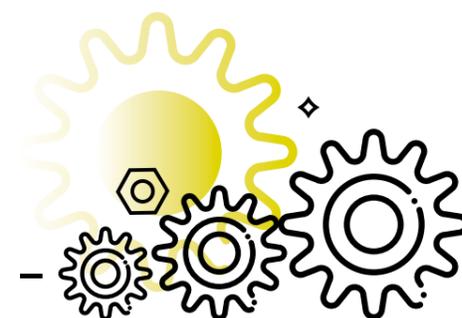
The socio-economic conditions of most young South Africans often preclude them from many progressive and effective learning programmes such as the A21 process. In many cases, this is simply because arrangements are made to cover the costs of transport, accommodation or even food to allow young people to learn without hindrance. The stipends paid over to young people is intended to cover these costs but fall woefully short of the amount of money needed to just cover minimum costs. Employers may need to find ways of covering such extra costs to allow for a productive A21 process but within a regime that ensures that such support is not open to abuse by learners of other role players in the system.

7 Tools of Trade & Personal Protection Equipment (PPE)



All apprentices, whether in traditional artisanal trades or even modern emerging 4th Industrial Revolution occupations, require Tools of Trade and Personal Protection Equipment to be able to do their work. This includes tools such as hammers, drills, power tools, computers, sophisticated measuring equipment and the like, all specific to a relevant chosen occupation. The use of these Tools

9 Programme Roll Out



One of the pre-conditions of the A21 in place is that the programme roll-out will be implemented as per the work situations sequencing determined in the NOCC. This requires the "rotation" of the learner between the College for Knowledge and Practical Skills Modules and the Employer site for the Work Experience Modules. Costs for these are included in the "linked up" or "joined up" funding

continued ▼

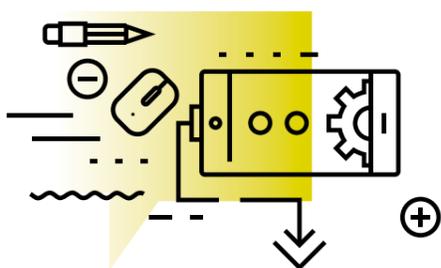


mechanism described in the funding information sheet, but there is a critical need for College Staff and Employer staff to continuously interact with each other to ensure the efficient and effective implementation of the A21. College Lecturers/ Trainers and Employer Workplace Mentors need to be continually developed and trained as a collective to support a young apprentice in gaining full competence.

Generally, employers prefer the same learners on rotation but that may be a problem to ensure complete coverage of the scope of learning required by the curriculum. Some employers may not actually do all the work required by the qualification. This could be avoided through a lead employer model that rotates learners across host employers. Depending on the complexity of the knowledge component of their qualification, the rotation period at the College could be longer to allow for a more productive learner when they arrive there. Learners at a College should also be prepared for a workplace more contextually by having mentors from their workplace having information sharing sessions with learners at the College before they enter the workplace.

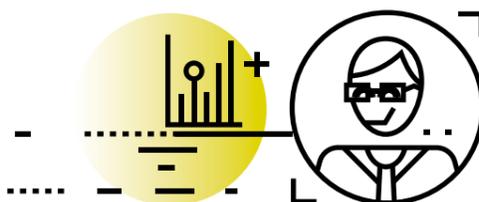
This ongoing development process between employer and college personnel may need additional resourcing over time.

10 Monitoring and Evaluation



The successful implementation of an A21 requires regular and constant monitoring and evaluation of the learning processes. This process is supported by the instruments included in the assessment specification, curriculum and National Occupational Curriculum Content (NOCC), for each occupation. Employers and Colleges need to allow for costs attached to the utilisation of these instruments by relevant staff across the entire A21 process. Such costs may include the need for training and capacity building of staff to effectively use such instruments. There may also be travel and accommodation costs associated with monitoring and evaluation.

11 Assessment, Moderation and Certification

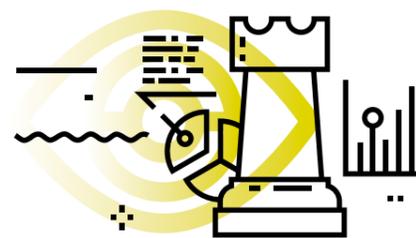


The final part of the A21 process is when a learner that applies for a final External Integrated Summative Assessment, also known as an EISA. In terms of an artisan trade occupation this is known as a trade test. This is only possible once a learner has successfully completed all the work situations and processes, as required by the NOCC and occupational qualification. Centres accredited by the Quality Council for Trades and Occupations (QCTO) implement EISAs for specific occupations. As a general policy, 10% of all assessments are also moderated by the Assessment Quality Partners (AQPs) as a quality assurance mechanism to ensure that assessments are fair and appropriate. All learners that successfully complete an EISA and, where relevant, receive a positive moderation are then certificated by the QCTO with a National Occupation Certificate.

