



Introducing the *Centres of Specialisation* Programme



Partnering for Artisan Development

Centres of Specialisation (CoS) is a national programme aimed at producing:

- A skilled and capable workforce to support inclusive economic growth
- Increased availability of intermediate-level technical skills
- Increased delivery of qualified artisans in 13 priority trades
- Improved capacity of public TVET colleges to train in skills in demand by industry

How does it work?

Dual system apprenticeships that combine

- technical education at a TVET college with...
- simulated practical training and...
- lots of authentic work experience

in a single, integrated learning programme

... with employers in the driver's seat

Around the world:

- 36% of employers say that a lack of skills causes significant problems in terms of cost, quality and time.
- 39% of employers say a skills shortage is a leading reason for entry-level vacancies in their companies*

These two problems have one solution: high-quality technical and vocational training driven by the industries that need those skills.

*Source: "Education to Employment - Designing a System that Works" (McKinsey & Company; 2013)

Who are involved?

It's a partnership between the national **Department of Higher Education and Training** and **business associations** from the private sector, focusing on 13 priority trades:



SEIFSA: Steel and Engineering Industries of South Africa for:

- Bricklayers
- Electricians
- Millwrights
- Boilermakers
- Pipe fitters
- Carpenters and Joiners
- Riggers
- Fitters and Turners
- Mechanical Fitters

RMI: Retail Motor Industries for:

- Automotive Mechanics
- Diesel Mechanics

IOPSA: Institute of Plumbers of South Africa for:

- Plumbers

SAIW: Southern African Institute of Welding for:

- Welders

What's new about the 'CoS approach'?

Currently

- All public TVET colleges offer all approved programmes
- Qualifications are not linked to occupational competence
- Many curricula are outdated
- Trade theory is front-loaded, with long intervals between theory and practice
- Most college students (even in N courses) get no practical training or work experience
- Most students are selected by the college without reference to employers
- There are few linkages between public colleges and industry

In CoS

- Each college will specialise in one or two apprenticeships relevant to local industry
- New qualifications that reflect occupational competence
- The curricula have been recently designed by industry experts
- Trade theory, simulated practice and work experience are tightly interwoven
- All apprentices enrolled for new qualifications get practical training and work experience
- Employers select and manage their own apprentices
- There is close interaction between the college and employers throughout the training, with workplace schedules setting the tone.

Change technical skills training in your company from a money-taker into a money-maker by getting these benefits through CoS:

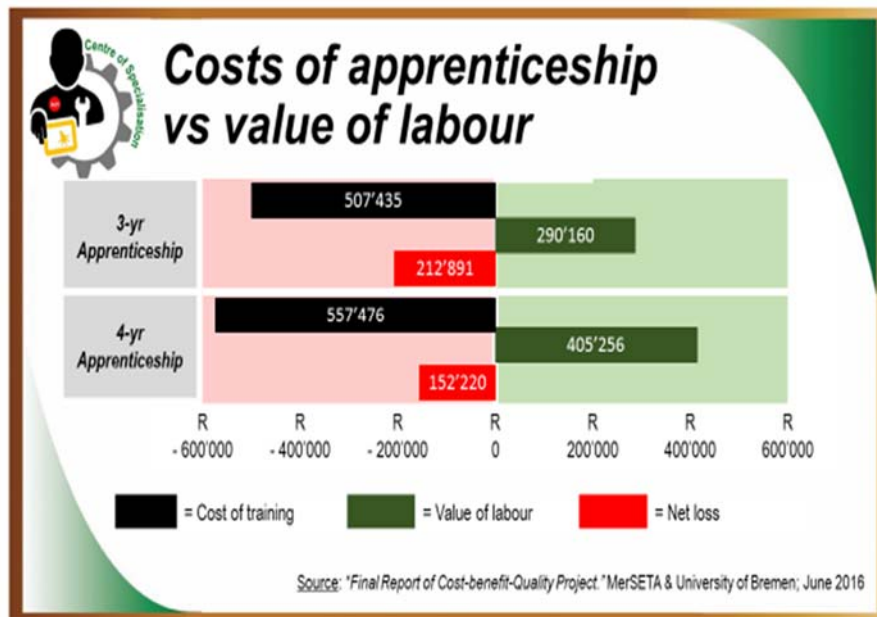
- **During apprenticeships:**
 - Productive value of apprentice's work
 - SETA grant towards training costs
 - Tax-break from SARS
 - BBBEE scorecard points for skills development
 - Opportunity to shape college curriculum, thereby improving future supply of suitable workers
- **After apprenticeships:**
 - Skilled employees, trained to industry standards & acculturated to your company – immediately productive
 - Lower-risk and lower cost of recruitment
 - Enhanced employee retention



Here's what you can get for each apprentice:

Subsidy	Value	Note
• SETA apprenticeship grant	R 165'000	Paid in 4 instalments over 3 years against attainment of milestones
• SARS training allowance	Up to R 44'800	Allowed in 3 annual instalments together with a completion allowance
• SARS Employment Tax Incentive (ETI rebate)	R 18'000	i.e. R1'000 p.m. for year 1 and R500 p.m. for year 2

A study of the costs and benefits of apprenticeships to employers in the engineering trades, conducted between 2013 and 2015, showed:



To offset these losses there are 'revenues' to take into account: firstly there is the value of the productive, skilled labour which the apprentice performs at a cheaper rate than that of a qualified artisan; then there are the SETA grants, National Treasury's tax allowances and savings of downstream costs. To illustrate the point, the study estimates the average costs and benefits of an apprentice, in 2018-2020, as reflected on the next page:

