

SKILLS DEVELOPMENT STRATEGY: TOGETHER WE ARE GETTING THE SKILLS DEVELOPMENT SHOW ON THE ROAD

Adrienne Bird

National Skills Authority &
Department of Labour

The Skills Development Strategy of the Minister of Labour is intended to provide a framework and set of strategic objectives within which industry and government can massively increase their commitment to uplifting their people - not just in general but specifically in order to achieve their own strategic priorities and targets.

Whilst the long term incentive is to ensure that people are able to design and implement strategies for economic and employment growth and social development - the short term incentive is money! The Skills Development Levies Act introduces a Skills Development Levy which collects a small percentage (0,5% in the first year, and 1% in the years thereafter) of payroll from all employers, and then makes these funds available as grants to those employers that train. Those that choose not to claim will end up subsidizing those that do - and hence everyone will be contributing towards the upliftment of our people. Some 20% of the funds collected will be used to support the training of the unemployed and vulnerable members of our society.

Whilst the money is to be collected by the South African Revenue Services, 80% of it will be managed and disbursed by industry controlled bodies (on which the relevant government department may also play a key role) to be known as Sector Education and Training Authorities or SETAs. These SETAs are charged, under the legislation, to keep a close relationship with the employers in their sector and ensure that future trends and challenges are anticipated in respect of skills.

The transport sector is no different. The Transport Education and Training Sector or TETA, like other SETAs, has been established and now carries the mandate to carry forward the skills development revolution in the sector. It must scan the industry - and all the sub-industries - to determine priorities and targets aligned to national strategic initiatives of government and induced by the market or technology, it must disburse the grant to firms that train, and it must ensure that the training that does take place is of an industry-approved (and indeed national) standard. It must also ensure that groups, such as the taxi's and other smaller players in the industry are not neglected. It also needs to replenish the industry's skills pool by entering young people and others in learnerships.

The Skills Revolution has begun - but needs industry's support to be fully realised.

Skills Development Strategy

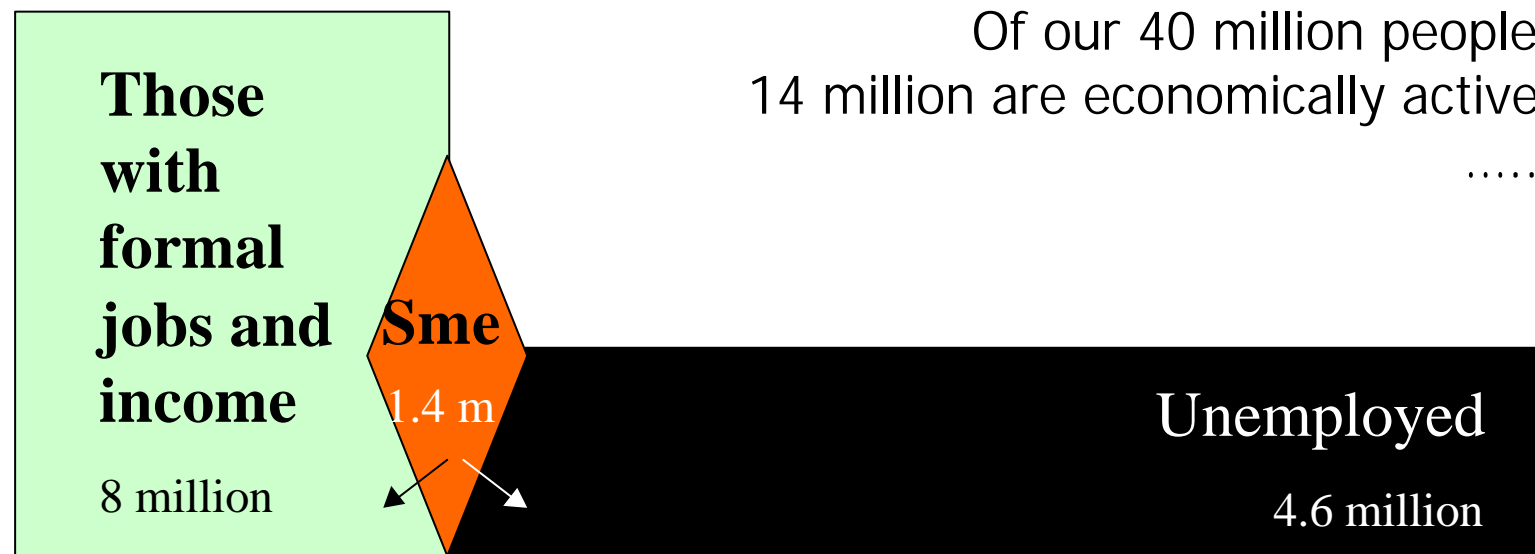


Together we are getting the
SKILLS DEVELOPMENT show
on the road

National Skills Authority &
Department of Labour

Why do we need a Skill Strategy?

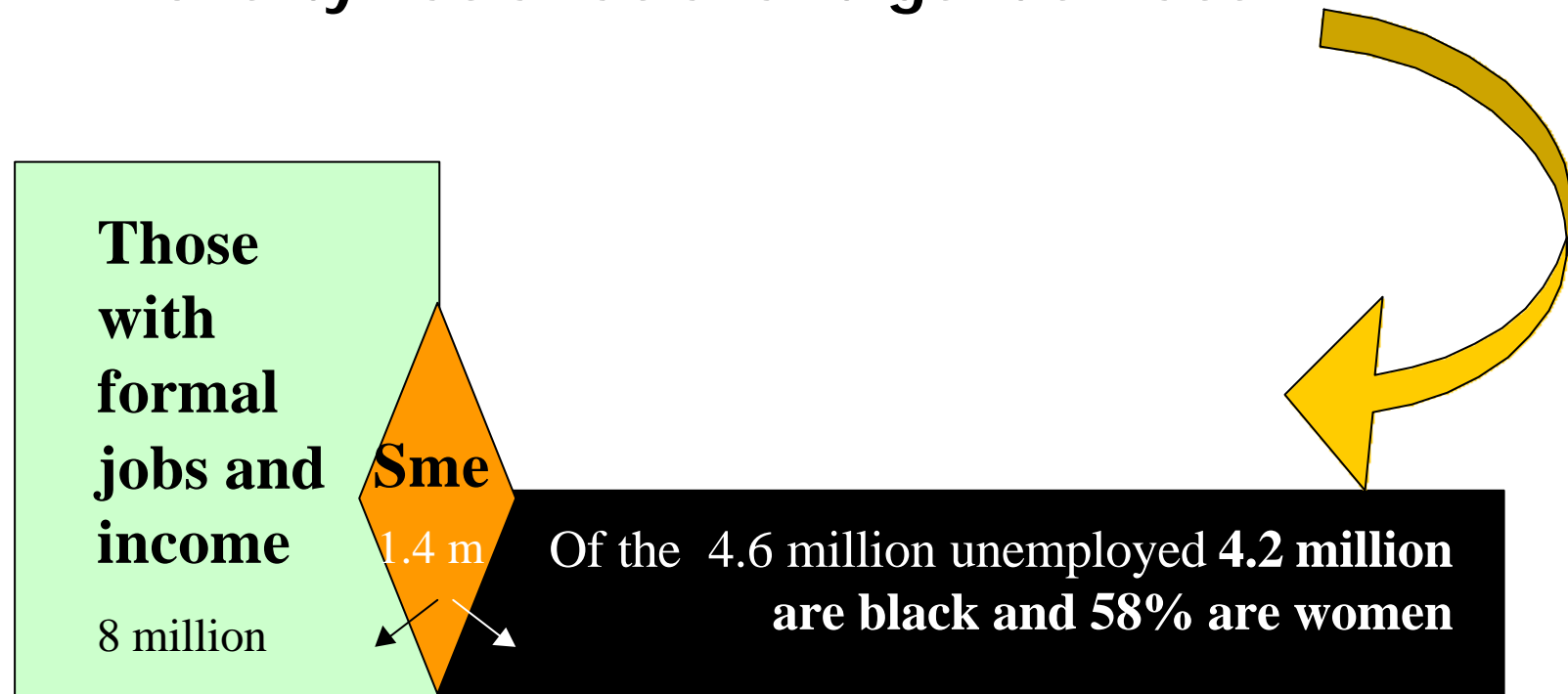
South Africa is still one of the most divided countries in the world...