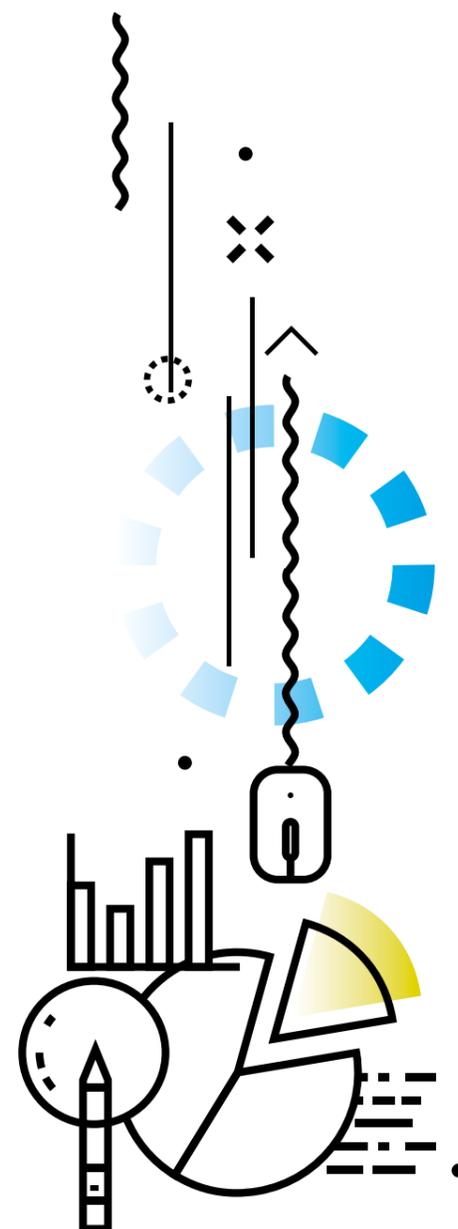
Costs for assessments in particular can be considerable with additional smaller amounts for moderation and certification. Although all of these costs should be included in the combined “joined up” or “linked funding” described in the funding information sheet, this needs to be confirmed by employers. A problem to avoid is the waiting period for an apprentice to access a trade test after his final contract date. This should be built into the funding model as part of the apprentice’s contract.

It should be noted that the trade test regulations require the learning programme agreement period to include at least three trade test attempts and this should be included in the funding model. In some cases, EISA or trade test preparations should also be considered to allow for a standard approach to testing with common equipment tools.

12 Contingencies



Since an apprenticeship system such as the A21 is a social construct that requires the interaction of many human role players, there are always hiccups along the way. It makes sense to allow for 5% to 10% of total costs contingency in any A21 budget to allow for such hiccups. This amount can be reduced annually as risk management, system development and automation are progressively implemented.



A21 Implementation

Funding and Application

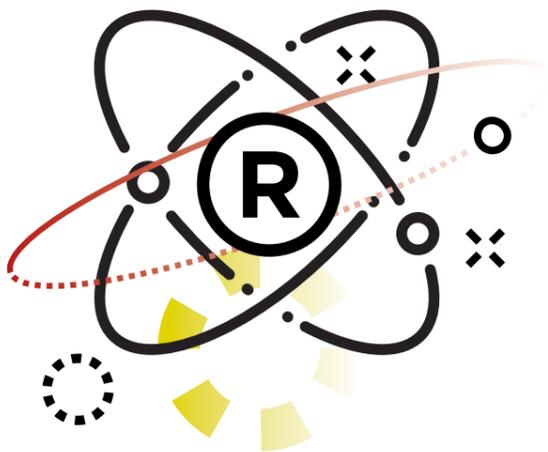


Q Is there funding available for an A21 implementation?

A Yes, but funding for skills development in South Africa is characterised by separate and unlinked large pockets of money that can be accessed but through a variety of different and complex processes. The A21 process is an attempt to progressively reduce the complexities around the funding process.

Q What does the funding cover?

