The Employer’s Guide to
Learnerships in South Africa

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The South African Landscape

The need for skills development and training in South Africa is growing every year. When discussing this socio-economic issue, three important factors come into play for South African business owners – an unemployed youth, education, and BEE legislation.

Business owners in South Africa are under increasing pressure to relieve socio-economic issues. One of the biggest challenges facing South Africa is unemployment, particularly among the youth. South Africa has an average unemployment rate of nearly 27% - almost 14 million people. Young people aged between 15-34 are facing a joblessness rate of 37%. Those with an education level lower than matric makes up 59% of the unemployed.

The Draft National Youth Policy for 2014-2019 published in the Government Gazette in 2015 urged for a “…multi-sectoral approach involving stakeholders in the public sector civil society and the private sector where all these key role-players work together in promoting youth development and providing youth services…”.

Businesses are charged with relieving social imbalances and contributing to job creation in an effort to reduce the unemployment numbers. Business owners must be geared to create employment opportunities for people aged 15-34 that has most likely not completed matric.

The need for skills development and training has never been greater. For a number of reasons Skills Development in South Africa is under the spotlight – the biggest reason being the Broad-Based Black Economic Empowerment (B-BBEE) legislation amendments placing more emphasis on skills development and on business owners to broaden the impact of their skills development. The focus has been moved to accredited qualifications. Skills Development has been bumped up to 25 points from 15 points.

While the Government’s main focus would always be increasing the employability of the youth for economic prosperity of South Africa, businesses need to consider the financial impact of their contributions to skills development.

This is where Learnerships come into play.
What are Learnerships?

In South Africa there were 94 369 learnerships registered in 2015/16. In practice, a person on a learnership will work at an organisation/business/institution and attend training designed for that specific work environment in the form of short training courses or sessions for a specified time (12 months) to eventually obtain his/her NQF qualification. The business owner/employer signs a learnership agreement with candidates and finances their programmes. The learnership agreement must be obtained from the relevant Sector Education and Training Authority (SETA) the business belongs to and must be signed by three parties: the business owner/employer, the candidate and the training provider. There are currently 21 SETAs in South Africa. Their primary role is to facilitate the delivery of sector-specific skills in order to contribute to the goals of the National Skills Development Strategy through skills programmes.

Profit-driven organisations cannot be expected to contribute for purely philanthropic reasons. In order to make learnerships as attractive as possible to the South African private sector, there are several legislative benefits of running learnership programmes for South African businesses.

Learnerships are structured programmes combining theoretical knowledge with industry-specific workplace experience leading to a qualification registered on the National Qualification Framework (NQF). It follows a recipe where learners acquire knowledge through training and apply their skills in a natural work environment.
Legislation and business benefits of learnerships

Learnerships can be seen as a means to an end – it's one of the most effective ways to achieve several key business outcomes – raise your BEE Score, upskill your employees for enhanced business performance and receive significant tax rebates.

Other than growing the skills base of your organization and South Africa’s youth and creating employment opportunities, businesses can claim Skills Development points for learnerships on their B-BBEE Scorecards and gain tax rebates on completed programmes.

Business benefits

- **Credibility of qualifications**: employers have the assurance that learners can demonstrate the competence reflected by their qualifications.

- **BEE Score**: learnerships can lead to quadruple scoring on the Generic BEE Scorecard.

  *Consult a legal advisor for the full benefits of learnerships and your BEE Score.

- **Tax Rebates**: employers who implement learnerships qualify for tax rebates as additional expenses for learnerships reduces the taxable income.

- **A tool for multi-skilling**: programmes are designed to develop learners’ competence in every component of their occupation.

- **Practical application**: learnerships are probably the best route available to develop practical skills that can be applied in the workplace.

- **Specific workplace needs**: employers can collaborate with their training providers to customise programmes and meet specific needs.
Financial benefits

The Tax Rebate per Learnership has been reinstated in Act No 15 of 2016: Taxation Laws Amendment Act 2016. This is probably the most attractive benefit to most business owners to implement learnerships.

Tax Allowance / Tax Rebate:
The applicable amount can be added as an additional expense to the company, reducing its taxable income.

