



CENTRE FOR DEVELOPMENT AND ENTERPRISE
Informing South African Policy

THE SKILLS REVOLUTION

Are we making progress?



Proceedings of a workshop on addressing skills shortages in the South African economy

CDE In Depth no 6

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October 2007

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CDE In Depth provides South African decision-makers with detailed analyses, based on original research, of key national policy issues.

Series editor: Ann Bernstein

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Introduction

South Africa suffers from a serious shortage of skilled people. This is a major constraint on our prospects for achieving the kind of sustained economic growth that will open the way for much wider participation in the economy, as well as reduce poverty and a range of related social ills. The importance of skills development for social mobility and chances of a materially better and more fulfilling life was recognised early in the tenure of the new democratically elected government after 1994. As a result, in 1997, after exhaustive consultation with stakeholders and intensive policy development, the then Minister of Labour, Tito Mboweni, launched a comprehensive skills development strategy. This ‘skills revolution’, as the minister described it, was based on the principle of life-long learning, embedded in a National Skills Framework, administered by 25 (later reduced to 23) Sector Education and Training Authorities (SETAs), and funded by a one per cent payroll levy.

However, by 2006 it was clear that South Africa’s skills shortages were not only persisting, but intensifying. Chronic vacancies and poor productivity in the public service threatened the government’s ambitions to be a ‘developmental state’, and surveys of firms repeatedly confirmed the difficulties caused to businesses by skills shortages. Accelerating economic growth and the effects of a global market whose reach and appetite for skills was exacerbating an already worrying brain drain acted on the apartheid legacy of skills deficit and a dysfunctional public education system to push the skills shortages to crisis point.

However important these external causes have been, it seemed clear to many that the policies and institutions that embodied the skills development strategy were not proving as effective as had been hoped, and were falling well short of delivering a ‘skills revolution’. Recognising the validity of these concerns, the government set up the Joint Initiative on Priority Skills Acquisition (JIPSA), involving stakeholders in business and organised labour, to help address skills shortages.

Against this background, CDE embarked on a project aimed at assessing the current state of the skills development strategy. The key questions driving the project were:

- What progress are we making with the skills revolution?
- Do we have realistic policies, priorities and targets?
- What should the respective contributions of government and business be?

Constraints of time and funding meant that we had to be selective and concentrate on some aspects of skills shortages and development strategies rather than hope for an overall, exhaustive, and authoritative assessment. However, we were able to focus on some key areas of concern in commissioning the following reports:

- SETAs and the skills revolution framework: progress, problems and prospects
- A survey of skills shortages and productivity issues in the public service
- Artisan training: what can we learn from the past and where are we now?
- An assessment of JIPSA’s priorities, targets and delivery

These reports provided the basic inputs into a workshop attended by stakeholders in government, business and civil society in July 2007. This publication comprises edited versions of the presentations, commentary from Professor Haroon Borat, head of the Development Policy Research Unit (DPRU) at the University of Cape Town and member of the JIPSA technical working group, as well as discussions by the participants.

It seemed clear to many that the policies and institutions that embodied the skills development strategy were not proving as effective as had been hoped

CDE hopes that disseminating research findings and workshop discussion in this way will contribute to informing and advancing public debate on how to address what remains the potentially 'fatal constraint' on accelerated and shared growth in South Africa.

Lead-in speakers

Carmel Marock (Singizi Consulting) is an independent consultant with extensive experience in researching issues in skills and education

Renee Grawitzky is a former editor of the *South African Labour Bulletin*. She is a freelance writer and researcher on skills issues, including commissioned research for JIPSA.

Amanda Jitsing is a research economist for Development Network Africa. She previously worked in the Office of the Auditor-General.

Reg Rumney is a freelance journalist specialising in business issues. He has been economics editor at the SABC, and director of the BusinessMap Foundation.

Prof Haroon Borat is director of the Development Policy Research Unit at the University of Cape Town, and a member of JIPSA's technical working group.

Participants

Matseleng Stephanie Allais, director: research and development, Umalusi

Ram Barkai, chief executive officer, Cadiz Holdings

Rohelna Burger, chief education specialist, Department of Education

Anchen Dreyer, member of parliament

Renette du Toit, senior research specialist, Human Sciences Research Council (HSRC)

Phindile Dyani, director: regulatory affairs, Vodacom

Tina Eboka, director: group corporate affairs, Standard Bank Group

Amira El Ibiary, project officer, Friedrich-Naumann-Stiftung

Charmaine Estment, programme co-ordinator, Conflict and Governance Facility (CAGE)

Boni Gantile, executive: Centre for Learning, Telkom SA

Megan Govender, budget analyst, National Treasury

Jonathan Gunthorpe, Singizi

Bongani Gxilishe, deputy director-general, Department of Public Works

Werner Heitmann, programme director, German Technical Co-operation (GTZ)

Ingrid Hurwitz, manager: transformation & sustainability, FNB Retail Bank

Prof Douglas Irvine, director of policy programmes & research, SBP

Dr Sandy Johnston, senior associate, CDE

Dr Eric Khoza, general manager, Denel

Marthinus Krügel, human capital development, De Beers Group

Birte Leinius, trainee, Konrad-Adenauer-Stiftung

Robyn Leslie, researcher, CDE

Vusi Mabena, skills development adviser, Chamber of Mines of South Africa

Thantshi Masitara, programme manager, Swiss-South African Co-Operation Initiative (SSACI)

John Moalusi, head: human resources, De Beers Group

Malebo Modise, senior manager: strategic stakeholder management, Standard Bank Group

Bridget Mohlala, manager: corporate social investment, Standard Bank Group

Makano Morojele, JIPSA Secretariat, National Business Initiative (NBI)

Sello Mosai, head: research and advocacy programme, National Productivity Institute (NPI)

Nancy Msibi, programme officer, Konrad-Adenauer Stiftung

Judy Naidoo, director: social services, National Treasury

Ayanda Nakedi, chief executive officer, Eskom Development Foundation

Setsami Molapo, assistant director, Department of Trade and Industry (DTI)

Carva Pop, training manager, Business Connexion

Onewang Rebecca Kasienyane, member of parliament and chairperson of the Portfolio Committee on Labour

Liza Roussot, director: social services, Department of Trade and Industry (DTI)

Matthew Stern, director, Development Network Africa

Christina Uys, training and education manager, South African Federation of Civil Engineering Contractors (SAFCEC)

John van der Riet, manager: continued business & improvement, De Beers Group

Acronyms

ABET	Adult Basic Education and Training
ANC	African National Congress
ASGISA	Accelerated and Shared Growth Initiative
BEE	Black economic empowerment
BPOs	Business process outsourcing
CAGE	Conflict and Governance Facility
CDE	Centre for Development and Enterprise
CEO	Chief Executive Officer
DDG	Deputy Director-General
DoE	Department of Education
DoL	Department of Labour
DPRU	Development Policy Research Unit
DPSA	Department of Public Service and Administration
EPWP	Expanded Public Works Programme
FET	Further education and training
HRD	Human Resource Development
ICT	Information and Communication Technology
JIPSA	Joint Initiative on Priority Skills Acquisition
NQF	National Qualifications Framework
NSA	National Skills Authority
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NVC	National Vocational Certificate
PERSAL	Personnel and Salary System
PSC	Public Service Commission
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of prior learning
SAQA	South African Qualifications Authority
SASSA	South Africa Social Security Agency
SDA	Skills Development Act
SETA	Sector Education and Training Authority
SOE	State-owned enterprise
Statistics SA	Statistics South Africa
UCT	University of Cape Town

Executive summary

By setting up the Joint Initiative on Priority Skills Acquisition (JIPSA) in March 2006, the government was recognising that the 'skills revolution' that the then Minister of Labour Tito Mboweni called for when he launched a comprehensive skills development strategy in 1997 had failed to materialise. The strategy was based on the principle of life long learning, embedded in a National Skills Framework, administered by 25 (since reduced to 23) Sector Education and Training Authorities (SETAs), and funded by a one percent payroll levy.

The concerns that led to the introduction of JIPSA as a key component of government economic policy are widely shared. Chronic vacancies and poor productivity in the public service threaten the government's ambitions to be a 'developmental state', and surveys of firms repeatedly confirm the difficulties caused to businesses by skills shortages and a high level of dissatisfaction with the current education and training dispensation.

Against this background, it is important to review the current framework for skills development – legislation, institutions and policies – to see what progress we are making.

Recent research conducted for the Centre for Development and Enterprise (CDE) on four focus areas of skills development helps to illuminate what lies behind dissatisfaction with the stalled skills revolution. The four areas are: issues of expectation and performance of SETAs; skills shortages in the public service; the status of artisan training; and the function and role of JIPSA itself.

SETAs: expectations and realities

A review of five SETAs in three sectors (finance, chemicals and electricity, gas and water supply) against three criteria (percentage of employees reached, addressing scarce skills, and addressing equity issues) produced the following key findings:

- Only a small percentage of employees – around 2 per cent in each case – in each sector directly benefited from training supported by SETAs.
- In two of the three sectors training appeared to address scarce skills. However, closer investigation suggested that, as SETAs themselves define what is 'scarce', there is a tendency to inflate the category by nominating skills as scarce because they are within SETAs' capacity to address as priorities rather than because they are in fact scarce skills.
- In the case of equity considerations, 'one size fits all' percentage target setting may similarly be distorting training by giving SETAs the incentive to provide low-level training driven by the ease of reaching targets rather than strategically shifting the equity profile of the sector.

The concerns that led to the introduction of JIPSA as a key component of government economic policy are widely shared

SETAs are hampered by the need to meet multiple expectations that stretch well beyond the narrow mandate of workplace training

In general, investigators found, SETAs are hampered by the need to meet multiple expectations that stretch well beyond the narrow mandate of workplace training, and are burdened by excessively numerous and insensitive performance indicators. These, as we have seen – in the case of defining ‘scarce’ skills and equity targets – risk introducing perverse incentives into the system’s working.

There are two reasons for these multiple expectations and ‘stretched mandates’. The first is the SETA system’s origins in stakeholder bargaining. While consensus among government, business and labour has understandably been viewed as essential to the success of a new training system for a democratic South Africa, each has different priorities and expectations. The National Skills Development Strategy had to bring everyone on board and satisfy all interests, even if this was at the expense of workability. The second source of excessive demands on the SETAs is the condition of the overall education and training framework. SETAs are held responsible for skills development; that is, for programmes that are focused on occupational skills and on enabling individuals to play a particular role in the workplace. The issues raised in this review suggest that the design and delivery of these programmes needs to include elements that are not usually contained within an occupational programme, as they are usually addressed as part of foundational learning. This means that both in length and in content the scope of these programmes has increased and, with this, the scope of the SETA’s responsibility for a set of programmes that are not typically skills development programmes has increased. In short, skills development has become a much wider intervention to address the results of failure throughout the education system.

These system issues of multiple and unrealistic expectations, coupled with institutional challenges associated with weak governance and financial management in some SETAs will, unless addressed, prevent these bodies from making the kind of contribution to our growth prospects that is urgently needed. For this to happen there is a need for tough decisions to be taken which sharply focus the mandate of the SETAs, and demand high performance and good governance.

Skills shortages and capacity constraints in the public service

Skills shortages and productivity issues make themselves felt at two levels of the government’s developmental ambitions. Firstly, the delivery of essential services like education and health, and even more basic ones like water and sanitation, are threatened by shortages of skilled people to maintain as well as expand delivery and infrastructure. Secondly, the effective co-ordination and management of high level policy-making on growth promotion issues is similarly compromised by skills shortages and productivity. CDE’s research sets out to identify some of the causes and symptoms of capacity constraints in the public sector, note government initiatives that recognise these constraints, and raise points for discussion on what more could be done to address them.