<i>Your costs</i>	
• HR (recruitment, selection & admin.)	R 20'000
• Tools (R8'000) & PPE (6 sets @ R2'000)	R 20'000
• Medical assessment: 3 x R2'000	R 6'000
• TVET college training*	R 0
• Other external training	R 30'000
• Workplace mentorship: 20% of time of qualified artisan: 3yrs @ R400'000 p.a.	R 240'000
• Apprentice's wages 2018-2020**	R 282'000
Total	R 598'000

<i>Your revenue</i>	
SETA apprenticeship training grant	R165'000
SARS learnership allowance	R 44'800
SARS Employment Tax Incentive	R 18'000
Value of apprentice's labour [∞]	R 371'400
Recruitment & selection of qualified artisan (1/12 th of annual wages)	R 50'000
Total	R 649'200

[∞] Source: "CBQ report, 2015" (MerSETA & University of Bremen; 2016); 2015 values escalated at 7% p.a.

* Fully subsidised by DHET

** MEIBC rates for 2018 escalated at 7% p.a.

So this indicates that, for an average engineering firm, a profit of about R50'000 from each apprentice it takes on! The numbers will of course differ per enterprise, but the result is positive in each case.

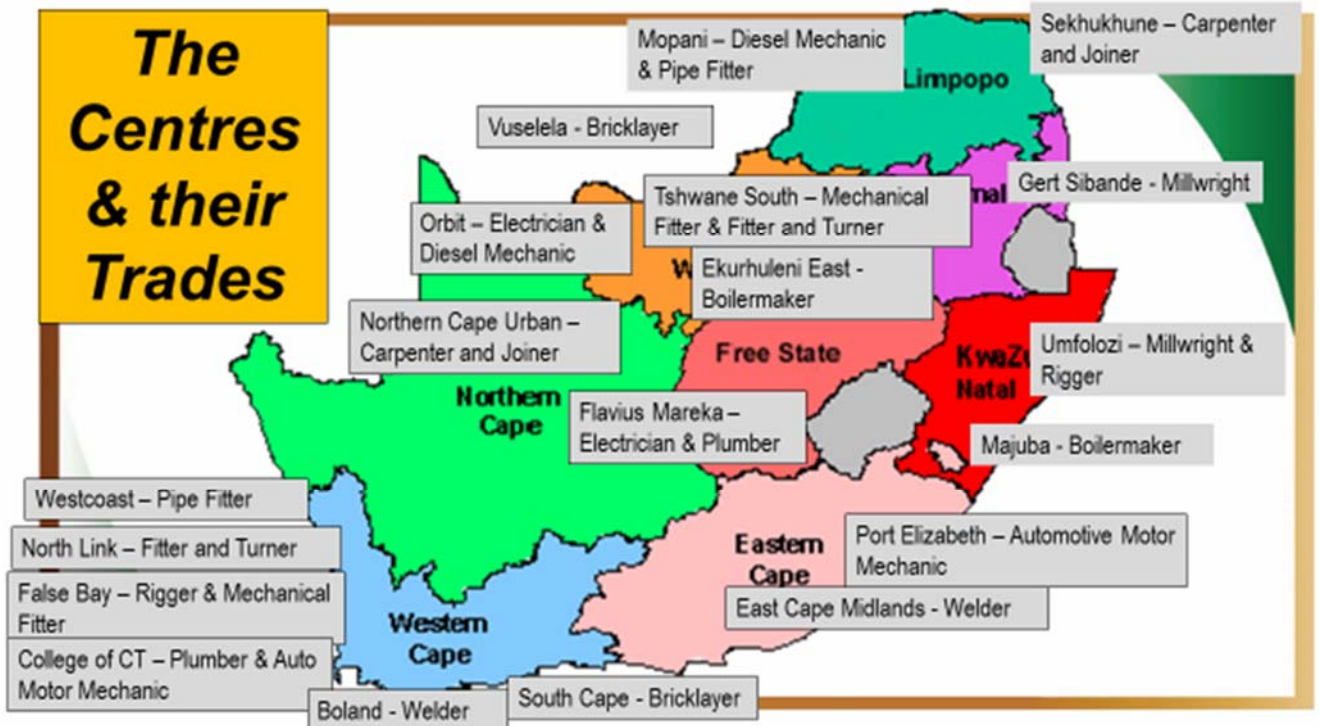
To participate in the Centres of Specialisation initiative and get these benefits, you need to

- Be located within 25km of one of the centres of specialisation shown in the map below (each one is located on a campus of a public TVET college)
- Be willing to host at least one apprentice in the trade assigned to the selected Centre of Specialisation for a three-year apprenticeship, 2019-2021; the theory and practical components of the curriculum will be covered at the college, while your company will be responsible for providing structured work experience supervised by an artisan qualified in that trade
- Participate in a limited number of planning and monitoring meetings between employers, the college and DHET personnel aimed at sharing experience, solving problems and improving implementation

Interested?

Contact the industry body responsible for the trade you want (as shown on page 1) or contact your SETA:

- **IoPSA:** Nick Joubert (training@iopsa.org)
- **RMI:** Louis van Huyssteen (louis.vanhuyssteen@rmi.org.za)
- **SAIW:** Etienne Nell (Etienne.nell@saiw.co.za)
- **SEIFSA:** Melanie Mulholland (melanie@seifsa.co.za)



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