Supporting 14 million young and old people and 13 million others who are not economically active

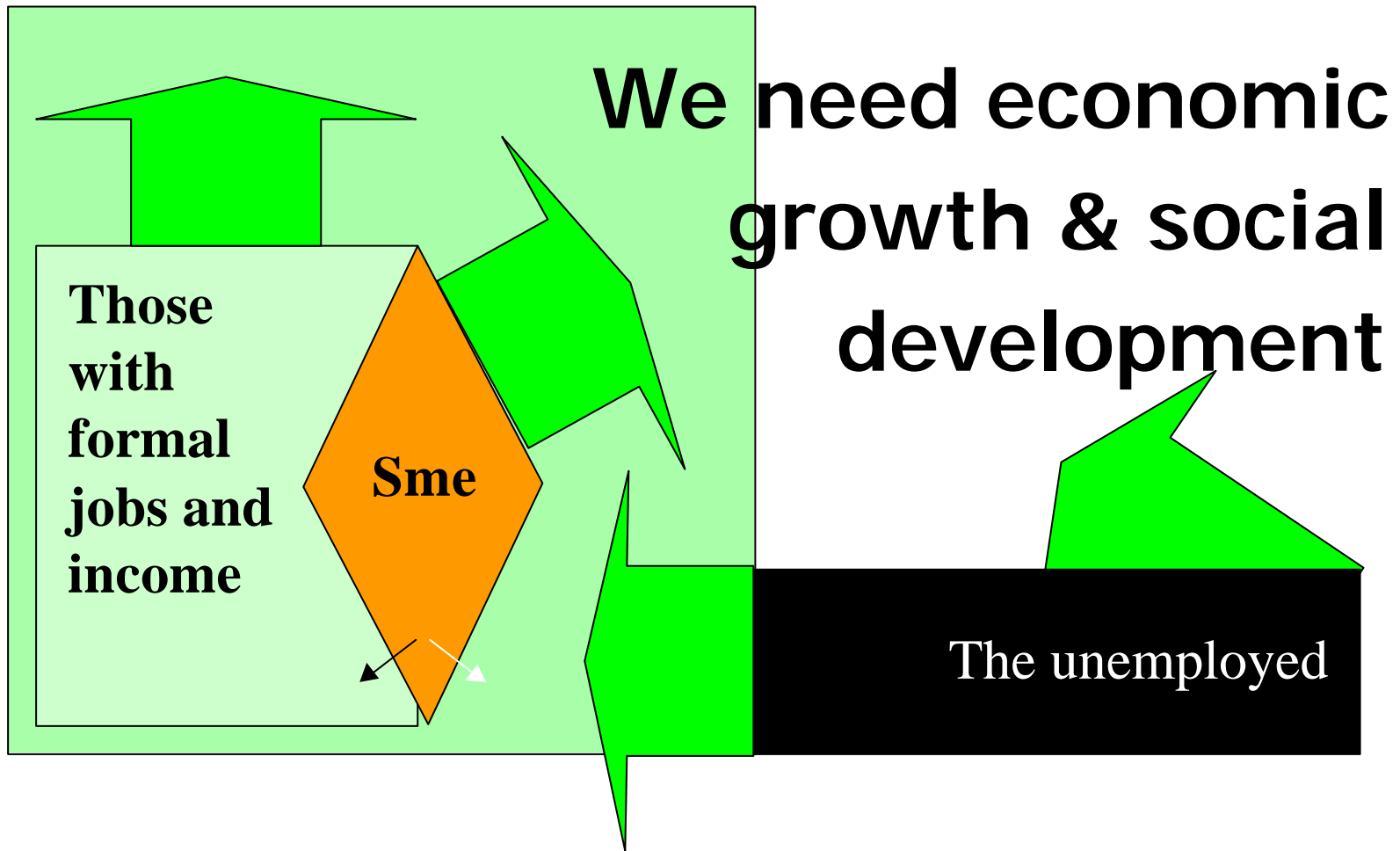
Why do we need a Skill Strategy?

Poverty has a racial and gender face:



Supporting the 27 million people who are not economically active - majority black

Why do we need a Skill Strategy?



Why do we need a Skill Strategy?



We need a Skill Strategy
to support Economic and
Employment Growth and
Social Development!