The findings confirm and quantify the very large numbers of vacancies in particular sectors of government, noting that this must impact adversely on service delivery. Moreover, existing human resource management and information systems are inadequate for describing and addressing capacity constraints within government. Clearly, more needs to be done to correctly specify the causes of and find solutions for these problems. Although understandably much of the focus on capacity constraints in the public sector is on quantitative aspects, such as vacancies, turnover rates and changes in head count, it is important not to overlook the lack of skills or skills mismatches among existing personnel.

Currently, apart from the skills development plans of departments, there is no framework for assessing the competence and capabilities of public sector employees. The Public Service Commission in its annual monitoring and evaluation study found that although most departments have a skills development plan, the implementation of skills development activities remains poor.

It was beyond the scope of this study to assess the quality of the skills complement against the actual needs of the public sector, but there is ample anecdotal and sector-specific evidence to suggest that in many areas skills levels are weak, inappropriate, or poorly distributed. Focusing only on the available quantitative indicators of capacity is clearly not sufficient.

Issues surrounding capacity constraints in the public sector can be summarised in the following points:

- To an extent, capacity constraints in the public service and vacancy rates in particular reflect the ineffectiveness of the education system at all levels.
- The high vacancy rates reflect poor resource planning in the budgeting and strategic planning processes.
- The unwillingness of departments to align their total posts on the personnel salary system PERSAL to total funded posts indicates complacency among them (high vacancy rates being perceived as a negotiating tool).
- The poor implementation of human resource management practices is cause for concern. A single-minded focus on adding and filling vacancies means that resources are often misdirected towards recruitment (sometimes repeated advertisements and senior management time spent in interviews) rather than on improving internal productivity. There is also the concern of the 'juniorisation' of the public sector – replacing senior staff with junior staff – as well as poor succession planning. Lack of human resource management capacity is also illustrated by shortcomings in performance management, training and development, and retention and succession planning
- There is a serious lack of data on the extent of vacancies and skills shortages in local government. A comprehensive assessment is urgently needed, including an investigation of the reasons for this situation.

There is no framework for assessing the competence and capabilities of public sector employees

A review of policies for artisan training reveals a formidable list of factors leading to a declining and ageing workforce in this vital skills category

Addressing the artisan skills shortage

A review of policies (or the lack of them) for artisan training over the past decade or so reveals a formidable list of factors leading to a declining and ageing workforce in this vital skills category. These include – among numerous others – the withdrawal of state owned enterprises (SOEs) from the large-scale training of artisans, underestimations of the trajectory of economic growth, and miscalculations about which sectors would grow. One key finding however was that the current artisan shortage has been exacerbated by the fact that a large number of the learnerships that were initiated from 2001 were at the lower (NQF 1) rather than intermediate skills levels, partly as a result of a government drive to meet specific redress targets and address youth unemployment. The NQF 1 learnerships are bridging programmes, which are critical if previously excluded workers are to have the opportunity of moving up the skills ladder. This does not, however, address scarce or critical skills needs. A balance needs to be achieved between redress learnerships and skills interventions at the intermediate and higher end of the skills spectrum.

The policy review targeted a number of issues in artisan training that should be addressed:

- *Future of JIPSA:* If skills development is going to remain high on the political agenda, then some form of high-level co-ordinating structure should be introduced to continue the profile-raising and facilitating work of JIPSA. This is necessary to pursue better co-ordination between the parts of the system set up by the Skills Development Act, and reconstruct the relationship between the social partners in the interests of delivery at the workplace.
- *Review the education and training system:* The current system should be reviewed and simplified in the interests of effective delivery. In particular it would be productive to:
 - Revisit the old apprenticeship system to preserve what remains effective and modernise what is no longer appropriate in the contemporary economy and workplace.
 - Review the continuation of unit standards as the basis for assessment in learnerships, especially in the light of negative experiences with the system in other countries that have implemented it.
 - Review the structure of SETAs as well as the roles and functions of the National Skills Authority and National Skills Fund.
- *Strengthen relationships between industry, SETAs and the FET colleges* in order to cater for the needs of industry, and help deliver artisans. Central to this is clarification of the respective roles of the departments of Education and Labour.
- *Incentives/funding:* The levies which currently fund training are private sector resources. If the government wants the private sector and commercialised public enterprises to train beyond their needs, it will have to either provide additional incentives, or redirect some of its funding. In the short to medium term, further efforts should be made to unblock funds within the National Skills Fund.

- *Reinstating workplace learning:* Skills development cannot occur in the absence of strong institutions for learning. Learning does not only take place in FETs and technical training centres but importantly, in the workplace. Employers in both the private and public sector should explore how they are going to reintroduce a learning culture and knowledge transfer in their organisations.

JIPSA and the skills pipeline

JIPSA embodies a recognition that skills shortages constitute an obstacle to economic growth, but that the system for developing skills is itself subject to blockages. The remedy is to draft in resources from outside the system to dissolve the blockages and in general to act as a source of focus, strategic advice and political leverage, based on broad stakeholder consensus.

JIPSA has unquestionably raised the profile of skills issues and demonstrated the shared concern of business, labour and the government. It has also brought a welcome focus on skills for *growth*. Education and training have many justifications ranging from broadening and enriching people's lives to – in the South African context – redressing past economic exclusions. Arguably, however, at this point in South Africa's development the key relationship is that between skills and growth. This connection has tended to be obscured in the myriad social engineering objectives of the many strategy documents and pieces of legislation that have punctuated the 'skills revolution.'

Despite these welcome features of the JIPSA initiative, there are some points of concern. These can largely be traced to the determination of all concerned with JIPSA to stress how narrow and limited the initiative is. This takes several forms:

- The limitation to 'priority skills' inadvertently gives the impression that we are faced with a number of individual and unconnected challenges, each with its tailored solution. At one level this cannot be denied, and it is appropriate that those stakeholders with the biggest interest in solving these discrete shortages – employers in steel and engineering for instance – should roll up their sleeves and tackle them. However, these niche challenges are located in wider shortages of skilled people – estimated by some as up to at least 500 000 people, which are linked to emigration and crises of underperformance in education and training which JIPSA's focus on short-term troubleshooting tends to underplay.
- It is not that these performance shortcomings in the wider education and training systems are unknown to JIPSA stakeholders. However, what is clear from interviews and public statements is that there is a very conscious determination to take wider policy issues and frameworks as given, and to work within them as a team of apolitical technocrats, practical business people, and down-to-earth trade unionists to solve individual problems. This self-imposed limitation doubtless arises from stakeholders' desire to focus on the supply of particular skills that they themselves need most, as well as a wish to avoid controversy, and a reluctance to trespass on what they see as the government's

Employers in both the private and public sector should explore how they are going to reintroduce a learning culture and knowledge transfer in their organisations

How far can we hope to shift the burden of educational performance effectively on to business and employers in general?

policy-making prerogatives. Whatever the reason, it effectively precludes radical review and innovative reform in the present framework, since if the principal stakeholders won't take up the larger challenges and responsibilities, then who will?

- In this sense JIPSA is not a delivery agency but a catalyst designed to make delivery agencies work better. It has a short-term mandate and focus on niche issues (artisans, engineers, graduate unemployment). Any initiative that raises the profile of skills and focuses on skills for growth is welcome. However, this conception of role and function courts the danger of being a 'band aid' solution which discourages radical thinking about reform, and could be at the mercy of dysfunction elsewhere in the system (in Home Affairs, for instance, over JIPSA's recommendations for streamlining skilled immigration).

Questions and issues

The National Skills Authority (NSA), which advises the current Minister of Labour, Membathisi Mdladlana, has been reviewing the 2005-2010 National Skills Development Strategy at its mid-point in September 2007. Among the questions and issues from across the skills landscape which emerge from CDE's research, and which should engage the NSA's attention, are:

- Education is failing training, and training is expected to compensate for the deficiencies. JIPSA's progress report lists the ways in which this can be done: top-up and bridging courses; work orientation and life skills programmes; retraining and conversion programmes; on-the-job coaching, mentoring and guidance; and national and international placement programmes. Between December 2005 and the end of 2006, 900 unemployed graduates – from an estimated 200 000 – received this kind of 'second education'. It is easy to applaud any effort to address a serious and pressing problem. But are we simply shoring up a dysfunctional system?
- How can we move on from these crisis management measures and ensure that we won't have to repeat them for every generation of graduates? And in particular, how far can we hope to shift the burden of educational performance effectively on to business and employers in general?
- Too much is expected of the skills development framework, which has expanded to have too many functions across too many fields. How can they be streamlined and rationalised? How can the priority of skills for growth be institutionalised?
- Institutional performance has been uneven at best, within components of the system (SETAs, government departments, education and training institutions) as well as among and across them: how do we tackle the poor co-ordination and communication that are pervasive problems throughout?
- Skills shortages mean much more than vacancies. How can we address the politically charged issues of quality (of qualifications, of performance) honestly and constructively?

- The price of failing to cope with these problems is not only economic. It is widely understood that a failure to sustain and expand economic growth through skills shortages could have destabilising political effects in the long run. But even more ominously in the short term, political and racial tensions are gathering around skills issues themselves.

Under such circumstances it is not enough to pretend that skills issues are purely technocratic and apolitical, and that we have a system for skills development that merely requires tweaking by experts and a bit of extra effort from the 'social partners' to fill the targeted, critical shortages we need.

The problems are wider, deeper, and more serious than that. They call for system-wide review, new thinking, and serious consideration given to radical reform. At a minimum, the suspicion should be addressed that our system of skills development is flawed in conception and execution but is too big, too entrenched, and too invested with political capital to be overhauled, never mind turned around.

The problems call for system-wide review, new thinking and serious consideration given to radical reform

SESSION 1

SETAS: EXPECTATIONS AND REALITIES

SETAs are at the centre of debate about the 'skills revolution' and misgivings about SETAs' capacity to deliver are high on the agenda of a mid-term review of the 2005-2010 National Skills Development Strategy (NSDS) which is to be carried out by the National Skills Authority (NSA) in September 2007.¹ Among the misgivings expressed by critics of SETAs are concerns that:

- There are too many SETAs and the groupings of industry sectors in them are irrational*
- Bureaucracy is unwieldy*
- Communication and articulation between many SETAs and the private sector, as well as other skills initiatives (like JIPSA) is poor*
- Corporate governance in some SETAs is weak, leading to financial mismanagement*
- Core performance of the SETA system – delivery of trained and qualified people ready for the workforce – is at best variable: some SETAs 'have failed woefully and are not in a position to either administer the learnerships or monitor the performance of learners during the skills development phase'²*

These concerns have led to many prescriptions for improvement. For some the remedy is to put more resources into SETAs by raising the skills levy from 1 per cent of payroll to 3 per cent.³ For others the remedy is to disband the SETAs altogether and to use the levy payments to finance a kind of voucher system for learners to buy the training they want.⁴ A strong possibility may be rationalising the 23 SETAs, perhaps into as few as five, and aligning them with the national industrial policy framework which is being developed by the Department of Trade and Industry (DTI).⁵ Another possibility is that the SETA system is too large and entrenched to remodel wholesale, but could be made subject to an initiative designed to inject purpose, direction, and perhaps an element of oversight into it (rather in the way that JIPSA is intended to do for the whole skills system).