Current Tax Rebates for NQF 1-6 learnerships = R80 000

R40 000 – Annual Allowance
Your company qualifies for this allowance upon registration of each learnership. It is calculated pro rata (e.g. if the learner withdraws after 6 months, you only qualify for R20 000).

R40 000 – Completion Allowance
Your company qualifies for this additional rebate upon successful completion of each learnership.

Current Tax Rebates for NQF 1-6 DISABLED learnerships = R120 000

Quick Facts on Tax Rebates

• Tax rebates for disabled persons on learnerships increases with R20 000 to R60 000 for annual allowances and R60 000 completion allowances.
• NQF 7-10 learnerships only qualify for annual allowances and completion allowances of R20 000 respectively.
• NQF 7-10 learnerships for disabled persons qualify for annual allowances and completion allowances of R50 000 respectively.
Learnerships for your industry

Highly Recommended Industries For Learnerships:

- Business
- Hospitality
- Manufacturing and Engineering
- Construction
- Transport and Logistics
- Wholesale and Retail

Learnerships can be applied to most industries and will always benefit the organisation and the general industry. Learnerships are viable in any industry where it is appropriate to build practical experience into the qualification that the learnership is designed to achieve. The crux is that learners must demonstrate what they have learnt in the workplace.

Employees who have completed a learnership:

- Can work independently and need less supervision
- Are less likely to leave the company who took time to invest in their development, reducing turnover costs
- Add value to the business by bringing skills for improved work performance
Targeting the employed, RPL learnerships enable learners to obtain formal recognition for knowledge acquired throughout their lives – previous work experience, own readings or experiences, etc. In practice this accelerates the learning process as actual experiences reduces the need for classroom training sessions. Typically it applies to e.g. receptionists, secretaries, administrative assistants, office managers and clerks.

“RPL learnerships often remind learners of what they already know and develops them while they perform and complete small workplace projects. They learn during group discussions and finish their qualification with more knowledge than they started with.”

RPLs in Practice:

An RPL learnership generally requires the organisation to send an employee to several workshops where they take part in discussions, projects and guided assessments on their current skills. Once they complete this process and are found competent in each area, they are awarded a National Qualification and your organisation can claim tax rebates. These RPL learnerships may consist of e.g. 10 intensive training days, spread out over 2 weeks during a 12 month period.
Implementing learnerships in your business – a guide for best practice

Step by Step

To start implementing learnerships, business owners need to follow these six steps to get started:

1. Identify organisational objectives to be achieved through learnerships. Consult your SEESA BEE Legal Advisor or SEESA Training Officer.

2. Identify relevant candidates. Alternatively SEESA will recruit candidates.

3. SEESA will obtain the applicable Learnership Agreements from your industry SETA.

4. The Learnership Agreement must be signed by 3 parties: the employer, the training provider and the learnership delegate.

5. SEESA is an accredited training provider and will also identify service partners if required.

6. Submit a SARS IT180 form along with the signed Learnership Agreement to claim the tax rebate.

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Implementing learnerships in your business – a guide for best practice

Best Practice Tips and Tricks

Learnerships are best viewed as projects, where implementation is managed at various levels. Especially when multiple service providers are involved, it’s necessary to create a system embedding quality assurance into every aspect of a learnership’s implementation.

Based on an evaluation of numerous case studies, business owners are advised to establish implementation teams consisting of at least three members directly involved with the programme. These teams must:

- Champion the learnership at implementation sites through obtaining buy-in from strategic stakeholders.
- Ensure implementation of the learnership in accordance with the project plan.
- Develop appropriate policies, procedures and mechanisms to implement the learnership at each site.
- Resolve problems that arise during the learnership.
- Ensure effective communication on progress and obstacles to the leadership.

Learnerships need to make good business sense – coupled with financial incentives, business owners need to ensure that it’s implemented strategically to benefit the organisation holistically.

Business owners need to ask themselves:

- How can I use learnerships to achieve business goals?
- What skills do I need to promote in my business, for my work environment?
- In which areas will learnerships build skills that other forms of training fail to do?
- How will learnerships integrate with my employee development programme?
- Which potential candidates will benefit most from a learnership?
SEESA Skills Training offers various learnership programs, facilitation of programs and administration surrounding programs.

Contact your nearest SEESA office for more information by visiting www.seesa.co.za or call: Rietha Gaybba 012 810 0900

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