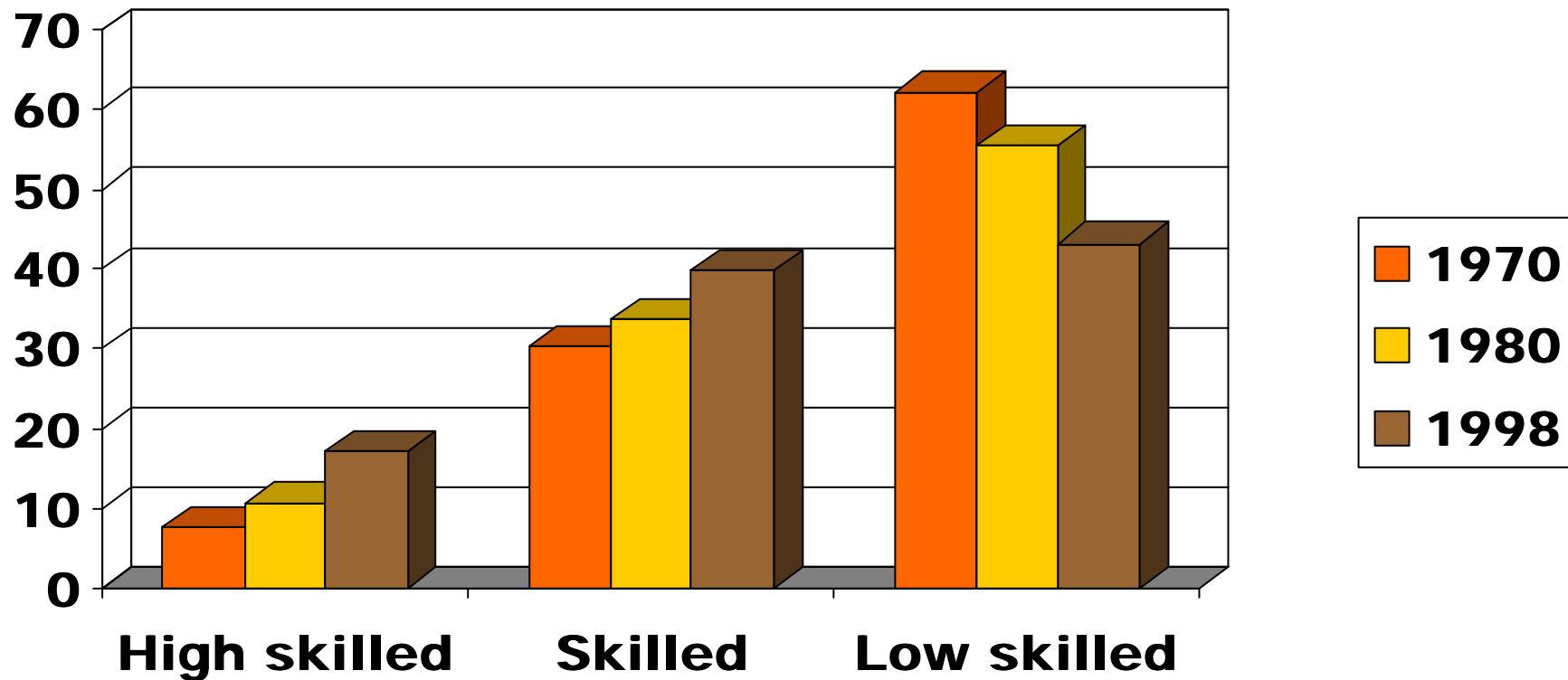
Economic & employment growth and social development?



- The formal sector could grow by becoming more productive, competitive and overall generating more jobs.
- The SME sector could grow
- Development sector initiatives can support improved subsistence as well as lay the basis for SME and formal sector growth

Growth in the Formal Sector?

**% change in employment by skill level
from 1970 to 1998**




Growth in the Formal Sector?



1. Attract new direct investment for new jobs - both South African as well as foreign.
 2. Find and exploit new markets and new technologies for new jobs.
 3. Promote labour-intensive sectors for more jobs.
 4. Increase productivity and competitiveness across the board to secure and expand jobs.
- Support innovation, research and development as a source of ideas for new jobs.
 - State to stimulate investment by enhancing infrastructure and supporting entrepreneurs.

Skills for growth in the Formal Sector?

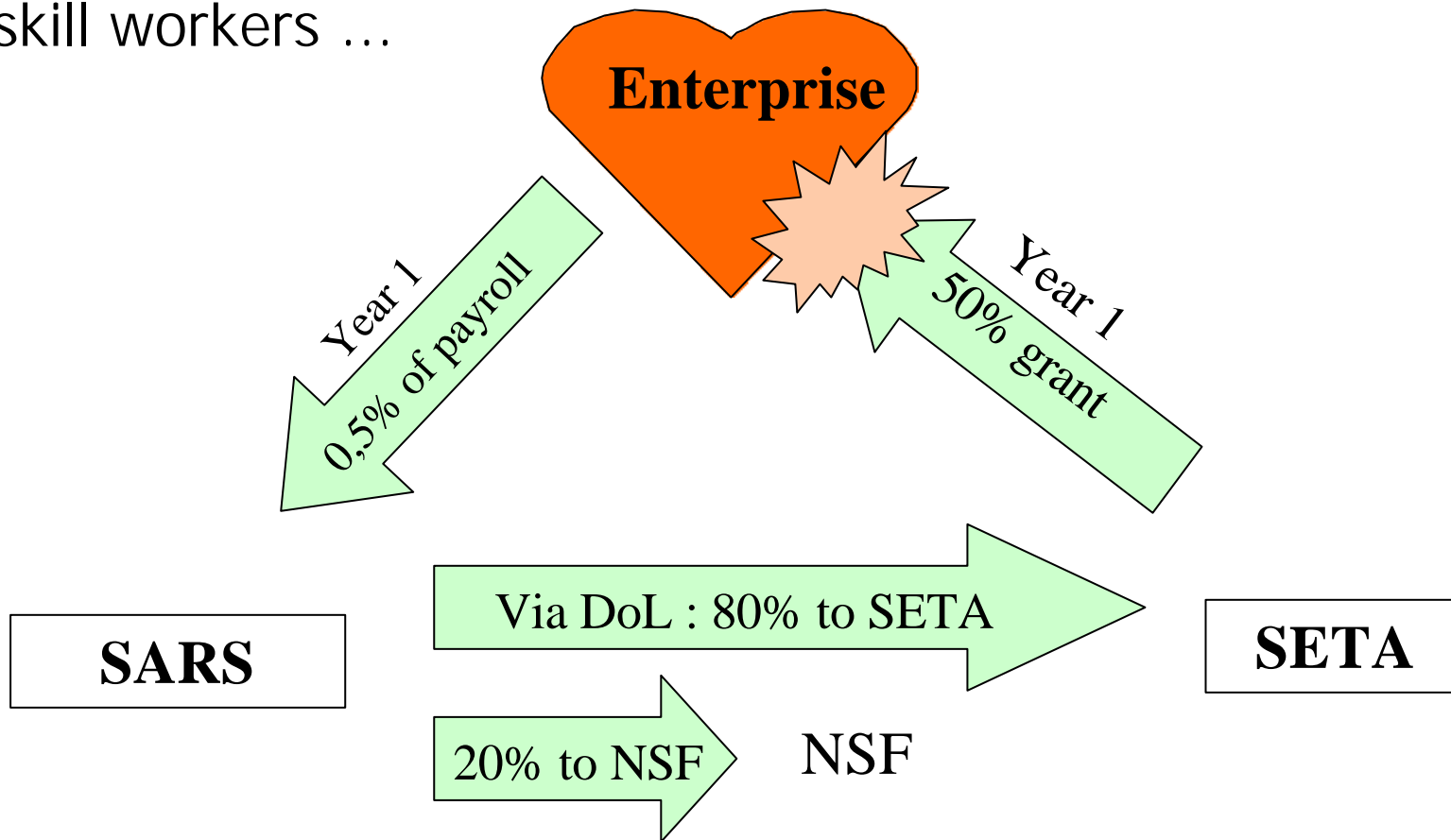
Skills must complement these initiatives & sometimes they can even lead the way ... but skills on their own don't make jobs.