*In the hope of bringing some focus and new thinking to what has been a rather unstructured and often acrimonious debate, CDE commissioned Singizi Consulting to review the SETA system from its origins to the present. The key task was to present points for discussion on how SETAs' shortcomings might be addressed, based on the research and analysis in the review.⁶ This section comprises a synthesis of material from Singizi's report and the presentation of findings by Singizi consultant **Carmel Marock** to CDE's workshop, followed by Haroon Borat's comments, and selections from a general discussion.*

SETAs and their roles in skills supply

Carmel Marock

OUR CONTRIBUTION⁷ to the SETA debate has two key starting points. The first is that the formation of JIPSA appears to be an indictment of delivery through existing skills development structures. We have a National Skills Authority (NSA), a National Skills Development Strategy (NSDS), and a National Skills Fund (NSF), all of which rely on the SETAs as the other key stakeholder structures within the skills development landscape. Every one of these structures has an impeccable tripartite composition – business, labour, and government – and the fact that the government has felt the need to create a new co-ordinating structure to be a catalyst for the delivery of priority skills sends a clear message about the slow and uneven progress within and among them.

The second starting point is to note the sheer volume of resources that passes through the SETA system. In 2004–5 the 23 SETAs received total resources of R4,5 billion, almost entirely in the form of levy contributions from 193 000 employers.⁸ Since 2002 about R20 billion has gone through the SETA system. It is safe to say that few stakeholders are convinced that this money has been spent as well as it could.

Our review of the origins, development, and performance of the SETA system points to two essential keys to understanding the debate around SETAs. The first is the origins of the system, driven by stakeholders with varied expectations of skills development, which broadened its scope and aims to an excessively ambitious degree, with excessively detailed measures for performance. The second is the broader education and training environment of which the SETAs form part, and whose general condition is a matter for serious concern.

The origins of the system

The new skills system emerged from detailed and exhaustive consultative bargaining that involved more than 150 representatives from government, labour and providers. The result was a ‘consensus’ centred on the National Qualifications Framework (NQF) and the South African Qualifications Authority (SAQA). However, this consensus papered over varied and competing expectations in an ongoing tussle to bring everybody on board, and satisfy all interests.

Labour thought that from the NQF workers would get recognition, that they would get promoted, that this could be linked to a skills-based grading system, and the conditions of all workers would be improved. Employers thought, ‘we can talk about international comparisons in relations to skills ... we can get multi-skilling, which means we can get people on the same grade doing a multitude of tasks.’ So there were divergent expectations from the same process. The result was a National Skills Development Strategy with more than 20 indicators, reflecting a wish-list of everybody, rather than a workable way forward.

This was to have two key consequences for the functionality of the new system. Firstly, in practice the SETAs have an extremely wide mandate. It is true that their actual legislative framework is limited to sector skills planning, learnerships, quality assurance, and the disbursement of grants. However, this must be read in the context that the SETAs (with

The new skills system emerged from detailed and exhaustive consultative bargaining

Narrowing SETAs' focus and reducing their loads are made more difficult by continuing competition between stakeholder expectations

the National Skills Fund) are primarily accountable for the achievement of the National Skills Development Strategy, with its broad and ambitious goals of 'promoting productive citizenship for all' and far-reaching BEE and employment equity requirements, measured by 20 demanding numerical indicators. Linking the measurement of SETA performance to achievement of the NSDS has the effect of stretching the SETAs' mandate, and forcing tactical choices between competing goals. For instance, equity goals and numerical targets may be set in isolation from each other. The numerical targets may mean that within resource constraints there has to be a focus on one-year programmes, while the achievement of significant equity targets could require lengthier programmes. Research suggests that it can be impossible to target both numbers and equity in a meaningful way, and that numerical targets can work as a perverse incentive for SETAs to 'play the system.'

Another instance of stretched mandate is responsibility for small business development through 'New Venture Creation Learnerships.' SETAs are required to meet an indicator providing for '10 000 young people trained and mentored to form sustainable new ventures and at least 70 per cent of new ventures in operation 12 months after completion of programme.' Few could argue that training alone ensures the sustainability of businesses, and unless SETAs extend their roles into areas that should be served by institutions like the Umsobomvu Youth Fund and Khula, it is impossible for them to meet their indicator targets.⁹

Secondly, narrowing SETAs' focus and reducing their loads are made more difficult by continuing competition between stakeholder expectations. This shows itself in the structure and performance of the NSA and the SETAs, which are described by many as 'bargaining councils' rather than forums which allow for strategic planning and realistic goal-setting.¹⁰

The broader education and training environment

Reviewing SETAs in the context of the broader education and training system raises a number of issues:

- The need to understand the implications of an insufficient foundation for skills programmes which means learners enter skills programmes with inadequate mathematics and communication abilities and in many cases inadequate learning skills and work attitudes.
- This problem is exacerbated where under-prepared learners have to meet the NQF requirements to pass fundamentals at the level of the qualification, as a co-requisite for obtaining qualifications.
- Large numbers of learners do not have ABET (Adult Basic Education and Training) which has implications with regard to responsibility for ABET as well as for the design and delivery of skills programmes.
- The emerging role of the FET Colleges and the uncertainty as to whether there is an intention for FET colleges to support occupational training.
- The manner in which progression into higher education is supported.

The strategic imperative is to consider more carefully which aspects of the education and training system should fall within the remit of the SETAs and which, while critical to the success of the skills pipeline, and prioritised as part of the broader education and training system, should not be the responsibility of the SETAs. This consideration requires a focus on two key issues:

SETAs are held responsible for skills development; that is, for programmes that are focused on occupational skills and on enabling individuals to play a particular role in the workplace. The issues raised in this review suggest that the design and delivery of these programmes have been forced to include elements that are not usually contained within an occupational programme, as they are usually addressed as part of foundational learning. This means that both in length and in content the scope of these programmes has increased, and, with this, the scope of the SETAs' responsibility for a set of programmes that are not typically skills development programmes has increased.

Further, studies suggest that in the NSDS there are 'minimal direct resource inputs from the state by international comparison.' Instead, as noted earlier, the vast majority of funding for the South African skills system derives from the levy paid for by the private sector, albeit through a levy paid to government. This stretches very limited resources into areas of general government responsibility, such as basic and foundational education.

Levy-based skills development through the SETA system was a specific programme to address a legacy of underdevelopment in workplace skills. What it has become is a much wider intervention to address the results of dysfunction throughout the education and training universe – in particular, insufficient high school education and workplace preparation, as well as the provision of adult basic education. It means the skills system is addressing a whole series of issues before actually dealing with its mandate of skills training. Added to this, the expectation is for a full system to be developed with only extremely limited public sector provider inputs.

Levy-based skills development through the SETA system was a specific programme to address a legacy of underdevelopment in workplace skills

Reach and impact

Our review of the origins of SETAs and their place in the overall education and training context reveals a picture of unwieldy and ambitious scope and demanding targets – some of which appear to be in conflict with each other – in a difficult and unhelpful environment. What are SETAs able to do in this context?

Using Labour Force Survey data and public documents produced by SETAs themselves, we reviewed SETAs in three sectors, and against three criteria.¹¹ The sectors were:

- financial intermediation, insurance, real estate, and business services;
- the chemicals industry; and
- the electricity, gas, and water supply sector.

The criteria were: the percentage of employees reached; addressing scarce skills; and addressing equity targets.

Among the key findings were:

1. Only a small percentage of employees in each industrial sector (around 2 per cent in each case) directly benefits from training that has been directly supported by SETAs. All five SETAs included in the analysis achieved targets agreed on with the Department of Labour, and all received performance ratings of 'excellent'.
2. In two of the three sectors (electricity supply was the exception) training appeared to address scarce skills. However, SETAs themselves define scarce skills, and an examination of scarce skills lists suggest that in reality many have included almost all occupational categories in the sector. There is a concern that in some cases SETAs appear

to have nominated certain skills as scarce because they are within their capacity to address as priorities, rather than because they are in fact scarce skills.

3. The main concern in the case of equity considerations is that a 'one size fits all' percentage target-setting across all sectors may not be meaningful. Again there was a concern that some SETAs may be providing low-level training driven by ease of reaching targets rather than strategically shifting the equity profile in the sector.

It seems clear that SETAs are struggling to meet all their many obligations with their existing capacity

The current situation is that SETAs all shoot for the same targets, regardless of demography or occupational structure. This makes it difficult to reach, say, female targets in male-dominated occupations. For instance, in the health sector the SETA could indicate that the scarce skills crisis is at level 1 – they know that is where they have providers for a one-year course, and there are numbers of black women at this level. It is then relatively easy to hit their equity targets. SETAs end up offering short-term training to achieve their targets, not training in what their sector's most scarce/necessary skills are. In this way a SETA can score a better achievement assessment for putting 1 000 learners through a one-year programme for which there is little market demand than for putting 400 learners through a three-year programme for which there is palpable demand. The perverse incentive to mount short-term programmes that relate to targets places real quality pressures on the programmes, resulting in poor throughput which, in turn, leads to a wastage of resources as well as a system that ultimately further disadvantages the disadvantaged.

Scenarios for doing 'more of less'

It seems clear that SETAs are struggling to meet all their many obligations with their existing capacity. There is a need to consider more carefully what the scope of SETAs should be, and which of the roles that have been allocated to SETAs sit better with other institutions that are specifically geared to play those roles. Given the very limited resources in the system, this will require reductions in the de facto scope of their operations so that there can be increased capacity to deliver.

What if SETA scope were narrowed in favour of SETA strength?

This would mean that to increase the strength and thus the efficacy of the SETAs, their mandate is consolidated so as to reduce number of their functions, and the additional elements that had been added to their mandate are removed.

What if information and planning involved less measuring and more analysis?

What if the system recognised that it is internationally accepted that planning for skills is an 'inexact art' rather than an 'exact science', that numbers are always at best indicative, and that analysis and emergent strategies are essential in the face of future uncertainties? What if, based on this recognition, the system abolished the requirements to report on skills *planning* in enterprises, but required employers of all sizes to submit only annual training reports which contain the necessary data? These reports would give a more accurate picture of sector trends, and allow for better analysis to militate against the resurgent dangers of manpower planning.

What if the role of employers in addressing short-term needs were recognised and encouraged?

What if the mandatory grant system were simplified so that an enterprise would only have to submit its annual training report and prove that, minimally, the full value of the mandatory grant is spent on training in the company? Further, what if the system recognised that the productivity-linked interest of employers will ensure that short-term demand is met with quality workplace-initiated training, and took steps to unleash and encourage this training?

What if SETAs focused investment on medium to long-term skills supply?

What if SETAs – with their new role described above – focused their very limited resources on a few key investments in skills supply that would otherwise not be implemented?

What if other partners fully embraced the skills development project?

What if the different partners recognised their respective roles in the skills development system? This includes Department of Education playing its role in supporting the development of vocational skills and knowledge, as well as the foundational and general knowledge required to support increased levels of ‘trainability.’ It also includes the Department of Labour ensuring that it plays a strategic role in enabling SETAs to fulfil these functions, and acting when individual SETAs fail to perform. What if business began to better understand that training expenditure is an investment rather than a cost? Added to this, what if business developed a way of publicly reporting on its skills development activities, in order to assist decision-making?

The system issues that impact on SETAs, such as multiple and unrealistic expectations, have led to ever-increasing mandates

Conclusion

While this paper by no means constitutes a full review, our analysis reveals that the system issues that impact on SETAs, such as multiple and unrealistic expectations, have led to ever-increasing mandates. These system issues, coupled with institutional challenges associated with governance and financial management, will, unless addressed, prevent SETAs from making the kind of contribution to our growth prospects that is urgently needed. For this to happen, there is a need for tough decisions to be taken which sharply focus the mandate of the SETAs, and demand high performance and good governance.

Comments By Haroon Borat

The Harvard economist Ricardo Hausmann has remarked: ‘Why do you make things difficult when you can make them impossible?’ This is certainly apposite to our discussion.

