



**INTRODUCING THE TRAINING LAYOFF SCHEME FOR THE
TOURISM, HOSPITALITY & SPORT SECTOR AS AN ALTERNATIVE
TO RETRENCHMENTS**

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Background

The current global economic downturn has forced many employers to close their doors in their places of business as a result the industry has been severely hit by retrenchments, this has come into effect because companies have been forced to revisit their cost of employment.

In order to curb this phenomenon, the Government in partnership with the CCMA and in consultation with the Sector Training Authorities come up with a contingency plan, The Training Layoff Scheme, this is a way of reducing potential retrenchments in all industries in South Africa. In essence this then falls in line with the South African Government's official position that training and skills development need to be prioritized and improved to meet the economic demands of the country. The Learnership and Skills programmes implemented by Theta need to be responsive to the industry requirements in order to:

- Re-skill employees to avoid retrenchment,
- Sustain employment of workers during the economic downturn, and
- Invest in human development for the future economic recovery.

What is a Training Layoff?

A training layoff is a temporary suspension of work of a worker or group of workers that is used for training purposes. The layoff depends on an agreement between an employer and a trade union on behalf of workers, or, in the absence of a trade union, between an employer and individual workers, who may otherwise be subject to dismissal for operational requirements.

Participation in a training layoff is voluntary.

Participation is subject to the general rules and procedures that have been agreed to by the social partners in the NEDLAC process.

The worker agrees to forego normal wage

The worker attends a training programme and receives a training allowance during the period of training.

A temporary suspension of work used for training;

Retention of the employment contract;

Training to be flexible, but linked to the skills needs of the employer;

A training allowance paid to the worker;

Employer carries cost of a basic package of social benefits.

Broad Principles of the TLS as articulated by DoL

A training layoff scheme is based on the principle that it will be available to vulnerable workers and employers who are affected by the economic recession. In order to ensure its successful implementation, it will rely on the collective efforts of the following entities:

Commission for Conciliation, Mediation and Arbitration (CCMA) – responsible for facilitating, overseeing or verifying all training layoff consultations and agreements. The CCMA will ensure that training layoff agreements comply with the general rules and procedures of the scheme;

SETAs will be responsible for facilitating the provision of training, funding training costs, applying to the NSF for training allowances and disbursing funds to employers;

The NSF (with financial support of the UIF) will be responsible for processing applications for training allowances and, in certain cases, training costs;

Employers, trade unions and bargaining councils will play an active role in the training layoff scheme;

The Department of Labour (DOL) will be responsible for oversight and monitoring of the training layoff scheme, including the distribution of an implementation guide;

The Department of Trade and Industry (“the dti”) will be responsible for ensuring that distressed sector support is coordinated with the training layoff scheme;

The Economic Development Department (EDD) will be responsible for assessing the economic and developmental impact of the training layoff scheme.

Employers stand to gain from a training layoff by reducing payroll costs for a period so as to ensure that the employer remains afloat and has an opportunity to strengthen itself and therefore be in a position to reabsorb workers. Employers also have an opportunity to build the skills of their workers at little cost. The training layoff scheme should not be used opportunistically by employers to reduce costs irrespective of their financial situation.

Workers under threat of retrenchment should consider a training layoff as a serious alternative to retrenchment, rather than opting for a severance package. Workers gain further skills through a training programme and their access to basic social benefit package is maintained at no cost to them. In addition, they retain their contract of employment for longer. They also have access to an allowance – further details of which are provided below.

Social partners agree that for the training layoff scheme to be a success, it will be necessary for them to familiarize themselves with and make efforts to communicate the scheme and to remain involved in oversight of the scheme.

Implementing a training layoff

The route to implementing a training layoff scheme involves the following key steps:

- The employer, trade union or worker may give notice to the Commission for Conciliation Mediation and Arbitration (CCMA) requesting facilitation. For purposes of the training layoff, this requirement will apply to all employers irrespective of their size;
- Alternatively, affected parties may conclude a training layoff agreement independently of the CCMA, covering the various issues contained in this document, including the relevant training to be undertaken and the agreed training allowance. This agreement must be submitted to the CCMA. The CCMA will be required to confirm that such agreement complies with agreed general rules and procedures before it can be implemented under this scheme;
- A Training Layoff agreement will be issued by the CCMA at the conclusion of the consultation process in which the relevant training is identified and the training allowance is agreed upon;
- The relevant SETA will advise on training options and carry the cost of the training
- The National Skills Fund (NSF) will fund the cost of the training allowance. It will do so on the basis of an application lodged by the SETA and will transfer funds to the SETA which will, in turn, make transfers to employers and training providers, as soon as possible.
- Employers will ensure the payment of training allowances to workers participating in a training layoff.¹