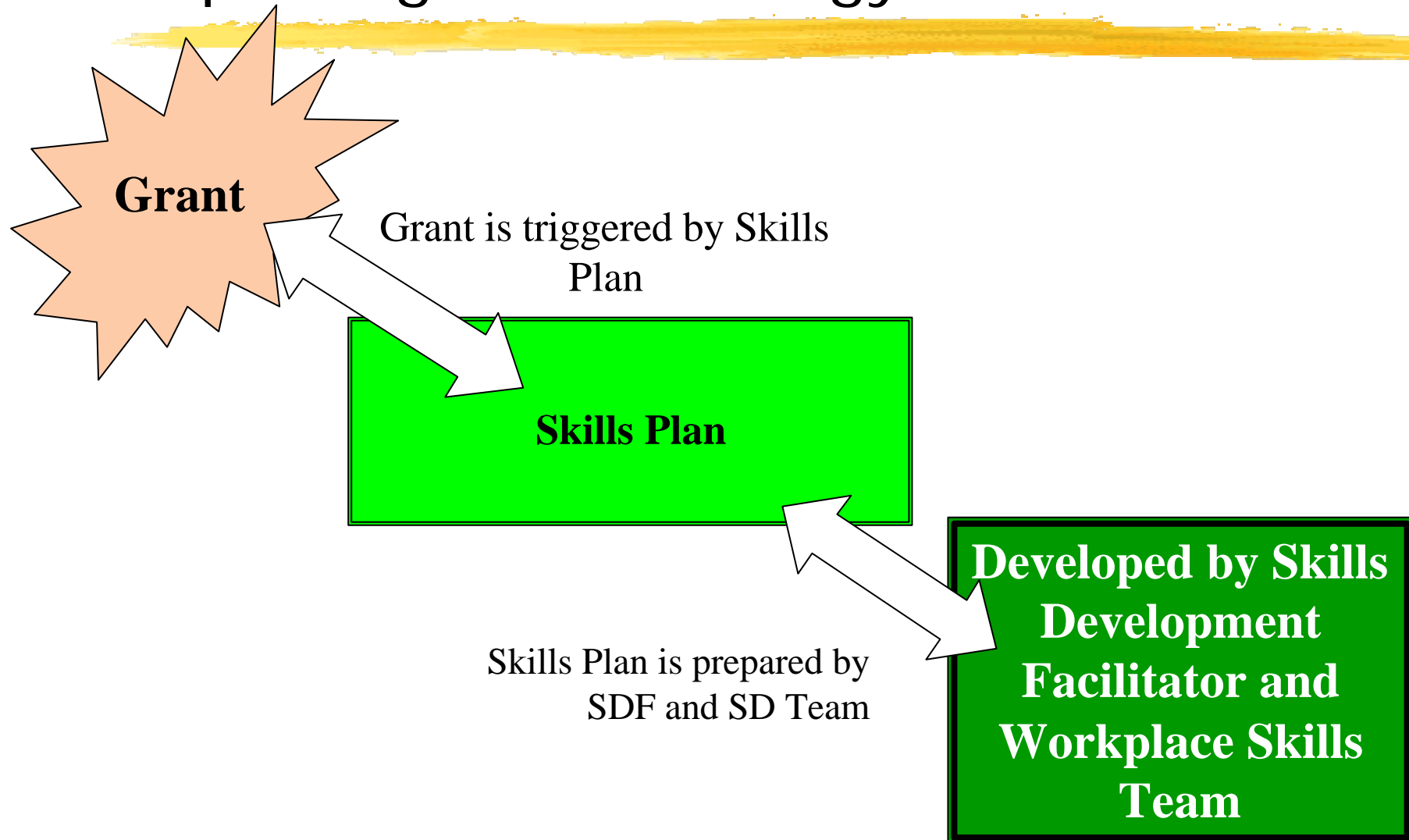
Knowing HOW TO do something doesn't mean you will be able to find a job, find clients, afford the equipment you need, or ... even want to!

Skills Development Strategy supports formal sector job growth

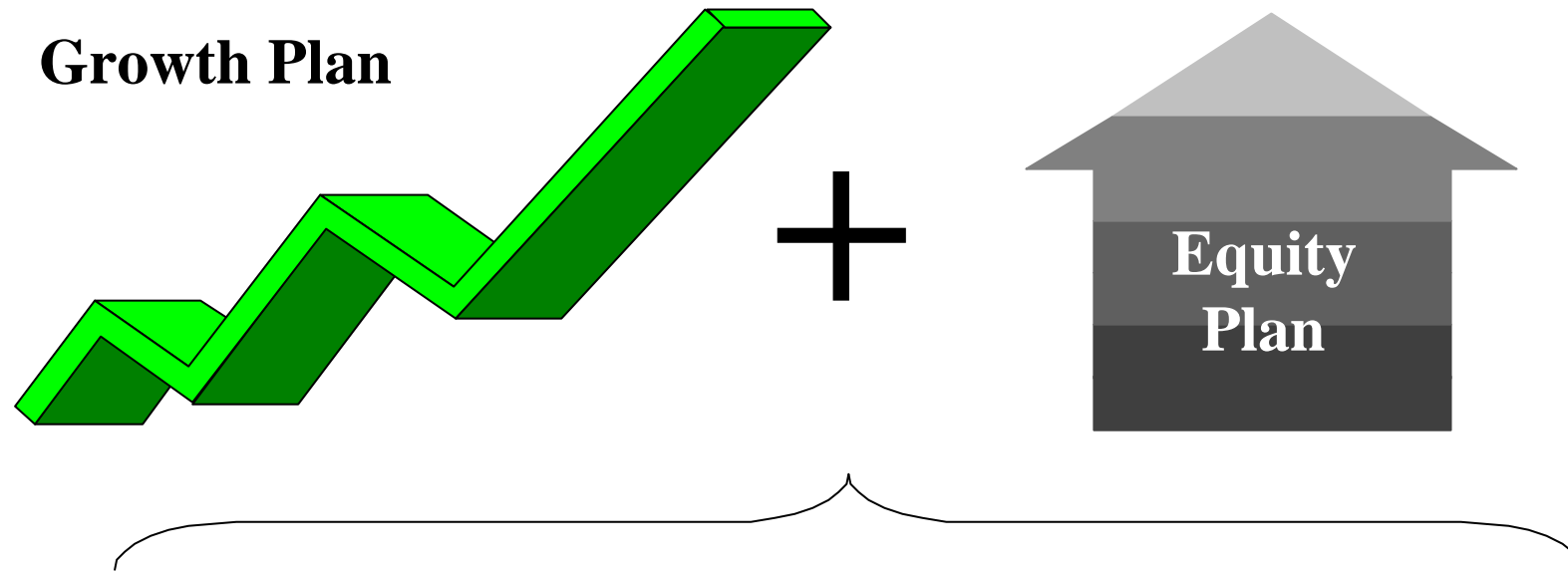
Levy / grant system provides **incentive** for employers to skill workers ...



