

NATIONAL ARTISAN DEVELOPMENT PROGRAMME

BACKGROUND

South Africa produces too few artisans to meet the needs of the economy. Improving the efficiency and effectiveness of the artisan development system is important for accelerating growth and reducing unemployment. The **National Development Plan (NDP)** sets a target of producing **30 000** artisans a year by 2030.

INSTITUTIONAL CONTEXT

The **Joint Initiative on Priority Skills Acquisition (JIPSA)** sought to assess weaknesses in the artisan system, it reported that 'the principal reason for the shortage of artisans lay in the decline of the apprenticeship system'



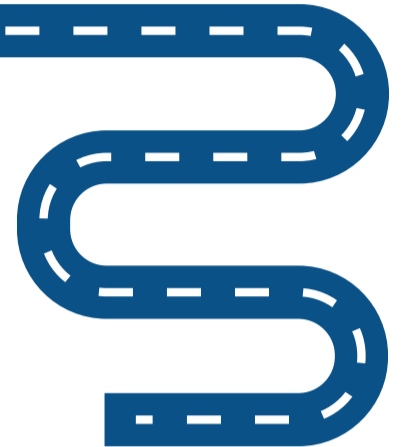
BETWEEN 1985 AND 1995 THE NUMBER OF ARTISANS DEVELOPED DROPPED FROM 33 000 TO 22 000 PER YEAR BEFORE FALLING FURTHER TO 4 500 IN 2005

JIPSA sought to raise the number of artisans produced every year to 10 000 through the **National Artisan Development Project**, located in the **Department of Higher Education and Training**

ARTISANS PRODUCED INCREASED TO **15 000** IN 2014 OUT OF **27 000** ENROLLED ARTISAN LEARNERS BETWEEN 2011 AND 2014

ROUTES TO ARTISANSHIP

- The formal apprenticeship
- The accelerated artisan programme
- The integrated occupational qualification
- The recognition of prior learning



EXPENDITURE

THEORETICAL TRAINING COST OF ABOUT **R48 000 PER YEAR**

PRACTICAL TRAINING COSTS ARE ESTIMATED AT AROUND **R94 000 OVER 3 YEARS**

WORKPLACE TRAINING COSTS AT ABOUT **R210 000 OVER 3 YEARS**

PERFORMANCE

The low throughput rate of **56%** remains the biggest obstacle facing the system

Over **26 000** artisan learners enter the system each year and only about **15 000** qualify

GOVERNMENT INCENTIVES TO EMPLOYERS

- The artisan development grant, worth just under **R140 000** per artisan learner. The grant covers about **47%** of the estimated average cost of an artisan learner to an employer
- The recognition of prior learning grant varies among SETAs but averages about **R19 000** per artisan learner, and assists in filling any training needs in preparation for the trade test
- A tax rebate worth **R16 800** for each learner artisan who passes a trade test

The expenditure analysis shows that in 2014/15, government and business spent a total of about **R6.5 billion** on learner artisans.

COSTING MODEL

SCENARIO 1: CONSOLIDATION/BASELINE:
ON AVERAGE, IT COSTS **R270 000** GOVERNMENT OVER **R450 000** TO PRODUCE AN ARTISAN, AND WHEN EMPLOYERS' COSTS ARE INCLUDED, THE FIGURE RISES TO **R450 000**. THIS SCENARIO SEES NO REAL CHANGE TO EXPENDITURE BY 2030 ALTHOUGH INFLATION INCREASES THE TOTAL COSTS TO **R14.8BILLION** OF THIS AMOUNT WILL BE FOR GOVERNMENT'S ACCOUNT **±R8.8BILLION**

SCENARIO 3: RADICAL REFORM:
THE GRANT AMOUNT IS REDUCED FROM **R139 350 - R100 000** AT HIGHER THROUGHPUT RATES **30 000** FEWER ARTISAN LEARNERS NEED TO BE ENROLLED TO ACHIEVE **QUALIFICATIONS** AND THE AVERAGE COST TO GOVERNMENT PER ARTISAN FALLS TO **R166 000**. THE ESTIMATED TOTAL SPENDING IN 2030/31 IS **R30.5BILLION**

SCENARIO 2: NDP:
THE LARGER NUMBER OF LEARNERS ENROLLED **53 600** IN ORDER TO ENSURE THAT **30 000** LEARNERS GRADUATE UNDER THESE ASSUMPTIONS THE ESTIMATED EXPENDITURE IN 2030/31 WILL BE **R31.9BILLION** OF WHICH WILL BE FROM PUBLIC FUNDS

SCENARIO 4: PRAGMATIC:
THIS SCENARIO IS BASED ON INCREMENTALLY IMPROVING THE THROUGHPUT RATE OF ARTISAN LEARNERS FROM **56% TO 75%** WHILE **20%** OF ARTISAN LEARNERS TRAINING IN PUBLIC TVET COLLEGES THE GRANT AMOUNT FOR THESE LEARNERS IS REDUCED TO **R100 000** THE AVERAGE COST TO GOVERNMENT PER ARTISAN AMOUNTS TO JUST OVER **R201 372** AND TOTAL SPENDING AMOUNTS TO **R29.2BILLION** IN 2030/31

FINDINGS

A clear implication of the PER is that artisan development cannot be achieved without significant investment both by government and business. It is, therefore, not well-suited to solving South Africa's unemployment challenges.