It is hard enough to achieve economic growth, but we want growth to be sustainable as well. But it’s not enough that it is sustainable; it has to be shared growth, it has to be accelerated, and it has to be local. And it’s the same thing with SETAs. It wasn’t enough that we addressed the market failure through SETAs. We also want them to deal with HIV/AIDS at

the workplace, and then we have the equity targets, and so on – we pile all these goals on them, and of course they are going to fail, or they are going to try and succeed by stealth, which is what has happened.

It's a classic problem in all programmes: when you are trying to train unemployed people for placement in programmes, those programmes that do the best are those that take the cream of the crop. They take those who are most likely to succeed, and it is the same problem you have here. This is a key point which we have to take away, and it is an international lesson. You should try to do things simply. You stick to one or two key goals, and you pursue that. Do not overload the system with too many goals.

We do not have a data series that tells us what firms spend on training

Another key point is that we do not have a data series that tells us what, nationally, firms spend on training. So I think there are problems around data, and that is a good starting point.

I am surprised, but I don't know if it was deliberate, that there was no mention of an ANC policy document, document no 10, which refers specifically to sector clusters for SETAs. That is one step away from reducing the number of SETAs, and I think that may be in the offing. I suspect that this is what is going to happen, and it is part of going from the impossible to making it just difficult. So perhaps one way of improving things is to think about clusters, rather than too many SETAs and poorly functioning ones.

SETAs are also about employment impact. I know it is an additional target, but it's probably worth getting rid of a few, and including the employment impact of their training programmes. Nobody is asking that question, and there is no data on that, so we cannot say. Even if a million learners were trained during the next year, the question still remains: what proportion of those have actually found long-term sustainable employment, and if that remains unchanged then we have done nothing. No value has been added. There is no above equilibrium employment, and that is the key point.

Even though we should not underemphasise the importance of the discussions of targets, we must recognise that even if you make the plan simple, with do-able and realistic targets, if the structural conditions are unchanged then we are still in trouble. So if you have the private sector sending junior employees whose brief is rent-seeking, and trade unionists are there to further their personal careers, and that's what governance structures of SETAs do, then it does not matter if your plans are much better.

Discussion

The discussion began by examining the nature of the NSA. As one commentator put it, 'If you go to the NSA, what you see is what you get. It's not what you want or what you need.' It was also mentioned that JIPSA's role in skills development was going to come under pressure to 'shut down,' leaving uncompleted projects that would be relegated to the NSA – and to gather dust.

A further concern was raised over the political acceptability of trimming down targets. The consensus was that a balance needs to be struck between setting achievable targets and satisfying the enormous demands of the electorate. However, how this was to be achieved was recognised as a problem.

In terms of the issues of clustering the SETAs, it was mentioned that 'If you take two quite bad SETAs and you put them together you don't get a good SETA, you get a worse SETA.' Performance issues and institutional challenges would not be solved through merging SETAs. However, it was suggested that from a reporting and data viewpoint it would be easier to have SETAs clustered in sectors reflecting South Africa's economic clusters. There were the finance SETAs, for example, which were quite good performers, and co-operated very well even without anybody forcing them to do so, and some of the worst performing SETAs did not co-operate even with their own staff. So while sectoral clustering might make certain things easier, it was not a long-term solution. One should rather say, 'what are the institutional challenges, and how should those be addressed?'

Endnotes

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3. Skills levy increase opposed, FIN 24/1-Net Bridge, 19 May 2006.
4. Private educators battle bureaucracy, *Business Day*, 17 August 2007
5. Nineteen SETA bosses face the axe, *Mail & Guardian Online*, 20 July 2007; Mdladlana to scale back SETAs, *Business Day*, 31 July 2007.
6. SETAs and their role in skills supply: Singizi Consulting for CDE, June 2007.
7. Singizi's report is based on a review of existing research, stakeholder interviews and data concerning SETA performance obtained from CEOs and senior SETA staff as well as from the South African Qualifications Authority (SAQA).
8. South Africa Yearbook 2006-7 Government Communication and Information Service (GCIS) www.gcis.gov.za/docs/publications/yearbook/chapter7.pdf - p 1.
9. The Department of Labour reported in August 2007 that none of the people trained as entrepreneurs by the 23 SETAs in 2005-6 kept their businesses going for a year. SETAs fall short on successful businesses, *Business Day*, 20 August 2007.
10. This emerged in stakeholder interviews conducted by Singizi for a review of the 23 SETAs commissioned by the Development Policy Research Unit of the University of Cape Town under the Employment Promotion Programme of the UK Department for International Development (unpublished, June 2007).
11. The full paper also reviews productivity, but since this is not a recognised SETA criterion, and for reasons of space this finding has been omitted in this version.

SESSION 2

THE PUBLIC SERVICE

The lack of capacity in the public sector is a potentially fatal threat to the government's aspirations to be a 'developmental state'. Socioeconomic development and poverty alleviation are at the forefront of the government's policy agenda, and the developmental state is the organising idea through which these goals are to be pursued. Skills shortages and productivity issues make themselves felt at two levels of the government's development ambitions. Firstly, the delivery of essential services like education and health, and even more basic ones like water and sanitation, are threatened by shortages of skilled people to maintain as well as expand delivery and infrastructure. Secondly the effective co-ordination and management of high-level policy-making on growth promotion issues is similarly compromised by skills shortages and productivity. A frequently cited example is the case of the Department of Trade and Industry – which has many high-level vacancies – and the government's much-delayed industrial policy. In short, the effectiveness of the public sector is a key factor in the achievement of an ambitious, developmental government agenda for growth and transformation. As a result, the capacity of the public service has come under increasing scrutiny, not least from the government itself. For instance, the pressures on and limitations of the public sector are recognised in the Accelerated and Shared Growth Initiative (ASGISA) launched by the Deputy President in 2006: 'deficiencies in the state organization, capacity and leadership' are identified as one of the six binding constraints to higher economic growth in South Africa. More recently, the high levels of vacancies within individual government departments and in specific skills categories have been highlighted in parliament and in the media.

*In the light of these concerns, CDE commissioned Development Network Africa to identify some of the causes and symptoms of capacity constraints in the public sector, to note government initiatives that recognise these constraints, and to raise points for discussion on what more could be done to address them. The data used for this review (both written and interview) came from the Department of Public Service and Administration (DPSA), the Department of Labour, the Auditor-General, and the Public Service Commission (PSC). Other sources included published reports, newspaper articles, parliamentary committee reports and conference papers. This version is a synthesis of material from the research report and the presentation to CDE's workshop by **Amanda Jitsing**.*

Skills shortages and productivity issues in the public service

Amanda Jitsing

IN HIS 2007 State of the Nation address, President Thabo Mbeki acknowledged the capacity constraints that exist throughout government, and pledged to keep the issue of capacity-building high on the state's agenda in the period leading up to 2009.¹ But what exactly is meant by 'capacity constraints', and how does this problem manifest itself in the South African public sector?

Capacity constraints can be broadly defined as the lack of adequate and suitable human, scientific, technological, organisational, institutional, and resource capabilities to deliver on the constitutional mandate of government.² Adopting this definition, capacity constraints might exist at three different dimensions: at the system level, at the institutional level, and at the individual level.

- At the system level, capacity constraints manifest themselves in the lack of legal and policy frameworks to govern structured and effective service delivery. For example, when there is no clear and comprehensive human resource policy to attract and retain high skilled labour in key areas of the public service.
- At an institutional level, capacity constraints refer to the lack of systems and structures within an organisation to support capacity-building strategies and implement policies. For example, within national and provincial government, poor performance management systems hinder skills development and career planning for personnel.
- At an individual level, capacity constraints refer to the lack of human resources (measured by vacancies) and/or a lack of skills among personnel to perform their jobs effectively. These constraints show themselves in many different ways: a shortage of qualified people (in the sense of certification to an agreed minimum standard); a shortage of people who are qualified and meet additional criteria (like racial designation for the purpose of 'transformation' policies); the quality of certification possessed by job incumbents; and deficiencies in attributes like experience and skills that are less likely to be certified, like leadership.

These three dimensions of capacity constraints are interdependent and interlinked. For example, without the proper legal and policy framework in place, it becomes difficult to implement procedures and processes that will support the development of skills, knowledge and understanding at an individual level within government departments.

Although our research focuses largely on capacity constraints at a human resource level, it is worth noting that the impact of a lack of capacity at the institutional and system level often has far-reaching impacts on service delivery and public sector productivity.

In 2006 the public sector employed about 1,65 million people, made up of about 1,15 million people in national and provincial government, 181 000 in local government, and a further 304 000 in public entities and state-owned enterprises.³ The public sector employs about 3, 5 per cent of the population of the country.⁴

The impact of a lack of capacity at the institutional and system level often has far-reaching impacts on service delivery and public sector productivity

Officially, and for the purposes of this study, ‘the public service’ is defined to include national and provincial government. This excludes local government, public entities, and parastatals, for which information (especially on vacancies in local government) is extremely hard to come by.⁵

The initial focus for our research was vacant capacity. However, interviews with senior public servants highlighted the importance of shortcomings in existing capacity. What our research suggests is that the lack of skills among existing civil servants is actually having an impact on the problem of skills shortages in terms of vacancies in the public service, prolonging and exacerbating it.

Interviews with senior public servants highlighted the importance of shortcomings in existing capacity

Vacancies in national and provincial departments

According to the PERSAL database, in December 2006 vacant posts in national and provincial government collectively stood at 321 665.⁶ Expressed in terms of the total number of people employed in national and provincial government, this translates into a vacancy rate of about 28 per cent.

The number is marginally smaller if one uses the average number of vacant posts, by month, for the calendar year ending December 2006. Using the aggregate monthly data, there were more vacant posts in national departments than in any one province, and in terms of the provinces, KwaZulu Natal and the Eastern Cape had the highest number of vacancies. The Northern Cape had the lowest number of vacant posts.

Table 1: Vacant posts in national and provincial government⁷

	Number of vacant posts as at December 2006	Average number of post vacant between January and December 2006
Province/National department		
Eastern Cape	40,501	44,011
Free State	26,418	23,282
Gauteng	34,995	31,764
KwaZulu Natal	59,573	48,131
Limpopo	32,756	30,658
Mpumalanga	25,344	22,807
National Departments	56,131	52,381
North West	22,762	23,469
Northern Cape	8,338	8,006
Western Cape	14,847	15,184
Combined National and Provincial	321,665	299,693

Source: Author's own calculations based on DPSA data (January–December 2006)

The number of vacancies at national government has received considerable attention. The Democratic Alliance released a report which suggested that there were 40 000 posts vacant in national government, while the government responded with a statement that there were only 26 000 funded vacancies. The PERSAL database suggests that there are 56 131 vacant posts in national departments.

These differing statistics underline the limitations of the available data. The DA study was based on statistics collated from the annual reports of national departments. There are two inherent problems with this data. First, the data for annual reports is often derived from PERSAL, which includes information on both funded and unfunded vacancies. Second, some departments have indeed tried to 'clean' their dataset for the purpose of their annual report (this has reduced the number of vacancies), while others have not. The lack of consistency in the way in which human resource information is dealt with in annual reports undermines the credibility of such information.

Similarly, the use of funded vacancies as an indicator of capacity constraints is tenuous, given the disjuncture between strategic planning and budgeting. The lack of institutional capacity to assess personnel requirements reliably means that the Treasury often cuts expenditure on personnel without due consideration for the personnel requirements of departments; it is also possible that many funded posts are defended for budgeting reasons, but are not needed or filled by the responsible department. This practice means that the use of funded vacancies as an indicator of capacity constraints may underestimate or overestimate the optimal size of the public sector.