Skills Development Strategy supports workplace growth strategy



Skills Development Strategy also supports formal sector employment equity



Skills Plan must support
both
Growth Plan and Equity Plan

Skills Development Grant system:

If company paid R100 levy, R20 goes to National Skills Fund and up to R30 goes to the SETA to get started. So, in the first year, the company can get back:

- **Grant A** : Skills Development Facilitator to help with plan
R15 (or 15% grant)
- **Grant B** : Skills plan submitted to the SETA
R10 (or 10% grant)
- **Grant C** : Report of skills plan implemented to SETA
R20 (or 20% grant)
- **Grant D** : Sector priorities included in the skills plan
R5 (or 5% grant e.g. safety in plan)

Skills Development Strategy supports formal sector job growth



Role of the Skills Development Facilitator

- Help develop a Workplace Skills Plan
- Submit the Plan to the relevant SETA
- Assist with the implementation of the Skills Plan
- Assist with the Report on the Skills Plan
- Advise on quality assurance of the skills development
- Act as contact between firm and SETA.

Skills Development Strategy supports formal sector job growth

Skills Development Committee

Workplaces with more than fifty employees must establish an in-company forum for consultation on skills development. Where a workplace is unionised, trade union and management structures shall fulfill this function. SDF to be appointed jointly where forum established.



An example...Leather factory faces closure.

Trade mission in Korea says...

"We can sell ostrich skin handbags, but the stitching has to be straight and the lining perfect...and the leather unmarked"

Strategic priority : Sell handbags to South Korea

Production issue : Address quality of production

Skill issues : Understand the challenge - mgt. and workers

New 'high quality' stitching and finishing

Marketing skills to sell more handbags

(Marketing people must learn Korean culture!)

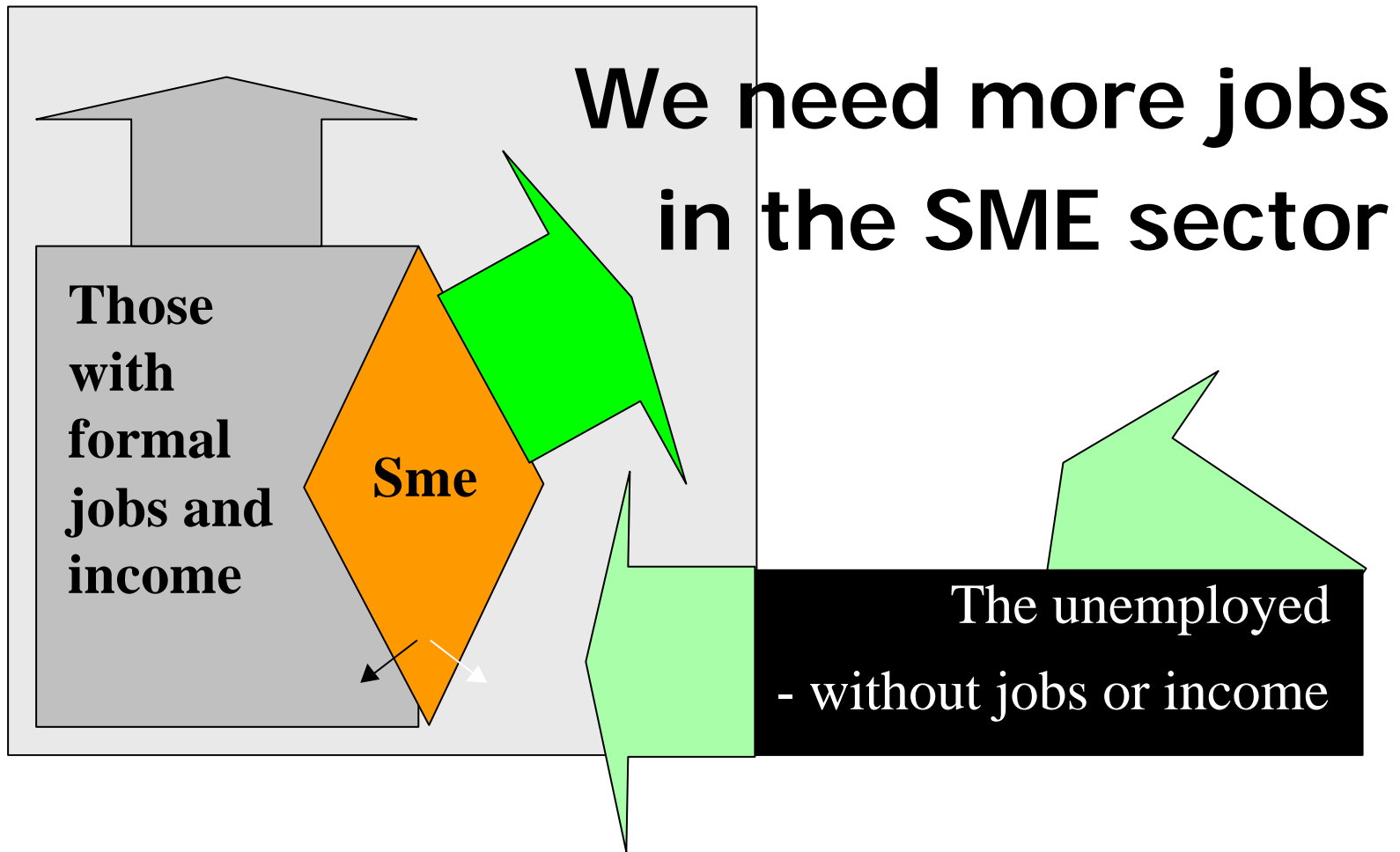
Other issues (of course) : Get rid of barbed wire fences!

Then - Company gets profits and stays in business. Workers keep their jobs and bargain for higher wages / plus equity

A workplace skills plan

Strategic Priorities	Skill Priorities	Who needs the skills? (Beneficiaries)	What kind of learning is planned?	How much will it cost?
Understand the challenge	Basic trade issues	Management and workers Equity target for team	Trade rep. talks to everyone.	1 hour's lost production.
Production quality	Stitching, finishing and lining	Production workers Equity target for team	Technical training linked to NQF	No. of workers x cost of course
Marketing	Cultural preferences of Koreans	Marketing team Equity target for team	Visit to Korea. Attend training sessions	Airfare and hotel and training course cost.

Job growth in the SME Sector?



Job growth in the SME Sector?

SME's (bridging formal and development):

■ **Micro enterprises**

Less than 5 employees. Turnover less than VAT threshold of R150 000 per year.