A The A21 process is designed to ensure minimum funding for the entire integrated A21 apprenticeship learning process.

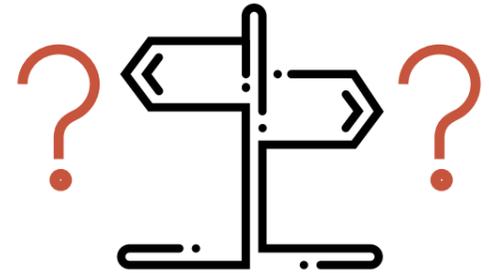


Q So where does the funding come from?

A “Funding Pocket 1” is available from fiscal funding for learners at institutions (knowledge + practical part of A21) such as Colleges and Universities through organisations like the National Student Financial Aid Scheme (NSFAS). “Funding Pocket 2” for workplace-based learning processes such as apprenticeships, learnerships, internships and candidacies are available from Sector Education Training Authorities (SETAs) as grants, now more ensured with the release of the Workplace Based Learning Programme Agreement Regulations on 16th November 2018 in Gazette 42037, applicable from 1 April 2019.

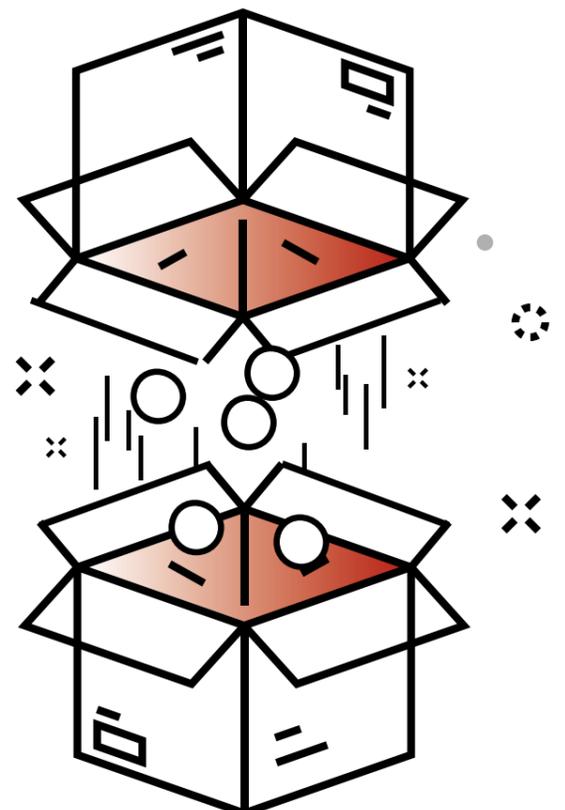
Q How do I get funding from Colleges AND SETAs at the same time?

A The A21 process that is designed to rotate a learner between an institute such as a College and the Workplace at an employer, requires these two funding pockets to be linked at the onset of the process. This “linking” process is enabled by an employer or a lead employer applying to a SETA for a grant for an A21 learner AND at the same time the employer applies to a TVET College for the registration of the same A21 learner for a specific occupation. An A21 can only commence when BOTH of these processes are completed i.e. the funds for the institutional and workplace learning confirmed for the entire A21 programme from beginning to end through formal legal contracts.



Q Who applies for the funding?

A The employer or lead employer. The importance of the role of the employer in this process cannot be stressed enough. Globally, when employers “LEAD” skills development processes such as the inherent in the design of an A21, the result is a successful demanded skill development system that produces individuals with competencies required by employers.



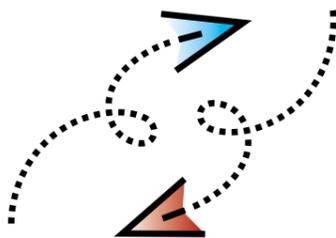
Benefits and Incentives for Employers

Q What are the benefits and incentives for implementing an A21?

Note: As many incentives as described below are based on legislative provisions, all stakeholders should always check the guideline as given below with the relevant statutory bodies as the provisions may change from time to time.



1 Return on Value Approach



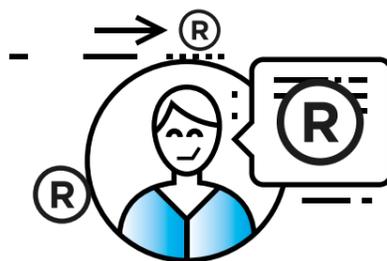
Mature and developed economies with efficient and effective apprenticeship development systems implement apprenticeships because it makes good business sense. The return on the value created by implementing an apprenticeship accrues to the employer, the learner, the college and the economic growth of a country as a whole.