In operationalising the training layoff scheme two concerns will need to be balanced: the need for flexibility in the scheme and the requirement to avoid fraudulent claims or payments. To address these concerns, the Department of Labour will prepare implementation guidelines to deal, inter alia, with the following matters:

- The payment of an allowance being subject to employers providing proof of a worker's attendance at training within a reasonable time period;
- Those administering the training layoff scheme on behalf of any employer being held personally liable if they do not take all reasonable steps to ensure adherence to the scheme's rules;
- The development and implementation of appropriate controls for ensuring compliance with all legal obligations, in particular those arising from the Public Finance Management Act 1 of 1999; and
- Procedures for addressing exemptions from the scheme's rules in exceptional circumstances.

Theta's Proposed Approach

Theta training layoff scheme will be aimed at employers that are in distress due to the economic situation and their workers who may as a consequence be at risk of retrenchment. Employers that are in distress are those who experience financial difficulty due to the economic downturn and who are considering retrenchments and possible closure.

A full training allowance will be paid directly to the employer in advance. Training costs will be released in two tranches, 50 percent payment on placement and another 50 percent on completion paid directly to the appointed training provider. Theta will appoint suitable training providers in line with its supply chain processes. Recruitment of learners will be finalised by Theta in accordance with the applications received from the CCMA. The training provider will take the overall responsibility of scheduling, conducting training and assessments. Training will be quality assured by Theta ETQA, including certification of learners at the end of the programme.

What is the role of Theta?

- Approve Training layoff scheme project proposal
- Source funding from National Skills Fund
- Produce relevant documentation; criteria and application forms
- Receive applications from CCMA and process them
- Allocate and disburse funding for training allowance and costs
- Appoint suitable Training providers
- Manage and monitor training
- Quality assure training and certification
- Report to stakeholders and NSF

What has been Theta's engagement in order to ensure a seamless process?

- Theta has set aside funding for the Training Layoff Scheme
- Communication, guidance and support to the Sector are active and are an ongoing process.

What is the role of employers?

- Submit their applications to CCMA
- Negotiate and reach agreement with their employees (representatives)
- Conclude agreement with the workers and CCMA
- Release workers for training
- Retention of the employment contract
- Advise on the skills needs of the employer
- Receive and pay training allowance to the worker
- Carry cost of a basic package of social benefits

What is the duration / life span of the Training Layoff Scheme?

- Other than the 3 months period proposed, an extension will depend on the training interventions agreed upon between employers and workers. Further funding can be negotiated should an employer reasonably prove that the employees can still be re-integrated into the workplace.

What are the benefits for employees who participate?

- This is an opportunity to be re-skilled and up skilled in an array of fields within the company, thus renders you employable in other departments in your place of employ.
- In any event that the economy does not recover, this training would be viewed as an additional skill.

What is the role of Workers representatives?

- Negotiate and reach agreement with their employers
- Conclude agreement with the employer and CCMA
- Forego normal wage and accept training allowance
- Attend training as scheduled by the training provider
- Complete all tasks, assignments and assessments
- Complete the training programme
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What is the role of Training Providers?

- Respond to the Theta invitation for expression of interest
- Produce accreditation and relevant programme approval
- Prepare relevant training material and schedule/implementation plan
- Adhere to all Theta requirements
- Implement training plan as submitted and approved by Theta
- Conduct assessments and submit progress reports to Theta
- Submit all learner achievements to Theta ETQA for certification
- Submit close out report and conduct impact assessment study

CONCLUSION

A training layoff scheme as outlined above has not been implemented before in South Africa. There are, therefore, a number of unknowns. In particular, it is not possible to predict the take-up rate of the scheme and the value of claims that may be made.

In light of these unknowns, the training layoff will be launched for an initial three month period, with the first six weeks constituting the pilot phase. Uptake, financial viability and success of the scheme will then be reviewed by the social partners together with implementing partners, through the Employment Task Team and the Leadership Team of the response initiative. If appropriate, the scheme will be extended for a period to be agreed upon depending on the availability of funds to be made available by government.

Implementation would be on the basis of a partnership between the relevant SETAs, the CCMA, bargaining councils and relevant government departments. If the training layoff scheme is to be a success, it will be necessary for the social partners and the implementing partners to work together.

Point of contact when applying

Employers who would like to take advantage of this opportunity can apply directly to the **CCMA**. The contact numbers to make contact at the **CCMA** are **0861 161616** or **011 3776650** or e-mail **TrainingLayoff@CCMA.org.za**.

CONTACT PERSONS FOR ASSISTANCE AT THETA	
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