

From the Desk of the Executive Director

August 2018

Given the current state of the industry, coupled to all of the alarming news and surprises that are emerging from the political scene, I am sure that the members are mightily relieved by the recovery of the dams in our region, following the recent rainfalls across the Western Cape.

The average storage levels now exceed 60% and the situation is looking much more hopeful, given the dire circumstances that prevailed at the end of summer. That being said, continued vigilance and frugal usage is essential to ensure that the precious water resource is never again taken for granted!

I would like to continue this article on the positive note that the opening paragraphs have set, by amplifying the real financial benefits to be had by employers in the building industry, who engage in the formal training of apprentices.

These benefits are available as a result of The Dept of Labour bringing in new laws to develop the skills of the citizens of our country. Prominent amongst these laws, are the Skills Development Act of 1998 and the Skills Development Levies Act of 1999, which have seen numerous amendments since the time of their promulgation.

To lend some historical context to the subject of apprenticeships--which have been around for many centuries--this concept was born during the middle Ages, when young people worked under a master craftsman, who transferred their knowledge and skills to the young learner. The young apprentice constituted a form of "inexpensive labour", in exchange for learning and the young men often lived in the craftsmen's houses.

Today, arrangements around apprenticeships are much more formal. In South Africa the Manpower Training Act, as amended from time to time, protects both the formally indentured apprentice and the employer. Modern apprenticeships are a combination of on-the-job-training and related classroom instruction, in which apprentices learn the practical and theoretical aspects of their designated trade. Apprentices need to do a trade test at the end of their training, at an accredited trade testing centre, after which they will be certified--if successful--and be recognised as artisans within the relevant industries, in terms of the applicable Bargaining Council agreement.

The Western Cape Government has identified Apprenticeships as a Game Changer to leverage the power of work-based learning through apprenticeships and to improve people's skills and livelihoods. The cost, per learner per year, can be almost completely offset by funding and allowances from government and other donors, through the Employment Tax Incentive and tax allowances, while at the same time providing an effective way for the employer to grow their own talent pool and develop a motivated, skilled and qualified workforce, which will ultimately increase their company's competitive advantage!

All of our members with total annual payroll costs exceeding the threshold value of

R500 000-00 are liable to pay SDL levies to SARS, at the rate of 1% of the total amount paid in salaries to their employees, (including overtime payments, leave pay, bonuses, commissions and lump sum payments), which SARS then remits to the applicable sector education and training authority, to ensure funding is available for skills development in that particular sector.

A further significant advantage for compliant members of our Association exists, in that the MBAWC Skills and Education Trust will fund the theoretical training costs for members who employ apprentices on formal training contracts and regularly contribute to the Association's Skills levy fund, as part of their purchase of BIBC levies.

Employers entering into a registered apprenticeship agreements with a learner whose qualification level at the time of entering into the agreement is between NQF levels 1 and 6, are permitted the following tax rebates for each apprentice:-

Year 1:- a maximum of R40 000 during the relevant year of assessment

Year 2:- a maximum of R40 000 during the relevant year of assessment.

Year 3:- On completion of the apprenticeship, up to a maximum of R 40 000 during the relevant year of assessment

In addition, a tax rebate up to a maximum of R16 500 is made available to companies for each learner artisan who passes a trade test

The figures above clearly demonstrate the financial viability of training apprentices, particularly when viewed against the "cost-to-company" rates as set out on the BIBC's current wage schedules in respect of 1st, 2nd and 3rd year apprentices.

Whilst having a powerful impact on your company's "bottom line", the training of an apprentice helps to alleviate the chronic problem of youth-unemployment in South Africa, and also creates opportunities for young people to acquire highly-sought-after skills, which are transportable throughout our country as well as across the world!

I would encourage all of our members to explore the possibilities that exist in this arena with Tony Keal at the Association's office.

As I will be out of office during the last week of September and the month of October, Stephen Arrow will be writing a column on his experiences as the membership services officer of the Association, in place of the Directors usual article, which will resume in the November newsletter.

Best regards to all, Allen Bodill—Executive Director—31st August 2018.