- ▶ The employers benefit from the increasingly productive work of a young person at a very low cost base. Research has indicated that in some instances an apprentice can produce 85% value of a qualified and experienced person but at 40% of the actual cost of a qualified and experienced person.
- ▶ Young people benefit from the development of real-world skills that will allow them to become increasingly competent and experienced in their lives, while also earning an income, albeit small initially.
- ▶ Colleges benefit from continuous interaction with employers in industry ensuring that they maintain a technology edge to their processes and that learning processes at a college match and align to what industry needs.

This tripartite value-driven formula results in economic growth within a country, clearly evidenced by the many countries that have effective and efficient apprenticeship systems in place.

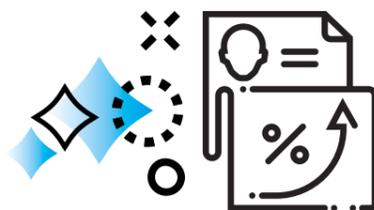
However, in a developing economy such as South Africa the concept of Return on Value is not well developed enough and therefore a range of funding and incentive processes are available to progressively move the country towards a Return on Value approach over a period of time.

2 TVET College Funding as an Incentive for Employers



The costs for an A21 at a TVET College (for knowledge and practical components) are planned to be covered by fiscal funding – tax money that is channelled by national government into the public education and training system. The concomitant incentive for employers that actively participate and support the A21 system is that where they may in the past have had costs attached to the training of learners, either internally at their own training centres or utilised the services of private sector skills development providers, these costs could be reduced and possibly even completely eradicated.

3 Sector Education Training Authority (SETA) Grants (Mandatory, Discretionary and Pivotal)



The costs for an A21 at a workplace are planned to be covered by SETA Grant funding – skills levy money paid over by employers to Government every month.

SETA Mandatory Grants facilitate a reimbursement of training expenses incurred (both internal and external) by a compliant employer of up to 20% of their Skills Development Levy contribution. The grant is paid by a SETA if the levy-paying employer meets the following criteria:

- ▶ The company is registered in terms of the Skills Development Levies Act.
- ▶ Is an up-to-date levy payer.
- ▶ Submits a Workplace Skills Plan (WSP) and Annual Training Report (ATR) by the due date of 30 April annually.
- ▶ The WSP & ATR for the previous year were submitted.

SETA Discretionary Grants are paid to applicants at the discretion of the SETA's for Skills Development Projects, linked to scarce and critical skills and are awarded to companies that apply for training that falls within the SETA's skills development practices objectives and targets. Availability of projects and grants are subject to the SETA's board discretion and may be reduced, withdrawn or cancelled, upon informing the industry of SETA's intention to do so.

Types of training programs a company can apply for:

- ▶ Bursaries
- ▶ Apprenticeships
- ▶ Internships
- ▶ Learnerships
- ▶ Work placements

SETA PIVOTAL Grant is a type of Discretionary grant defined as grants paid towards the implementation of professional, vocational, technical and academic learning programmes that result in qualifications or part qualification on the National Qualifications Framework (NQF).

Discretionary & Pivotal Grants are available to the following applicants as per the guidelines of the individual SETAs:

- ▶ Companies that are up-to-date with their levy payments.
- ▶ Accredited Education and Training Providers and emerging training providers within the SETA sector.
- ▶ Other associations or organisations that meet the criteria for the payment of such a grant.

These Grants are made available through specific funding windows advertised by the individual SETAs from time to time and employers need to continually monitor communications from their SETAs.

continued ▼



4 SARS Training Tax Allowance

Employers may claim learnership and or apprenticeship allowances in respect of registered learnerships, over and above the normal remuneration deduction. This allowance is granted in two parts which are made up of a recurring annual allowance and a completion allowance.

The annual allowance is subject to a pro-rata depending on the number of months falling within the relevant tax year. The completion allowance is determined by multiplying the number of completed 12-month periods of the learnership to the amounts below:

For learnerships entered on or after 1 October 2016, the allowance consists of two basic thresholds for each level of qualification on the National Qualifications Framework (NQF) as follows:

- ▶ **NQF levels 1 to 6:** R40 000 (disabled person R60 000)
- ▶ **NQF levels 7 to 10:** R20 000 (disabled person R50 000) Prior to 1 October 2016, the allowances were R30 000 (disabled person R50 000) regardless of the person's NQF level.