2. **Very small enterprises**

Less than 10 employees except mining, electricity, manufacturing & construction where it is 20. Operate in formal market. Includes professionals and artisans who have no employees

3. **Small enterprises**

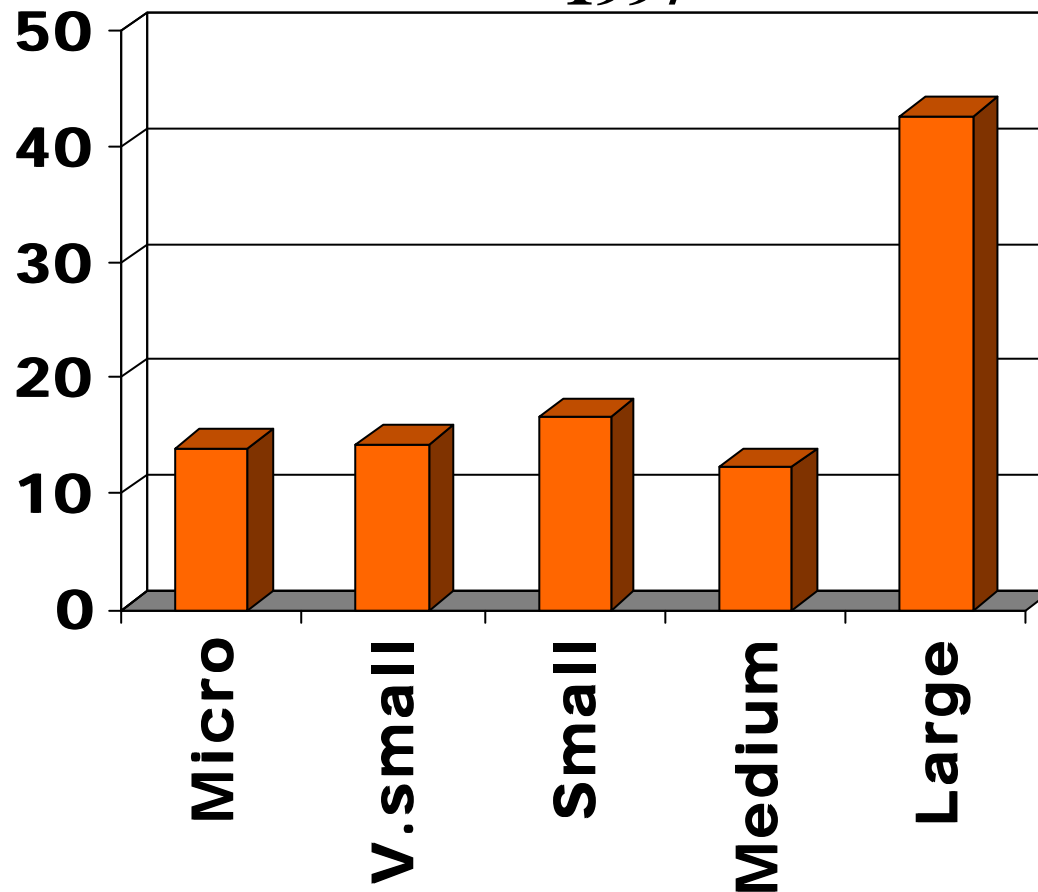
Less than 50 employees. More established. Owner not=supervisor.

4. **Medium Enterprises**

Less than 100 employees except mining, electricity, manufacturing and construction where it is 200. Ownership and management more complex.

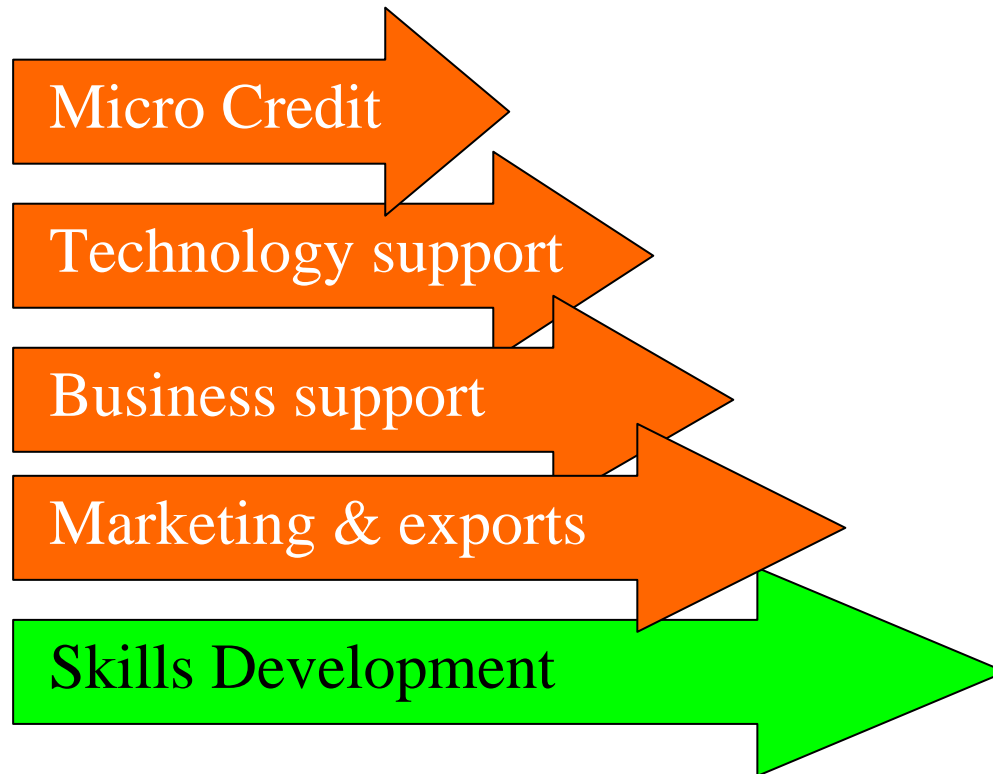
Growth in the SME Sector?