The absolute number of vacancies in the South African Public Service remains an unknown, and is perhaps less relevant than the vacancy rate, calculated as the total number of vacant posts as a percentage of total posts within the province or national departments (see Table 2).

National departments had a lower vacancy rate than the provinces, despite the high absolute number of vacancies. This finding could be explained by various factors, including the location preference of the labour force for urban areas, the access to better human resource management capacity at national government level, and the reputational currency of national departments.

In 2006 the province with the highest vacancy rate was the Northern Cape followed closely by the Free State, Mpumalanga, and the Eastern Cape (see Table 2). This table reinforces the commonly acknowledged problem of difficulties experienced by the public service in filling vacancies in rural provinces, as skilled people are often unwilling to work outside urban areas. To a certain extent, the location preference of the labour force in South Africa has contributed to a higher than average vacancy rate among some provincial administrations.

Table 2 shows that all provinces other than the Western Cape (and KwaZulu-Natal in 2004) have had a vacancy rate exceeding 20 per cent. In simple terms, this means that one out of five positions in provincial governments is categorised as unfilled.

It is perhaps encouraging that between 2004 and 2006 the combined average national and provincial vacancy rate decreased, although it is not clear whether this was due to recruitment or cleaning up personnel datasets. But whereas five provinces have made some progress in reducing vacancies over this period, the other four have seen an apparent deterioration in capacity.

The absolute number of vacancies in the South African Public Service remains an unknown, and is perhaps less relevant than the vacancy rate

Table 2: Average vacancy rates, 2004-2006

Province/national department	Average vacancy rate		
	2006	2005	2004
Eastern Cape	26.94%	24.80%	25.75%
Free State	29.73%	27.04%	27.11%
Gauteng	21.56%	20.67%	24.97%
KwaZulu Natal	22.98%	21.29%	17.97%
Limpopo	21.60%	21.54%	23.35%
Mpumalanga	27.21%	31.32%	34.07%
National Departments	15.94%	15.94%	18.04%
North West	26.92%	29.02%	35.61%
Northern Cape	31.86%	25.64%	26.21%
Western Cape	18.04%	16.51%	18.15%
Combined national and provincial average	24.28%	23.38%	25.12%

Source: Author's own calculations based on DPSA data (Jan-Dec of each year).

Reviewing the vacancy rate by salary band helps to identify at which skills levels the highest vacancy rates exist.

Vacancy by skills levels

Reviewing the vacancy rate by salary band helps to identify at which skills levels the highest vacancy rates exist.

Table 3 Vacancy by salary band

Salary band	Vacant	Total posts	Vacancy rate
1	18,412	50,103	37%
2	45,319	154,685	29%
3	33,325	136,261	24%
4	25,690	93,042	28%
5	22,948	105,980	22%
6	46,152	205,957	22%
7	44,858	270,532	17%
8	43,749	227,573	19%
9	25,621	86,976	29%
10	19,597	46,821	42%
11	3,537	19,859	18%
12	2,443	12,856	19%
13	2,478	7,756	32%
14	792	2,448	32%
15	958	1,621	59%
16	26	148	18%
Grand total	336,024	1,423,992	24%

Source: DPSA (as at March 2007)

The highest vacancy rates occur within the senior management band, with an average of 35 per cent of all posts unfilled between levels 13 and 16 (Highly Skilled Supervision and Senior Management). This is a worrying statistic, as senior management personnel

provide strategic direction and are directly accountable for service delivery in any organisation. The 59 per cent vacancy rate at deputy director-general level 15 is particularly disturbing, as is the 42 per cent vacancy rate in middle management. Six out of every ten deputy director general positions remain vacant. Most DDG positions would be funded and approved by the Minister and National Treasury, and the data therefore provides a fairly accurate description of the vacancy rate at this level of government. This data is confirmed by the DPSA, which has indicated that there is a high replacement rate at the DDG level.⁸

Regular turnover among senior management is likely to create instability within national and provincial government leading to poor oversight, performance management, policy implementation, and interruptions or discontinuous service delivery. For example, a government task team into the dysfunctional state of the Department of Home Affairs found that vacancies and instability of acting appointments had caused 'a lack of strategic leadership and management capacity',⁹ leading to a general crisis response to problems. In addition, the cost of filling these positions regularly is substantial.

Regular turnover among senior management is likely to create instability within national and provincial government

Vacancies by occupational category

Disaggregating vacancies by major occupations reveals that, barring certain unclassified occupations, the highest vacancy rates occur within the information technology sector, technicians, and craft and trade-related workers. However, a focus on aggregated vacancy rates by occupational category is often an inadequate indicator of capacity constraints in the public sector, and should not be used as the basis for policy-making. A much wider set of information is required to understand the real nature of the capacity constraint in specific sectors.

That said, where data by actual occupations (as opposed to occupational categories) is available it can at least be used to determine whether critical vacancies exist within the public service, and to develop the institutional capacity to recruit for these positions. The data examined reveals that the highest vacancy rates exist among engineers, health care practitioners, town planners, and computer programmers. This information should be analysed further to understand the reasons for these critical shortages, and identify strategic initiatives which would positively influence the supply of such skills and assist provincial departments and local government in recruiting within these professions.

Head count data

Given the inaccuracies inherent in the PERSAL system, we also looked at head count data to provide a general overview of the growth in personnel in the public sector.

Between 2004 and 2006 the national and provincial government increased their workforces by an annual average of 5 per cent. This positive increase suggests that the national and provincial departments are managing to replace employees who leave the public service. The low positive growth rate in the three-year period leading up to 2006 does, however, indicate the slow pace of the recruitment process within the public service.

Broken down by department, there is a strong increase recorded in most provincial departments of safety and liaison. Provincial departments of education and health also saw positive growth rates in their workforce of between 1 and 10 per cent, while provincial departments

of welfare and social development recorded decreases in total head count largely due to employees being transferred to the new South Africa Social Security Agency (SASSA).

National departments increased their workforce by 5,4 per cent over the three-year period. Within national departments, Statistics SA recorded the strongest increase, with an average annual growth rate of 45 per cent between 2004 and 2006. This impressive growth is the result of a concerted effort by Statistics SA to improve its recruitment strategies, fill its senior management positions, and retain its highly skilled staff. The success of Statistics SA shows that there is potential for the public sector to recruit skilled people while retaining its existing workforce.

In five of the nine provinces, the department of health is included among the three highest departmental turnover rates

Turnover rates

Turnover rates (including expired contracts) by department vote show that the highest turnover rates occur within the departments of economic development in three of the nine provinces, and are generally high in all provinces. The departments of economic development are responsible for promoting local economic development and implementing industrial strategy within provinces, and the high turnover rates may impact on their capacity to carry out this mandate.

In five of the nine provinces, the department of health is included among the three highest departmental turnover rates. All five of these provinces have a strong rural component, and health professionals therefore qualify for a special rural allowance. The data confirms the need for special attention to health care workers in these provinces, but also raises the question as to whether the additional allowance has had a positive impact to date.

Other indicators

Other indicators of the capacity constraints in the public sector include the creation of additional posts. Additional posts are usually created as a temporary measure to bring in specialist capacity or skills for a specific project. The research suggests that the Western Cape and Eastern Cape are the biggest users or abusers of this system. The use of consultants also indicates capacity constraints. The pervasive practice of using consultants to address capacity issues as a stop-gap measure means that government departments may not be developing longer-term measures to address capacity constraints, such as implementing appropriate recruitment strategies and up-skilling existing personnel.

Skills assessment initiatives as part of the government's programme of action

In an attempt to address capacity constraints, the Governance and Administration Cluster in the cabinet has initiated four major sub-programmes aimed at assessing the skills shortage in the public sector. These initiatives are summarised below.

The implementation of a public service skills database

The development of a public service skills database has been piloted at the Department of Public Service and Administration, Department of Justice, and Department of Trade and

Industry, and will now be implemented through the rest of government. This snapshot of public service skills should be of value in highlighting the main constraints and bottlenecks, and revealing the most problematic skills shortages and departments. However, for this data to be useful for human resource planning and development, it must be accurate, constantly updated, and linked to the budgeting, training, recruitment, and retention plans of individual departments.

Development and utilisation of an appropriate local government skills database

Previous capacity assessments in local government have targeted particular occupations such as financial managers and engineers. The local government database is the first attempt to understand the skills capabilities of local government as a whole. This essential basis for reform should be designed to provide information on the disparities in skills between municipalities, the nature of skills shortages between urban and rural municipalities, and an exposition of the minimum technical skills required for the delivery of basic services.

The local government database is the first attempt to understand the skills capabilities of local government as a whole

Implementation of competency-based assessments

In March 2007 the DPSA made competency-based assessments a mandatory part of the selection process for senior management positions. The competency-based assessments are based on a set of generic competencies (eg strategic leadership) that senior and middle managers in government need to demonstrate in order to fulfil their roles and responsibilities effectively. This is a welcome step which should be extended to all levels of the public service as soon as practicable. However, the Public Service Commission notes that 'reports of political office-bearers sometimes deviating from the recommendations of the selection panel without fully recording reasons for such deviations is of concern, as it may be viewed as undue interference.'¹⁰

Implementation of the Public Service Human Resource Development (HRD) Strategy

While still at the draft stage, the HRD strategy recognises that although substantial progress has been made with developing human resource management policies and strategies, implementation at the institutional level remains poor. The draft HRD strategy focuses on bridging the gap between strategy and practical implementation by providing a step-by-step implementation guide for human resource practitioners. Perhaps the biggest challenge in the implementation of the draft HRD strategy is resistance from within organisations. Currently, human resource management is seen as a mechanistic line function within departments, usually housed within a wider corporate services division, distinct from the technical and strategic management of the department. This needs to change. Human resource practitioners need to be equipped to provide ongoing support to managers throughout the public sector, and management needs to make better use of human resource tools and functions.

Conclusions

The data and analysis arising from our research are fraught with reliability problems. However, they go some way to illuminating two main issues of concern for public sector planning and decision-making. Firstly, there are very large numbers of vacancies in particular sectors of government, and this must impact adversely on service delivery. Secondly, existing human resource management and information systems are inadequate for describing and addressing capacity constraints within government. Clearly, more needs to be done to correctly specify the causes of and find solutions to these problems. Although, much of the focus on capacity constraints in the public sector is on quantitative aspects, such as vacancies, turnover rates and changes in head count, it is easy to overlook the lack of skills or skills mismatches among existing personnel.

There are very large numbers of vacancies in particular sectors of government, and this must impact adversely on service delivery

Currently, apart from the skills development plans of departments, there is no framework for assessing the competence and capabilities of public sector employees. The Public Service Commission in its annual monitoring and evaluation study found that although most departments have a skills development plan, the implementation of skills development activities remains poor.¹¹

It was beyond the scope of this study to assess the quality of the skills complement against the actual needs of the public sector, but there is ample anecdotal and sector-specific evidence to suggest that in many areas, skills levels are weak, inappropriate, or poorly distributed. Focusing only on the available quantitative indicators of capacity is clearly not sufficient.

Issues surrounding capacity constraints in the public sector can be summarised in the following points:

- To an extent, capacity constraints in the public service and vacancy rates in particular reflect the ineffectiveness of the education system at all levels.
- In addition, the high vacancy rates reflect poor resource planning in the budgeting and strategic planning processes.
- The unwillingness of departments to align their total posts on PERSAL to total funded posts indicates complacency among departments (high vacancy rates being perceived as a negotiating tool).
- The poor implementation of human resource management practices is cause for concern. A single-minded focus on adding and filling vacancies means that resources are often misdirected towards recruitment (sometimes repeated advertisements and senior management time spent in interviews) rather than on improving internal productivity. There is also the concern of the 'juniorisation' of the public sector – replacing senior staff with junior staff – as well as poor succession planning. Lack of human resource management capacity is also illustrated by shortcomings in performance management, training and development, and retention and succession planning.
- There is a serious lack of data on the extent of vacancies and skills shortages in local government. A comprehensive assessment is urgently needed including an investigation of the reasons for this situation, department by department and level by level.