The NQF level descriptions are as follows:

- ▶ **NQF levels 1 to 4:** Up to grade 12 (National Certificate)
- ▶ **NQF level 5:** Higher Certificate
- ▶ **NQF level 6:** Diploma or Advanced Certificate
- ▶ **NQF levels 7 to 10:** Bachelor's Degree to Doctorate

5 SARS Employment Tax Incentive or ETI



What is the Employment Tax Incentive (ETI)? It is an incentive aimed at encouraging employers to hire young and less experienced work seekers. It reduces an employer's cost of hiring young people through a cost-sharing mechanism with government, while leaving the wage the employee receives unaffected. The employer can claim the ETI and reduce the amount of Pay-As-You-Earn

(PAYE) tax payable by the amount of the total ETI calculated in respect of all qualifying employees.

This incentive came into effect on 1 January 2014.

Q Why the Employment Tax Incentive (ETI)?

A Many young South Africans are excluded from economic activity, and as a result suffer disproportionately from unemployment, discouragement and economic marginalisation. High youth unemployment means young people are not gaining the skills or experience that is needed to drive the economy forward. This lack of skills and experience can easily become an impediment to employment, thereby having long-term adverse effects on the individual and the economy. In response to this high youth unemployment rate, government has implemented an incentive aimed at encouraging employers to hire young and less experienced work-seekers, as stated in the National Development Plan.

Q Who qualifies for the ETI?

A Employers who are registered for Employees' Tax (PAYE) with SARS. Only tax compliant employers will be able to claim the ETI. However, the amount will be made available, subject to limitations, once non-compliant employers become compliant.

Q Who doesn't qualify for ETI?

- A**
 - National, provincial and local spheres of government.
 - Public entities listed in Schedule 2 or 3 of the Public Finance Management Act.
 - Parastatals, government entities or municipal entities don't, unless the Minister of Finance designates them by regulation.
 - Employers who have been disqualified by the Minister of Finance due to displacement of employees or by not meeting conditions as may be prescribed by the Minister by regulation.

Q When can the incentive be claimed?

- A** Employers are able to claim the incentive when they have employees who:
- ▶ Have a valid South African ID.
 - ▶ Are 18 to 29 years old.
 - ▶ Are not domestic workers.
 - ▶ Are not related or "connected" to the employer.
 - ▶ Earn at least the minimum wage in terms of wage regulating measures. If no measure exists, the employee must earn R2 000 per month in wages.
 - ▶ Earn less than R6 000 per month in total remuneration (basic salary plus all other benefits).

- ▶ Were employed on/after 1 October 2013.

Note: It can be claimed for a maximum of 24 monthly periods per qualifying employee.

Q How is the ETI claimed?

A An employer can claim the incentive by decreasing the amount of PAYE payable to SARS for every qualifying employee that is hired by the employer. This is done by completing the Employment Tax Incentive (ETI) field on the employer's monthly EMP201 submission to SARS. There is no limit to the number of qualifying employees that an employer can hire.

Q How does it work?

A In determining the value of the incentive for a particular month, an employer must follow 5 steps:

- ▶ Identify all the qualifying employees for that month.
- ▶ Determine the applicable employment period for each qualifying employee (1st 12 months or 2nd 12 months).
- ▶ Determine each employee's "monthly remuneration" package.
- ▶ Calculate the amount of the incentive per qualifying employee.
- ▶ Aggregate the result.

The incentive should be calculated as follows:

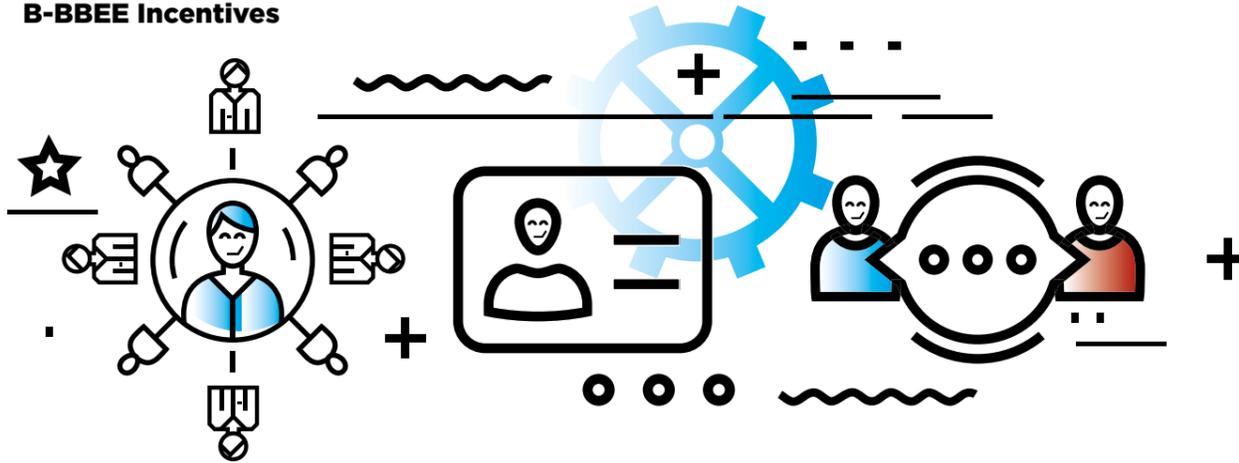
Year 1
MONTHLY REMUNERATION
R0 - R2 000
R2 001 - R4 000
R4 001 - <R6 000

Year 2
Employment Tax Incentive per month during the first 12 months of employment of the qualifying employee
50% of Monthly Remuneration
R1 000
Formula: R1 000 - (0.5 x [Monthly Remuneration - R4 000])

Year 2
Employment Tax Incentive per month during the next 12 months of employment of the qualifying employee
25% of Monthly Remuneration
R500
Formula: R500 - (0.25 x [Monthly Remuneration - R4 000])

continued ▼

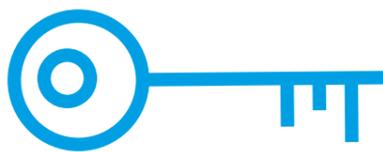
6 B-BBEE Incentives



Apprenticeships can influence all elements of an employer's B-BBEE Scorecard with exception of Ownership. Employers therefore benefit from the recognition of the spend (Procurement points as Skills Development points). With careful structuring, employers can earn B-BBEE points in the other BEE Scorecard elements as well.

The Skills Development scorecard allocates points for:

- ▶ Skills development spend on various Learning Programmes (particularly spend on black employees and black employees with disabilities).
- ▶ Learnerships and Apprenticeships for black employees participating in:
 - Institution-based theoretical instruction as well as some practical learning with an employer or in a simulated work environment - which is formally assessed through the institution.
 - Recognised or registered structured experiential learning in the workplace that is required after the achievement of a qualification - which is formally assessed by a statutory occupational or professional body.
 - An occupationally-directed instructional and work-based learning programme that requires a formal contract - formally assessed by an accredited body.



Key Measurement Principles

Companies receive points on the skills development scorecard only if they:

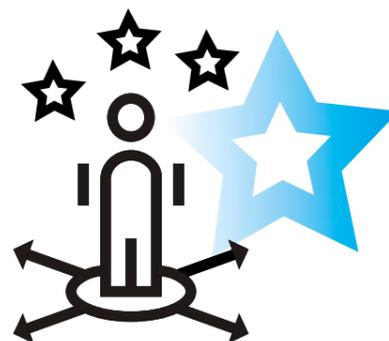
- are compliant with the requirements of the Skills Development Act and the Skills Development Levies Act.

- have registered with the applicable SETA.
- have developed a Workplace Skills Plan.
- have implemented programs targeted at developing Priority Skills, specifically for black employees.

Apprenticeships sit very high on the recognised list of programmes in the Learning Program Matrix (Category A-H). Employers receive full recognition for the expenditure (they can translate into procurement spend B-BBEE points) for funding apprenticeships.

However, due to the complexity of the B-BBEE process and the possible changes in legislation, it is advisable to seek the services of an experienced BEE advisor accredited with SANAs or a Skills Development Facilitator (accredited with ASDSA) to ensure correct structuring and contracting to maximise the B-BBEE benefits.

7 Other Incentive Options



Over and above all of the processes that could result in fully paid for and even an income-generating process for an employer that ethically and effectively implements a world-class apprenticeship system, there are often other role players that, from time to time, also contribute to apprenticeship development.

Provincial and Local Governments are an example of this and often have their own processes to fund and support apprenticeship development. Non-Governmental agencies as well as international philanthropic organisations are also involved in this space.