Estimated % distribution of employment by firm size, 1997

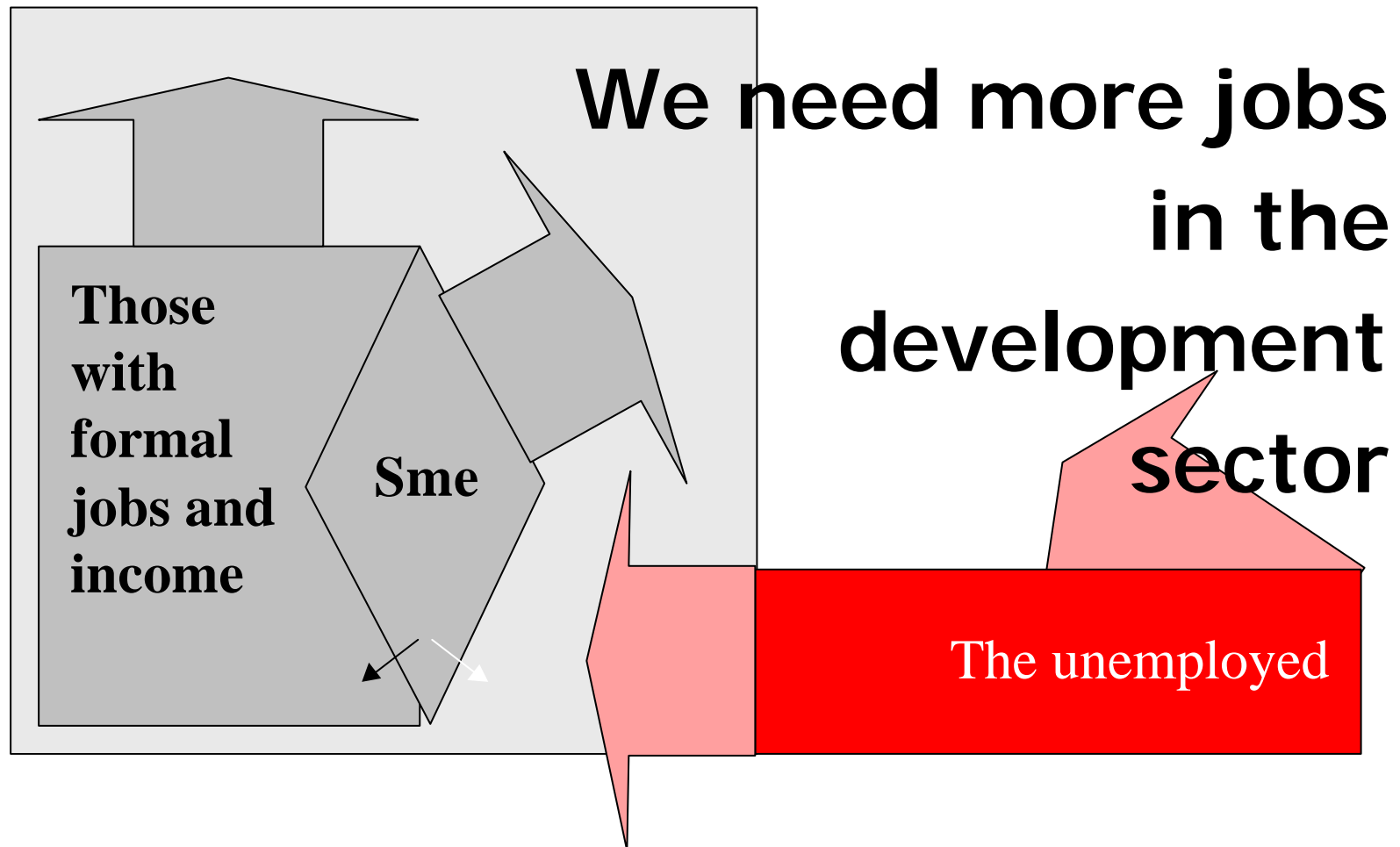


Skills for job growth in the SME Sector?

Skills Development initiatives must compliment other support measures:



Job growth in the Development Sector?



Job growth in the Development Sector?

Development interventions are those that

- improve the quality of life of the poor
- secure basic services and infrastructure
- lay the basis for rising standards of living over time through access to new forms of income generation

Initiatives such as:

- Integrated Rural Development Strategy
- Urban Renewal Strategy
- Local Economic Development
- Spatial Development Initiatives (linked to formal sector growth)

Including programmes such as:

- Working for water (job creation for environmental protection)
- Community-based public works
- Building of houses, access to water, upgrading schools, roads etc.
- SME initiatives linked to local opportunities
- Youth Community Service

Job growth in the Development Sector?



National agencies e.g. government departments and
National Development Agency, NGOs

Provincial agencies e.g. govt. depts.
and NGOs

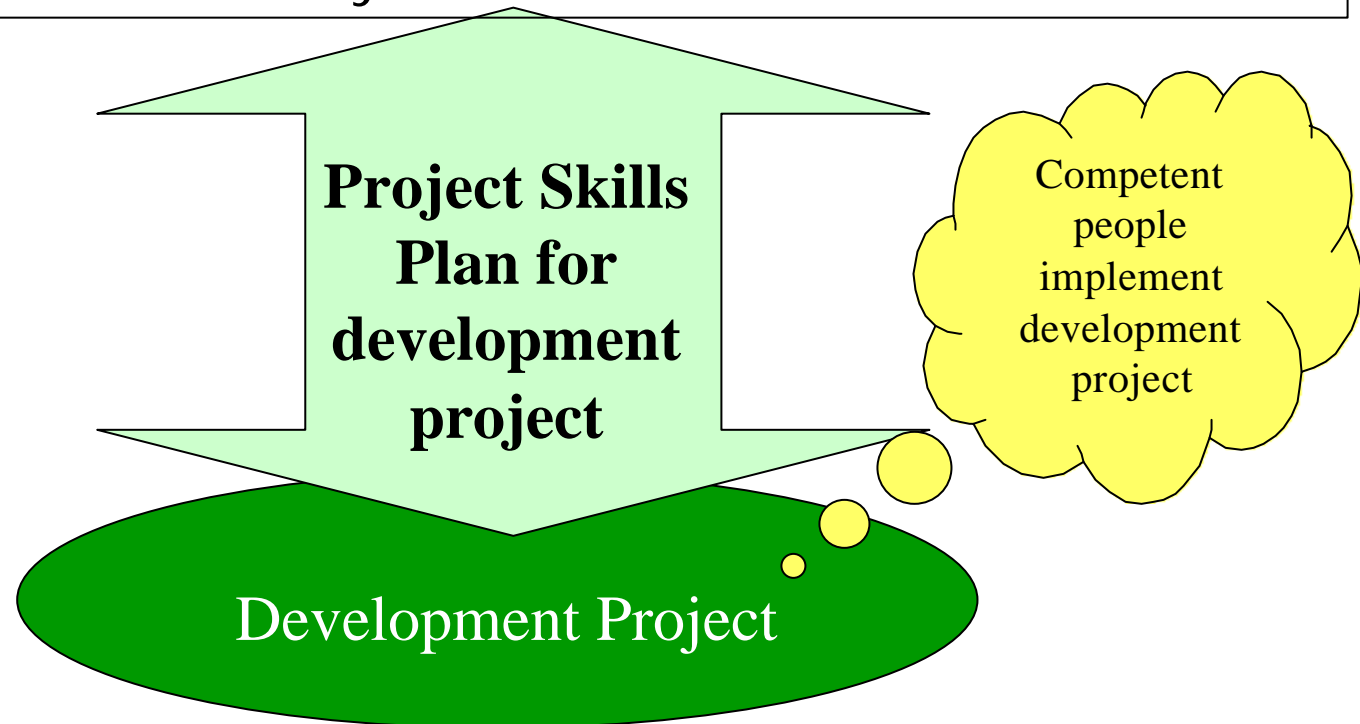
Delivered



Local Community or target
group in community

Skills for job growth in the Development Sector?

Access to National Skills Fund by submission of
Project Skills Plan
administered by Provincial DoL: ESDS officers



Skills for job growth in the Development Sector?

E.g. Housing Project

Project Skills Development Facilitator helps put Project Skills Plan together

	Phase One	Phase Two	Phase Etc.
Management skills	e.g. Project Finance Team	e.g. Project Finance Team	e.g. Project Finance Team
Technical Skills	e.g. 1 Civil Eng. 1 Surveyor etc	1 trade 50 level 3 builders 50 builder assistants	4 trade 10 electrical house wirers 20 wirer assistants

Community trained & employed (NSF funds)

Skills for job growth in the Development Sector?



Role of SETAs in Development Sector?