Points for discussion

The challenges highlighted in these conclusions could be addressed in the following ways:

Improving data accuracy and reliability: currently, due to the unreliability and inaccuracy of data contained in PERSAL, the public sector has no real estimate of the extent of vacancies in national and provincial government. Although funded vacancies can be easily determined from expenditure on personnel budgets, the extent to which both funded and unfunded vacancies are required for effective service delivery remains obscure.

Undertaking regular skills audits within the public sector: once the public service and local government have made greater progress on existing initiatives to develop a skills database and a baseline is established by department and municipalities, regular skills audits should be undertaken to update the database and identify progress on skills development initiatives or resolve problems in areas of skills shortages. Information on the skills database should be made available to senior management in order to help them make operational decisions and re-allocate resources, as well as to managers and human resource practitioners to ensure that they are well equipped to effectively manage their employees by monitoring skills development, turnover and vacancies.

Making maximum use of existing skills resources: Affirmative action is essential for redressing past inequalities and this is particularly important within the public sector. Employment equity targets should inform all appointment and promotion decisions within government, but they need to be implemented in cognisance of the general lack of skills across all sectors of the economy and the extremely high vacancy rates among certain skills categories in government.

Promoting the public sector as the employer of choice: within middle and senior management levels, there is a clear need to attract and retain skilled and talented people. However, at these levels, the public sector often competes with the private sector. One solution seems to be to pay employees more, but there are other strategic interventions that the public service could undertake to position itself as an employer of choice. In the end, it is the public service's ability to add value to the career path of its employees and create opportunities for advancement that will determine whether it is able to attract and retain talent and skills.

Information on the skills database should be made available to senior management in order to help them make operational decisions and re-allocate resources

Comments by Haroon Bhorat

The inadequacy of PERSAL data is an important issue. The database is good in parts, but infuriatingly bad in others. The data is so important, and you just can't get a hold of it. The classic example I use is that you can't get figures for the shortage of maths teachers, or their distribution by school. That's just one of the key things one would like to know: where are the maths teachers working? And you can't get that from the PERSAL database.

Also important is the fact that most senior skilled people are not going to the public sector because of poor wages, but also poor conditions of employment. The extent to which you see this high turnover has to be reflected, and it must be part of a discussion around transforming the public sector labour market, as you say, into a public sector of choice.

Discussion

Concern was voiced over poor service delivery stemming from discontinuity due to high turnover among senior and strategic staff

Some participants confirmed from direct experience the lack of skills at senior levels in government, particularly in financial management positions. Issues of increasing and encouraging the productivity of existing staff were discussed, particularly with reference to measuring and rewarding efforts in this area. It was suggested that key performance assessments or a policy on performance assessment be introduced (or current policy enforced) to the public sector.

While training is an obvious key to addressing capacity issues, public sector training resources were acknowledged to be poor. Needs are assessed in a very ad hoc way, and training in the public sector is poorly related to technical competencies or competencies required. It was suggested that further research into the impact of training interventions in government - who is being trained, what type of training interventions are being developed, and what are the competencies that are being targeted - would be a very useful research area for the future.

Concern was voiced over poor service delivery stemming from discontinuity due to high turnover among senior and strategic staff. Another problem flagged under this theme was the fact that there are no reliable numbers explaining exactly how extensively the government is using consultants.

Another issue raised was the private sector 'crowding out' the public sector in terms of skills. A comparison was made between the public sector and the (private) financial sector. The financial sector was quoted as having a 1 per cent vacancy rate, with much time and effort being given to understanding what it means to become an employer of choice. It was deemed unlikely, in the face of such competition, that the public sector would be able to compete.

Finally, issues were raised around the 90-day lag time for filling a government position, when government-initiated graduate databases (Umsobomvu's in particular) were hosting 200 000 unemployed graduates. It was suggested that recruitment in the public sector is a thorough and investigative process, often requiring expert senior staff at panel sessions and interviews. This, it was suggested, might contribute to the slow movement in this area. It was universally condemned that government departments justify non-delivery by claiming high vacancy rates.

Endnotes

1. The Presidency, State of the Nation 2007, <http://www.gov.za>.
2. A. Soko, Capacity Building for Infrastructure: Are we ready for 2010? Paper presented at the 25th Southern Africa Transport Conference, 25 July 2006, p11.
3. National Treasury, Local government budgets and review: 2001/02 -2007/08, p51.
4. Author's own calculations, based on 2006 mid-year population estimates by Statistics South Africa.
5. The lack of consolidated data for local government prevented real analysis of this sector. Furthermore, the reliability of information from the PERSAL human resources management system used by government makes it difficult to identify which posts are funded, unfunded or frozen (as a result of attempts to limit personnel expenditure) and in turn to assess the true extent of capacity constraints.
6. The category 'vacant posts' includes both funded and unfunded positions in departmental organograms.
7. Data received from the DPSA covered the period of a calendar year and thus cannot be directly compared to data in annual reports which cover the period of a financial year.
8. H Sterkfontein, interviews conducted for CDE, interview no 2.
9. *Mail & Guardian*, Can Home Affairs be saved? http://www.mg.co.za/articlePage.aspx?articleid=309665&area=/insight/insight__national/
10. Public Service Commission, State of the Public Service Report 2006, p53.
11. Public Service Commission, Second Consolidated Monitoring and Evaluation Report, 2006, p38, <http://www.psc.gov.za>.

SESSION 3

ARTISAN SKILLS

Given the importance of the commodities boom and infrastructural investment to the government's growth plans, and the need for technical skills to deliver on the promise of services to previously disadvantaged communities, the shortfall in artisan skills is one of the most serious aspects of the wider skills shortage in the South African economy. The calculation of numbers of skills shortages is never an exact science, partly because the definition of skill categories is never watertight either. However, when we talk about artisans, we typically mean occupations like millwrights, electricians, plumbers, boilermakers, mechanics, fitters and turners, pattern makers, and injection moulders. In this sense, a key component of our skills shortages is in 'intermediate level knowledge and skills... held by workers in the craft and artisanal trades, where knowledge is a combination of theory and practice and the emphasis is on the practical rather than the conceptual'.¹

Despite the uncertainties of quantification, certain facts and figures have become widely accepted in discussions of artisan skill shortages:

- *In 1975, 33 000 apprentices were registered in South Africa: by the year 2000 there were only 3 000.*
- *The average age of artisans is 54 years: in terms of one estimate, 70 per cent of current employed artisans will exit the labour force over the next five to six years.²*

The present and potential shortfalls implied by these figures are felt across the resources, manufacturing, construction and logistics industries in particular, and threaten the ambitious infrastructural programmes of Eskom, Transnet, and the Airports Company of South Africa. Government policy has responded by acknowledging that 'an extraordinary increase in the supply of artisans is called for'.³ JIPSA's research estimates that South Africa currently produces about 5 000 artisans a year, and that this will have to rise to 12 500 a year for the next four years to meet demand for a projected increase of 30 000 over the period 2007 to 2010. In JIPSA's view this is both a 'conservative estimate' (of needs) and 'a stretch target in terms of South Africa's current capacity to produce artisans'.⁴

*Given the importance and urgency of addressing the artisan skills shortage, CDE commissioned consultant **Renee Grawitzky** to review the current policy terrain. What follows is a synthesis of her research report and presentation to the CDE workshop.*

Addressing the shortage of artisans

Renee Grawitzky

From apprentices to learnerships: origins and development of artisan training

IT IS IMPORTANT briefly to review the history of artisan training in South Africa, not least because post-1994 debates about provision, supply and shortages have been affected by selective views on the past. Some have looked back with uncritical nostalgia to the old apprentice system; for others the discrimination and racial exclusion of the old world of the artisan has shaped a negative perception of the place of intermediate technical skills in the economy. Neither view has been helpful in building a new system of artisan training for a new economy and society.

The origins of artisan training in South Africa were in the ambitions of nationalist politicians to create a modern economy as the basis of a racially exclusive and ethnically ruled state. To this end, artisan training was the product of an interventionist state, and became synonymous with the privileges of white workers and the power of racially exclusive craft unions. When the system based on these elements did not produce enough to feed state and private industries in times of economic growth – particularly in the 1960s – numbers were supplemented with skilled immigrants.

This system of state-led training supplemented by importation came under pressure from the 1970s, and by the end of the 1980s the established apprenticeship system was in crisis. Among the pressures were growing political instability, and an economy in recession and facing structural changes which saw a shift towards services as mining and manufacturing began to decline in prominence. More importantly, the state-owned enterprises (SOEs) faced privatisation and commercialisation, and could no longer afford to train apprentices for the broader economy beyond their own needs. Of the huge capacity within the SOEs to train, many areas were mothballed.

In response to these pressures, and to a critical review by the newly created National Training Board in 1985, the terrain for artisan training began to change dramatically from the 1980s. By the 1990s, with the drafting of a new education and training dispensation, the focus was not so much on artisan training but on producing skills for a more modern economy. This reflected a declining appreciation for the value of the artisan which, in an altogether altered political context, had become associated by reputation with the apartheid system. This product of an altered political balance of power combined with an unrealistic assumption that traditional artisan skills would not be required in the new economy, which would require predominantly skills for the service sector.

The new human resources development system, within which artisan training would take place, centred on the 1998 Skills Development Act (SDA). The new system had the following key features:

- The goal of integrating education and training through a National Qualifications Framework (NQF) overseen by a South African Qualifications Authority (SAQA), in which those previously excluded from pursuing formal qualifications could gain

Artisan training was the product of an interventionist state, and became synonymous with the privileges of white workers and the power of racially exclusive craft unions

There appeared to be a lack of understanding of the structure of the economy, the nature of work processes, and the role of artisans in them

access to them through, among other things, recognition of prior learning (RPL). Although business and labour (albeit for different reasons) agreed to this, the clear policy recommendation to establish a single department of education and training was not followed. The reasons for this are not clear, and the birth and evolution of the NQF have not gone smoothly. Despite a review of the NQF which produced recommendations in 2002, the issue remains the subject of debate between the two departments, and developments are still awaited at cabinet level.

- The state would withdraw from the direct and interventionist roles of the old dispensation, adopting a more facilitative stance and ceding primary responsibilities in the provision of training to the social partners of business and labour.
- Increased investment and employer involvement would be achieved through a levy/grant system, administered by Sector Education and Training Authorities (SETAs).
- The key element of the system would be 'learnerships'. The framers of the new skills development policy believed that the old apprenticeship system – as well as being racially restrictive – had been confined only to certain sectors of the economy. They also believed that the traditional route to artisan status was too inflexible in the face of shifting skills requirements resulting from technological change and increased multi-skilling at lower levels of the workforce. In effect, learnerships were intended to break down skills development into smaller modules, and extend across a much wider range of industrial sectors. However, critics believe that gains in flexibility and access have been at the expense of all-round knowledge and skills offered by the longer, more workplace-oriented qualifications of the old apprentice system.

Evaluating the current policy terrain

This review explores some of the problems relating to artisan training which have emerged in the implementation of the Skills Development Act (No. 97 of 1998), and identifies and evaluates current initiatives of the Departments of Labour and Education to address them.

