

DEPARTMENT OF LABOUR

How to start up a learnership: A guide for employers

Government has introduced a training programme called learnerships. Employers play a crucial role in the implementation of learnerships. This brochure explains the benefits and costs of learnerships for employers.

What is a learnership?

A learnership is a training programme that combines theory at a college or training centre with relevant practice on-the-job. There is no learnership if there is no on-the-job practice. The idea is that people really learn the “in’s and out’s” of an occupation by practicing all its aspects under the guidance of an experienced and qualified person. In order to become qualified themselves, learners will have to be assessed against occupational standards that have been agreed in advance by industry stakeholders.

Learnerships are based on legally binding agreements between an employer, a learner and a training provider. This agreement is intended to spell out the tasks and duties of the employer, the learner and the training provider. It is designed to ensure the quality of the training and to protect the interests of each party.

What are the main benefits of a learnership?

There are a number of reasons why employers should get involved in learnerships. Learnerships are a way to get more skilled people. Skilled people make better workers as they:

- Are more likely to do the correct thing the first time and make fewer mistakes
- Are more likely to ‘get the best’ out of their machines
- Tend to be more independent workers
- Are more motivated because they know why what they are doing is important to the overall business and might also be less likely to leave their jobs.

Employers can offer learnership to their own employees or can recruit unemployed people for training. Current employees who are provided with learnerships are referred to as 18 (1) learners. Unemployed people who are offered learnerships are known as 18 (2) learners. This brochure explains the difference between these two types of learnership.

What are the costs and what compensation is offered?

Obviously there are costs associated with training. These include: fees for 'off-the-job' education and training and the internal costs of providing mentoring and supervision for learners, the assessment of their progress as well as the learner allowance for unemployed learners (18.2).

However there are incentives to assist in funding learnerships. These take two principal forms:

1. Cash grants

Employers who pay the skills levy can claim cash grants when they provide training. These grants can be used to offset learnership costs. Sector Education and Training Authorities (SETAs) may also provide grants for the implementation of learnerships. Employers should get in touch with the SETA to which their skills levies are paid to find out if learnership grants are available. These learnership grants are "discretionary", so check with your SETA about this grant which can be paid in addition to the levy repayment for drafting and/or implementing a work place skills plan. **You may thus be able to get back from the SETA more than your levy payments.**

2. Tax incentives

At the beginning of the learnership.

- Learners already employed by you – 18 (1) : Once you have entered into a Learnership agreement with a learner and have registered the agreement with a SETA, you may deduct 70% of the annual wages paid to that learner up to a maximum of R20 000 during the relevant year of assessment.
- Unemployed learners – 18 (2) : Once you have entered into a learnership agreement with a learner and have registered the agreement with a SETA, you may deduct 100% of the Learnership allowance paid to that learner up to a maximum of R30 000 during the relevant year of assessment.

On completion of the learnership

- You can claim again. Your claim can be up to 100% of the annual wage paid to an employee (18.1) or 100% of the allowance paid to an "unemployed" learner (18.2) of up to a maximum of R30 000 during the relevant year of assessment.

Allowance for people with disabilities

With effect from 1 July 2006, an employer will be allowed to deduct an initial amount of 150% of the annual salary of a previously employed learner with a disability, up to a maximum of R40 000. For an unemployed learner with a disability, an employer will be allowed to deduct 175% of the annual salary, up to a maximum of R50 000. The tax allowance for people with disabilities upon completion of learnerships will be 175% of the employee's annual salary, up to a maximum of R50 000.

For further details of the tax incentive please consult the SARS website: www.sars.gov.za (Select first Legislation, the Acts, then Act No 30 of 2002.) or contact your SETA.

How can I implement a learnership?

The following main steps have to be taken before the implementation of a learnership :

- **Choose a learnership**

Initially you have to decide which skills you need and if the training needed can be covered by a learnership you want to implement. A list of available learnerships can be found on the Department of Labour's website www.labour.gov.za . A List of learnerships is available at every labour centre or can be obtained from the Learnership Support Service at the Department of Labour. The contact details can be found at the end of this brochure. Remember – you can choose any learnership irrespective of which SETA developed and registered it.

