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Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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Ms. Felleng Yende

CEO: Fibre Processing & Manufacturing Sector Education and Training Authority (FP&M SETA)

We acknowledge and welcome your announcement dated 1st April 2020 that the FP&M SETA Board and Management has approved the extension of deadline for all Mandatory and Discretionary Applications on the FP&M SETA electronic indicium system to 12:00 midnight on 31st May 2020.

Under the current extraordinary circumstances developed due to the unprecedented impact of COVID-19 lock down we confirm that most manufacturers in the labour intensive Textile, Clothing, Leather and Footwear (TCLF) priority sectors in the South African manufacturing economy are experiencing high business continuity risks. In the current circumstances the TCLF employers and employee have become most vulnerable and we need to interrogate ways to assist employers on an industry and/or collaborative basis wherever possible.

Further, the majority of the COVID 19 funding support by the State through the Development Financial Institutions (DFI's), is only for manufacturers in the essential goods and services. The TCLF industry manufacturing for fashion retailers does not qualify for such support, except for the Temporary Employee Relief Support (TERS) from UIF.

Amongst the main cost drivers in TCLF sectors is a labour cost and these sectors generate significant social cost (remuneration to employee) for 145000 direct employees and almost an equal number of employees in the indirect and informal employment segment. The DTIC requested industry members to develop post lock down recovery plans and collectively they have made the recommendations to the FP&M SETA in support industry as follows:

1. The FP&M SETA to increase the mandatory repatriation funding to WPS/ATR from 20% to 60% for at least the current financial year, ending 31st March 2021.
2. The FP&M SETA to request further funding allocation from National Skills Fund (NSF) for urgent development of training interventions to support employee who are laid off post lock down and the interventions supported must include provisions for daily subsistence and training at their work places. The industry in these sectors are projecting cancellation of orders resulting in substantial revenue losses.
3. All learnership's and discretionary grant funding interventions funded through FP&M SETA during 2020-21 give priority preference to the laid off employee in distress post lock down.
4. The FP&M SETA to allow flexibility on the period of learning (regarding learnership's) due to the COVID19 lockdown. We are not sure what the post lockdown requirements are going to be but the limitation of possible 1.5 to 2



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meters between learners in a classroom facility as well as practical training on the shop floor might pose a problem and could be alleviated via “rotational” training.

5. The FP&M SETA urges all stakeholders, via FP&M SETA communication channels, to access/utilise all relief funding mechanisms available to assist where possible, e.g. the Covid 19 TERS benefit, Employment tax incentive programme (ETI), etc.
6. The FP&M SETA to speed up the process of grant payments and financial assistance, as companies are now under huge financial stress.

Through the Clothing Textile Competitiveness Program (CTCP), the DTIC has supported these sectors by approving R 8.3 billion from 2010 to 31st March 2020 to stabilize and capitalize the TCLF industry and the DTIC is committed to support further.

We will highly appreciate if you urgently propose to the FP&M SETA Board that post COVID-19 lock down the labour absorbing TCLF priority sector be considered as the most vulnerable and that the FP&M SETA Board in consultation with NSF considers and approves the above recommendations as a medium term post COVID-19 lock down support.

Your urgent and favourable response to the above request will be highly appreciated.

Thanks & my best regards,

Director: Leather & Footwear
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