Implementation of the Skills Development Act (SDA)

Interviews with a number of stakeholders involved in drafting and implementing the SDA acknowledged that:

- There was a real sense of naivety about being in government and what it would be able to achieve, which underestimated the problems of bureaucratisation and overestimated what resources could be mobilised effectively. At the same time, proponents of the new system failed to recognise that the day-to-day operational realities of implementing legislation might require the ongoing refinement of the law.
- There appeared to be a lack of understanding of the structure of the economy, the nature of work processes, and the role of artisans in them. As one respondent put it: 'Those pushing for a new order did not have an appreciation for the artisan, and there was a sense that intermediate (artisan) skills are not important.' The apprenticeship system was associated with the apartheid workplace, and there was a real sense that artisan skills would be of little importance in the skills base of the 'new economy' which was to emerge.
- There was confusion about the status of the apprenticeship system. Some stakeholders, including government ministers, appeared to think that it had been abolished.

This suggests that the new policy approach (and law) had not been sufficiently communicated to all stakeholders.

- Training systems are complex, and require time for implementation so that they can deliver. As the apprenticeship confusion again demonstrates, insufficient thought was given to continuity between old and new.
- The social partnership and co-determination model which governed the development of the new skills strategy was probably politically essential. However implementation of the Skills Development Act was more like a continuing exercise in collective bargaining than partnership. In addition, neither business nor labour seem to have devoted enough high-level human resources to the SETAs in order to create successful partnerships.
- Despite their high profiles, SETAs do not have sole responsibility for delivering skills to the economy. The effectiveness of the educational system is critical in achieving this objective, and this is a crucial blockage on the SETAs' delivery capabilities. Issues of institutional co-ordination – between the departments of education and labour, as well as between industry, SETAs and FET colleges – are highly problematic.
- The idea of a single qualifications structure in the form of the NQF might have been good in theory, as it sought to ensure a continuum between vocational-based education and higher education. In reality, however, the disjuncture between education and training has undermined the management of quality assurance, and there has been no consensus on whether the two approaches can operate in one system. Although the NQF was set up by both the education and labour departments, the vast majority of qualifications have been occupational/workplace-based. However, these have to be registered within an education-type framework (SAQA). As a result, compliance with the NQF has complicated occupational-based learning.
- Learnerships were conceived as a way of extending traditional apprenticeships beyond the traditional crafts, indeed into a kind of mass-based form of apprenticeship. Research has revealed that learnerships have tended to be pitched at very low skills levels. Where artisan-based learnerships have been introduced, they have provoked skepticism about quality. It has been argued that political pressure forced the premature introduction of learnerships and premature neglect of apprenticeships. During the first NSDS, the performance of SETAs was measured by the extent to which they promoted learnerships, with little or no focus on traditional apprenticeships. This was linked to the absence of an agreement on learning pathways for artisans and the definition of an artisan, as well as insufficient clarity about how apprenticeships and learnerships would coexist. In addition, the overall vision of learnerships was diluted following political pressure to use them as a vehicle to address the problem of unemployment following the Growth and Development Summit in 2003.

Training systems are complex, and require time for implementation so that they can deliver

Department of Labour initiatives

The initial failure of the new skills dispensation to deliver an adequate supply of trained artisans to the economy has prompted policy responses, especially since the launch of the Joint Initiative on Priority Skills Acquisition (JIPSA), whose mandate specifically includes the artisan shortage.

Learning pathways for artisans: Until now there has been no common agreement on defining artisan status, and the route to becoming an artisan. The Manpower Training Act (1981) allowed each industry to decide on its own route, which caused fragmentation and raised concerns about quality. Linked to the JIPSA process, the Department of

Labour (DoL) has finalised a document which addresses these failings of definition and pathways, as well as providing additional incentives for apprenticeships. The current proposal provides four routes for becoming a registered artisan based on accredited training providers and trade tests. These are:

- the traditional apprenticeship system;
- learnerships;
- internships; and
- recognition of prior learning.

Trajectories and cycles of economic growth can give a 'start-stop' quality to training

The DoL has also been engaging with the National Treasury about the standardisation of tax incentives for apprenticeships. It is understood that the proposal on the table is aimed at ensuring that apprenticeships are treated the same as learnerships for the purposes of tax rebates, so that employers can receive a rebate for every year of the apprenticeship.

Initiatives to increase artisan numbers: The DoL, following an intervention by JIPSA, has brought together the CEOs of all the SETAs involved in the training of artisans in order to explore ways of increasing the numbers of apprenticeships. It is understood that this SETA forum has made significant progress, and various initiatives explored (coupled with the agreement reached on learning pathways) could result in a significant increase in the supply of artisans from the current levels of between 5 000 and 6 700 a year to more than 20 000 a year.

Amendments to the Skills Development Act: A number of proposed amendments to the SDA are being drafted to provide clarity on the continuation of the apprenticeship system, by reconciling clauses of the Manpower Training Act (1981) with the SDA in a new chapter on apprenticeships.

Resolution of NQF: Establishment of the Quality Council for Trades and Occupations (QCTO): Provisional agreement has been reached on learning pathways for artisans, which the NQF failed to achieve, and the DoL has established the QCTO as an 'exploratory project'. Although this body lacks formal status as yet, it is intended to address the lack of uniformity on quality assurance between SETAs and provide centralised oversight of quality assurance in trades and occupations.

Key findings

The following factors have contributed to the current artisan shortage:

The state of the economy: Trajectories and cycles of economic growth can give a 'start-stop' quality to training. During previous boom periods (or in the event of major infrastructure projects), the country was forced to import artisans because of an insufficient local supply. This situation continued until the economy went into prolonged decline by the mid- to late 1970s. For more than two decades the economy barely grew, while by the late 1980s the state-owned enterprises faced privatisation and commercialisation, further affecting the supply of artisans. By the time the economy had begun to recover, training in both the private and public sector had contracted while training facilities had either been mothballed or sold off. Instead of responding to the signals of an economic recovery after 2000, business remained skeptical and merely sought to comply with the statutory requirements as provided for in the SDA, which had come into effect at that stage. The training of artisans was further hampered by confusion about whether the apprenticeship system would continue. A number of years were wasted as some employers stopped

taking on apprentices and waited to implement learnerships. Employers' participation was also affected by their experience of myriad problems in implementing artisan-based learnerships, leading to concerns around about their quality.

Role of government (and SOEs) in the delivery of artisans: Having retreated from the direct provision of skills training that characterised the apartheid state, the present government aims to provide an enabling environment for the training of artisans. It is questionable to what extent this has occurred. Some interviews for this review suggested that instead of creating an enabling environment, government has overregulated in some instances, while failing to ensure that critical institutions for learning can meet the needs of industry. Critical concerns about the relationship between the departments of Education and Labour have existed since a 1991 report highlighted the inadequate co-ordination between them. Little has changed since then.

This was recently illustrated when the DoE took a decision to change the curriculum of FET colleges. The DoE decided as from January 2007 that the N courses previously offered by FET colleges in three-month blocks would be phased out and would be replaced with new one-year National Vocational Certificate (NVC) courses offered at NQF levels 2, 3 and 4 over three years. The N1 course, for example, is the theoretical component for an apprenticeship programme, and is provided for in the Manpower Training Act. DoE has indicated that it consulted business on this change, but some business people interviewed for this research report contradicted this claim and claimed there had been inadequate consultation. It is also believed that the DoL was caught unawares by the decision to implement the new changes from this year.

While there is a need to update current FET courses, business argues that transitional arrangements should be put in place or the new courses phased in to allow those already in the system to complete their qualifications. A Steel and Engineering Industries Federation of South Africa (SEIFSA) internal document (March 2007) states: 'It seems problematic that at a time when shortages of skilled artisans present a key constraint to growth, the DoE is introducing new and untried one year vocational programmes at colleges without proper transitional arrangements for companies indenturing apprentices ...'

Business approach to training: Interviews and a literature review suggest that business has sought to get rid of the expense for training and, more importantly, the implied cost of paying for skills. It has appeared to be shortsighted when it comes to training and during boom periods resorted to importing skills as a stop-gap. In the future, this option might prove increasingly more difficult in view of the global demand for artisans. It would appear that only the richer economies will be able to afford them as well-qualified metal, electrical and construction artisans can earn from \$80 000 to \$120 000 a year in the highest paying centres of the global market, like the Western Australia mining industry. South African artisans are currently working on projects in Russia, China and the Middle East, while thousands have emigrated to Australia and elsewhere. These developments could impact on the costs of doing business in South Africa.

Social partnership and strategic engagement: The SDA was premised on a social compact around skills. Until the recent interventions by JIPSA, this had largely disappeared. In the absence of the social partners driving training, the skills profile of the country will not be sufficiently addressed. From a government point of view, some attention should be given to the approach adopted in the green paper, which sought to ensure that skills development became integrated into broader government policies and projects so as to ensure that supply met actual demand. The green paper states: 'The strategy locates the

Critical concerns about the relationship between the departments of Education and Labour have existed since a 1991 report highlighted the inadequate co-ordination between them

approach to skills development within a broader policy context, and will be guided by national priorities. It relates to macro-economic, industrial, labour market, and science and technology policies.’

Dilution of workplace learning: The implementation of the SDA has been hampered by shortages of workplace mentors, assessors, and technical instructors arising not only from the increased demands of the learnership system but also from long-term changes in workplace learning. According to interview respondents, there has been a dilution of workplace learning (and workplace experience) because:

Most companies are skeptical about learnerships, and have questioned the quality of training provided in learnership programmes

- The relationship between the artisan and apprentice was slowly compromised by productivity pressures which impacted on the transfer of knowledge, which was at the heart of the traditional apprenticeship system.
- Training which had traditionally been a line management function shifted to human resources departments, which do not always have an intimate knowledge of production processes.
- Over time the apprenticeship system became more focused on education rather than technical skills; workplace experience became compromised as the duration of apprenticeships was reduced; and despite these developments apprentices were expected to operate at the same level as older artisans.

Image of the artisan: Over the years discussions have taken place on how to build the image of the artisan. Some years ago Eskom attempted to set up an Institute of Artisans to raise the image of artisans in the public arena. It is believed that during JIPSA discussions this idea has been resurrected. Historically artisanship was considered a valued skill in the workplace, but in the post-apartheid era the artisan came to be less appreciated and valued. If the country is to increase the supply of artisans, some measures will have to be implemented to encourage people to become artisans. Similarly, if learnerships are to be taken seriously they will have to be marketed more effectively to both employers and trainees. Most companies are skeptical about learnerships, and have questioned the quality of training provided in learnership programmes.

- **Loss of focus on intermediate skills:** The current artisan shortage has been exacerbated by the fact that a large number of the learnerships that were initiated from 2001 were at the lower (NQF 1) rather than intermediary skills levels, partly as a result of a government drive to meet specific redress targets and to address youth unemployment. The NQF 1 learnerships are bridging programmes, which are critical if previously excluded workers are to have the opportunity of moving up the skills ladder. This does not, however, address scarce or critical skills needs. A balance needs to be achieved between redress learnerships and skills interventions at the intermediate and higher end of the skills spectrum.
- **Incentives/funding:** If industry is expected to train artisans beyond its immediate needs, incentives for artisan training must be urgently reviewed. Alternatively, the National Skills Fund should be restructured so as to provide funding for specific projects relating to the training of scarce and critical skills needs.
- **Role of JIPSA:** JIPSA is playing an important role in galvanising the affected parties into action. Some progress is being made to address some of the short-term blockages in the system, so as to deliver additional artisans to the economy. In addressing some of these problems, it is hoped that the more systemic problems will begin to be considered, otherwise the problems within the current education and training system will remain.