- Government member of SETA will play a key role in the development of Project Skills Plan - with Province
- SETAs make skills knowledge available e.g. all standards, learning materials, capacity to generate new ones, mentorships, networks of accredited providers ...
- SETA will quality assure those sector standards and qualifications that are applied in Project
- These services to be funded from NSF, government or NDA or other sources (e.g. built into contract where carried out through government tender) etc.

Skills for access to the LM by the young



School-leaver profile

For 1999

512 000 sat for the matriculation examination

49% passed – 240 000

12% got exemption – 61 000

So... the rest have no qualifications...

Nearly quarter of a million young people in 1 year!

Learnerships



Creating the bridge - learning and working

(combined structured learning and work experience)

leading to an NQF Qualification

signaling industry-recognised

Occupational Competence

responding to a real or probable

labour market demand or

Sme opportunity

18(1) = workers

18(2) = unemployed

Same employment contract

Special employment contract

Skills for access to the LM by the young



18(2) Learnerships

depend on learners being able to access
relevant work experience

Targets will be set, incentives designed and national campaigns
conducted to persuade employers

- be they large or small, public or private –
to provide work experience so
that young people can be assisted
to enter productive employment

Skills Programmes



A Skills Programme

- Is occupationally based;
- When completed, will give credit/s towards a qualification (e.g. learnership) on NQF
- Uses accredited training providers
- Complies with prescribed requirements (for transitional arrangements until full system in place)

Will be building block of skills plans, together with learnerships.

Skills development supports quality lifelong learning



ALL Skills Plans

progressively

- Expressed as standards and qualifications
- Quality assured by SETAs and other ETQAs
- Provide learners with nationally accredited certificates, which are industry recognized
- Provide the basis for further career pathing and lifelong learning

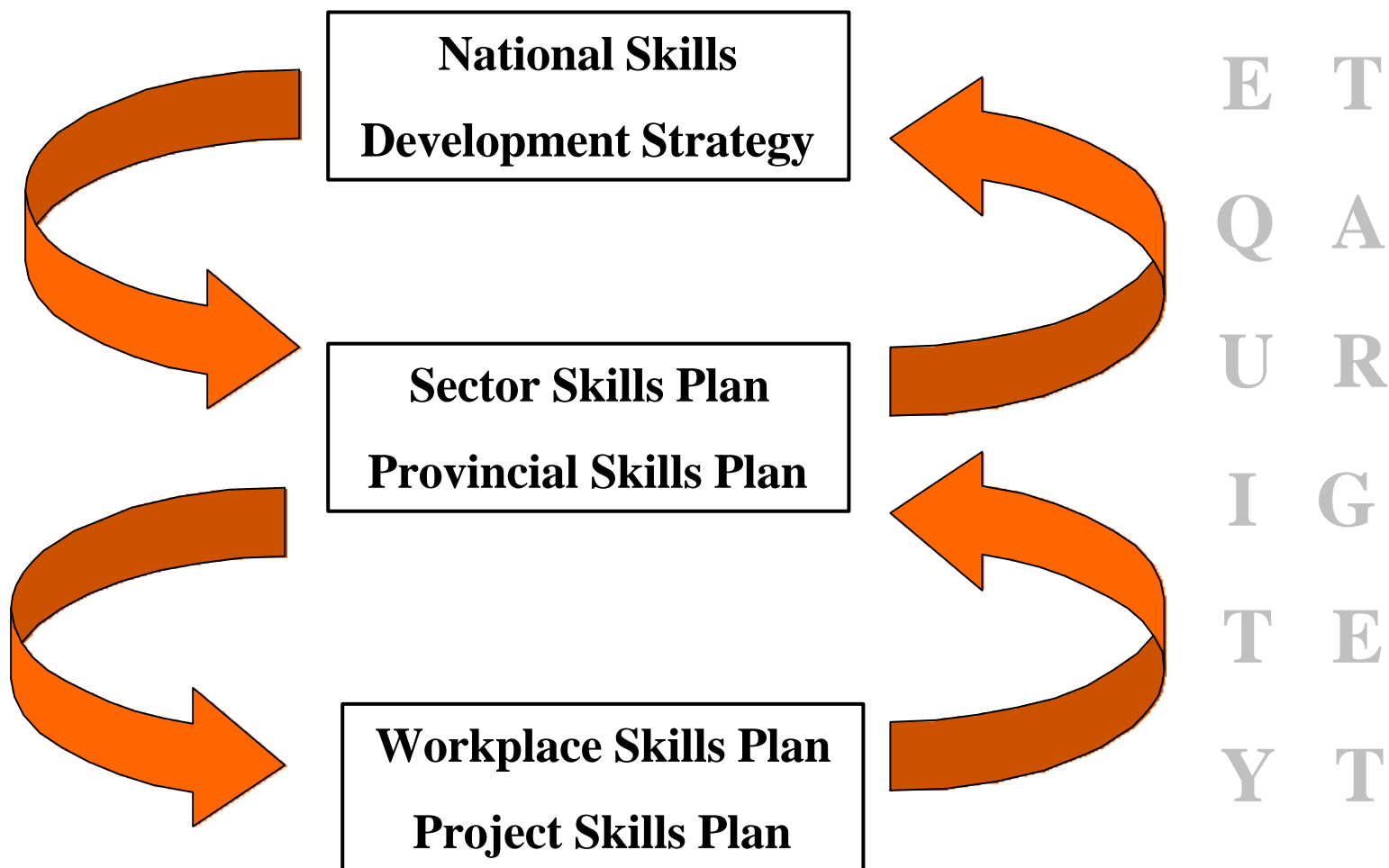
Skills Development Strategy supports formal sector job growth



Skills Development Strategy supports provincial growth and development



Skills Strategy for the NATION



National Skills Development Strategy to address:



- Skills to promote Quality Lifelong Learning
- Skills to promote formal sector growth
- Skills to promote SME sector
- Skills to promote development sector
- Skills to support access to LM by the young

EQUITY TO BE INCORPORATED IN ALL

e.g. 2004 Targets for National Skills Development Strategy

- Skills to promote Quality Lifelong Learning
Example target? X% of learning NQF registered in 2004
- Skills to promote formal sector expansion
Example target? X% of eligible firms claim grant in 2004.
- Skills to promote SME sector
Example target? X% of SMEs accessing grants from SETA or NSF
- Skills to promote development sector
Example target? X% of provincial development programmes supported by project skills plans
- Skills to support access to labour market by the young
Example target? By 2004, 250 000 learners successfully completed learnerships and productively employed.

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SHOW ON THE ROAD**

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Curriculum Vitae

Adrienne Bird is the Chief Director: Employment and Skills Development Services in the Department of Labour, a post she assumed in October 1995. She currently represents the Department of Labour on the South African Qualifications Authority, The National Skills Authority and the Council for Higher Education.

For a year before joining the Department she worked for the Metal and Engineering Industries Education and Training Board working with others to develop a career path framework for workers in the industries. Before that she was a trade union educator for twelve years, most recently in the National Union of Metalworkers of South Africa (NUMSA).

She did her first degree at Durban University, her teacher training at Wits University and completed a Masters Degree in Adult Education at Manchester University in the UK.