- **Apply for a learnership grant**

In addition to the 50% of levy, which can be claimed for a workplace skills plan and the annual training report you may apply for a learnership grant from a SETA before you start the learnership.

- **Establish an employment contract for unemployed learners**

Make sure that you have an employment contract that complies with the Learnership determination published by the Minister of Labour for the period of the learnership. The learnership determination document can be found on the Department of Labour's website, but a copy is also available at each labour centre or can be obtained from the Learnership Support Service.

- **Get copies of the learnership agreement**

A learnership agreement must be signed by the employer, learner and a training provider. Obtain copies of the format of the learnership agreement from SETAs, your nearest labour centre or Learnership Support Service.

- **Identify a mentor**

Identify the person who is going to be the learner's mentor within your organization. This person will guide the learner and help her/him to deal with any problems.

- **Choose a provider**

Decide on a provider who will provide the theoretical part of the learnership. Make sure that the provider you choose is accredited by a SETA. If you need help with choosing a provider, contact your SETA.

- **Choose a learner**

- You can choose someone who is already in your employment – as described by the Skills Development Act in section **18 (1) employed learner** : “if a learner was in the employment of the employer party to the learnership agreement concerned when the agreement was concluded, the learner's contract of employment is not affected by the agreement” OR
- You can choose someone as described by the Skills Development Act in section **18 (2) unemployed learner** : “if the learner was not in the employment of the employer party to the learnership agreement concerned when the agreement was concluded, the employer and learner must enter into a contract of employment”

For an employment learner you will continue with their current employment contract and you will only have to sign learnership agreement. For a previously unemployed person you will have to sign both the learnership agreement and an employment contract. There are also differences in the grants and tax breaks as outlined above.

If you are going to consider an unemployed learner, the nearest labour centre can assist you in selecting and recruiting the right person. A separate brochure is available from the Department on its recruitment and selection service and the ways in which it can assist you to recruit unemployed people into learnerships.

Employers who provide training and work experience through a learnership to unemployed people are under no obligation to offer the qualified learner permanent employment once the training is completed. It is hoped that employers will be able to recruit at least some, but even if they cannot, the learners will have a qualification and work experience.

- **Sign the learnership agreement**

There are two contracts that you will need to understand:

- The **Learnership Agreement**
- The **Employment Contract**

a) A learnership agreement is a legal contract signed by an employer, a learner (or parents and guardians if a minor) and a training provider.

A learnership agreement specifies:

- What the training programme is designed to achieve, e.g. the qualification that the learner will earn and the skills she/he should be able to perform
- What the responsibilities and rights are of the employer, the learner and the training provider.

b) You will also have to sign an employment contract only if you are taking on a previously unemployed learner (18 (2)).

A draft learnership agreement as well as other information on contracting can be obtained from your SETA, from a labour centre or from the Learnership Support Service.

- **Start the learnership**

Once the above arrangements are finalized, the implementation of the learnership can begin.

Can employers fulfill the role of the providers?

Yes, if they fulfill the requirements for provider accreditation and if they meet the scope of the education and training requirements in the learnership.

Could a learnership be registered with one SETA but the agreement registered with another SETA?

Yes, For example, the Accounting Learnership may be registered with FASSET but the agreement may be registered with another SETA that the employer is registered with.

What are the requirements of the workplace experience?

The learner must be exposed to a structured workplace experience, which is part of the normal environment. The learnership must include the range of tasks and the form and duration in days and hours.

What advantages are there for my company if I take on unemployed learners?

Grants, and tax incentives based on targeted groups (as an incentive) are higher than that of an employed learner

How/where can I find potential learners?

Advertise in the newspaper or contact the Department of Labour's provincial office to access their potential learner database.

Are there a minimum number of learners who may enter into learnership agreement in one company?

No, there is not but the employer needs to be aware of the necessary infrastructure that needs to be in place to support learners on learnerships e.g. number of assessors and scope of work exposure.

How do I know to what SETA does my company belongs to?

Consult the scope of coverage document on the Department of Labour's website and determine your primary focus area. This document will indicate your SETA. If unsure contact the nearest labour centre of the Department of Labour.

How do you obtain more information?

If you are interested in implementing a learnership, you can obtain more information from the SETAs, a labour centre or from the Provincial Offices.