Points for discussion

Future of JIPSA: If skills development is going to remain high on the political agenda, then some form of a high-level co-ordinating structure should be introduced to carry on the profile-raising and facilitating work of JIPSA. This is necessary to pursue better co-ordination between the parts of the system set up by the Skills Development Act and to reconstruct the relationship between the social partners, in the interests of delivery at the workplace.

Review of the education and training system: The current system should be reviewed and simplified in the interests of effective delivery. In particular, it would be productive to:

- Revisit the old apprenticeship system to preserve what remains effective, and modernise what is no longer appropriate in the contemporary economy and workplace;
- Review the continuation of unit standards as the basis for assessment in learnerships, especially in the light of negative experiences with the system in other countries that have implemented it; and
- Review the number of SETAs as well as the roles and functions of the National Skills Authority and the National Skills Fund.

Relationship between FET colleges and industry: The relationship between industry, SETAs and the FET colleges must be resolved and strengthened if such institutions are to cater for the needs of industry, and especially assist in the delivery of artisans. Central to this is clarification of the respective roles of the departments of Education and Labour.

Incentives/funding: The levies which currently fund training are private sector resources. If government wants the private sector and commercialised public enterprises to train beyond their needs, it will have to either provide additional incentives or redirect some of its funding. In the short to medium term, further efforts should be made to unblock the National Skills Fund.

Reinstating workplace learning: Skills development cannot occur in the absence of strong institutions for learning. Learning does not only take place in FETs and technical training centres but, importantly, in the workplace. Employers in both the private and public sector should explore how they are going to reintroduce a learning culture and knowledge transfer in their organisations.

Skills development cannot occur in the absence of strong institutions for learning

Comments by Haroon Borat

There are three generic points which we need to accept within this area. The first is the often underappreciated notion of market failure. Training needs or the supply of training expenditure by firms is a vexed issue because it is a problem of market failure. Firms have no interest in training at a general level, because these are mobile inputs that can leave. Why are firms not training black female accountants? Because they will leave. There's no point in spending that kind of money.

This is very problematic, because research links training expenditure with high-profit, high-output and well-functioning businesses. So ostensibly it makes good sense. An

investment climate survey has run regressions, and shown that training expenditure is positively related to output. Be that as it may, if we accept the fact that market failure exists, it means that the solution lies outside the private sector. This will not change; market failure exists at all places in all times in all economies.

The second generic point is that the problem concerns skills shortage. It is not about the supply of trained people, and the two are not the same. Often if you look at both the activities by SETAs and some of the discussions, we talk about the supply of a thousand learners or a certain number of individuals that are trained, but never about 'meeting demand needs', which is what the skills shortage is about. We must not neglect the demand side and forget what we are trying to do: meet a shortage.

We have too many university graduates and too few technical college and FET graduates

This leads me to the third point which is that partial training, specifically learnerships, was supposed to be about equilibrium employment as well. This means that we are partly trying to get learners into learnerships so they can find sustainable long-term employment. We have lost sight of this. It has become, 'just get as many people trained as possible irrespective of what they are trained as.' Frankly, most firms we have looked at (in research for JIPSA) indicate that these are people they would have hired anyway. These are not above-equilibrium employees.

I want to mention three or four points which may open up debate. The first is the equivalence issue between learnerships and apprentices. This discussion has been going on in JIPSA for 18 months, so why has the equivalence not taken place so that apprentices and learnerships are treated equally in a rebate sense? The role of JIPSA is an important one to unpack, but members of the JIPSA secretariat are present, and could assist us here.

I think people understand some of the problems with the National Skills Authority, but the one that is flying under the radar and one that has all the money is the NSF. At the start of this financial year, the NSF had R1 billion in accumulated cash. The money has gone to the provinces through their own skills plans. The extent to which that has been – perhaps not wasted – but perhaps not carefully thought through by the provincial JIPSAs (as the Deputy President calls them), is an issue worth exploring. The role of the NSF is key because a lot of good, creative initiatives around artisan training have come out of the private sector, and they seek funding. There are funding windows that lock you in, but there has to be a discussion that can be unpacked.

Gwede Mantashe always talks about a culture of artisans: in some communities, parents are not happy if their son or daughter becomes a plumber, and regard this as a failure. But if they become, say, a philosopher, then that is a success. There is this anti-artisan culture which is shown in the upside-down triangle – we have too many university graduates and too few technical college and FET graduates. The importance of changing this culture cannot be emphasised too strongly.

Discussion

A participant noted that 'short-termism' in the way the market worked contributed to artisan shortages. A CEO was measured by revenue generated for the year, and those with responsibility for skills development were similarly focused in all sectors and industries. Secure and abundant skills for the future were unlikely to be forthcoming within this

paradigm. This prompted reflection about the answer seeming to lie outside the business sector while requiring the input of the private sector. However, government failure was also flagged as a contributory factor, given revelations about co-ordination failures between the DoE and DoL. The levy system was a way of addressing the skills issue, but that SOEs still had a role to play as drivers for training as there was a limit to what the private sector would be prepared to do had to be considered. A combination of action by SOEs, the private sector, and the state, whether in respect of taxes, levies, or incentives, would overcome market failures.

A participant noted that the NSF was in the process of being listed as a public entity, in response to comments from the Auditor-General. The conundrum was that the NSF was part of the Skills Development Act (SDA) while also being a fund-dispensing agency to which the private sector could turn. The point is that the SDA was geared towards levy-paying employers while the NSF was designed with the training of the unemployed in mind. This had burdened the SETAs with training the unemployed through the NSF, complicating their role and earning them a bad image in the process. The question was how to define the role of the NSF once it became a public entity so that it performed its higher-order training role, its “unemployed persons training role”, and resolved its overall relation to SETAs.

Given that there is a global market for skills, and all countries grappled with training problems, several comparative points were made and the prospects of learning from overseas experience were considered. One possibility was emulating Australia and Canada (for instance) by playing the global market, or ‘poaching’. It was also pointed out that an inhibiting factor was the wages commanded by well-qualified artisans which could reach \$80 000 to \$120 000 for those with good experience.

Some comparative examples of training models in other countries were discussed. For instance, a participant mentioned that Japan had a very strong general education system which was a good foundation for strong long-term training on the job. The German system focused on building, strengthening, maintaining, and developing actual sites of teaching and learning. Two other points about developed countries were made; in comparison to South Africa’s 1 per cent skills levy, companies in developed countries spent from 3 to 5 per cent of their salary bill on training. The number of defined trades, occupations and professions in South Africa stood at 1 700. Developed countries had whittled this down to 300 to 350.

It was felt that the role of educational institutions had been undermined by the policy framework. The regulatory environment was too complex for institutions to function, and many had closed down. SOEs had closed down due to corporatisation and a lack of profitability. That learning would ‘just happen’ seemed to have been the assumption, whereas what was required was a planned programme of learning, and providers capable of training people - which would not necessarily just emerge. It was not even certain how accessible a technical education was. Career guidance seemed non-existent, and post-school education was almost driven by chance. The state and business needed to create institutions, whether formal on-the-job training or colleges, and concentrate on teaching and learning, how it would get done, who would do it, what the curricula would be, and how they would be assessed.

A participant questioned the feasibility of the SOEs having a role in skills development, given the growing pressures for them to be self-sustaining financially, and whether it was worth keeping them in the skills equation at all.

It was felt that the role of educational institutions had been undermined by the policy framework. The regulatory environment was too complex for institutions to function, and many had closed down

Allegations of continuing workplace racism were raised in the form of reluctance by white artisans to transfer knowledge to blacks. This was cited as possible discouragement to emerging black artisans, and as a warning against the uncritical prescription of workplace solutions based on past experience only.

A goal-oriented framework for artisan training was summed up as preparing an individual for the workplace through a five-stage learning process: generic knowledge and theory, possibly from an FET, technikon or university; generic practical skills which colleges were now trying to implement through recapitalisation; entry to the workplace for work-based learning; occupational skills not learned at an FET; and workplace experience.

Allegations of continuing workplace racism were raised in the form of reluctance by white artisans to transfer knowledge to blacks

Endnotes

1. R Daniels, Skills shortages in South Africa: a literature review, Report prepared for the Joint Initiative for Priority Skills Acquisition, 2007.
2. Former Chamber of Mines president Dr Con Fauconnier: Mines seek cooperative solution to shortage *Engineering News*, 11 November 2005.
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SESSION 4

JIPSA: KICK-STARTING THE 'SKILLS REVOLUTION'?

The creation of the Joint Initiative on Priority Skills Acquisition (JIPSA) is the clearest indication yet of broad-based concern about skills shortages in the South African economy. While the government has reasons of its own to be concerned, the sharply escalating anxieties of business were an important motivation for action. JIPSA is based on a deceptively simple insight: that skills shortages constitute an obstacle to growth, but that the elaborate and ambitious system for developing skills – which was four years in the making, and has been struggling to hit its stride for nearly ten years – is itself subject to blockages. The remedy is to draft in resources from outside the system itself to dissolve the blockages, and in general to act as a source of focus, strategic advice and political leverage, based on broad stakeholder consensus. However, this apparently clear-sighted and practical approach to defining and solving problems leaves larger issues unanswered. What is the significance of JIPSA in the context of the overall skills development system? Does it mean that we have a system for producing skills that is sound in conception and merely needs time to mature as well as some interim tweaking from expert outsiders to clear ‘blockages’? Or is JIPSA a tacit admission that the framework is flawed in conception and execution but is too big, too entrenched and too invested with political capital to overhaul, never mind turn around?

*CDE commissioned business journalist **Reg Rumney** to review JIPSA in the light of these questions. This is an abridged synthesis of his report and presentation to the workshop.*

JIPSA and the skills pipeline

Reg Rumney

BY JIPSA's self-definition, it is a 'multi-stakeholder working group through which government, business, labour, academic and research institutions and civil society join forces to fast-track the provision of priority skills required to support accelerated and shared growth'. It sets out to do this through a Joint Task Team, headed by the deputy president, and composed of government, labour, business and civil society and a Technical Working Group. The Technical Working Group is headed by Gwede Mantashe, former general secretary of the National Union of Mineworkers.

It is important at the outset to make clear that JIPSA is not a delivery structure or a new component in the delivery architecture for skills delivery; or a means of overhauling the whole education and training system. It is a means of highly selective interventions for narrowly targeted goals, using the leverage of expertise and targeted research as well as the political influence and networking that business, labour and government have in their own spheres. It is concerned only with priority skills whose availability immediately in larger numbers is deemed crucial for faster growth. The conscious strategy on which JIPSA is based is not to engage with large and long-term issues of strategy and policy, but to identify and address – in what has become the defining metaphor for all aspects of JIPSA – the immediate 'blockages in the skills pipeline'.

The close relationship between AsgiSA and JIPSA is clear in the selection of sectors which define JIPSA's areas of operation. They include skills needed for:

- infrastructure development in government, private sector and SOEs, the Expanded Public Works Programme (EPWP), and public service and social services delivery, such as health and education;
- sectors AsgiSA has prioritised, such as tourism and business process outsourcing (BPOs), and following from them, languages and information and communication technology (ICT) skills; and
- agriculture, creative industries, mineral beneficiation, chemicals, forestry, and cross-cutting skills such as finance.

Given the short time span, and the need to get moving, in its first year JIPSA's Technical Working Group selected five sets of priority skills:

- high-level management and engineering;
- town, city and regional planning;
- artisans and technicians;
- maths, science and information and communication technology (ICT) and language teaching in public schools; and
- management and planning skills for public health and education.

Further refinement identified three key deliverables in the short term:

- artisan and technical skills;
- ICT skills; and
- developing a reliable database for unemployed graduates.

JIPSA is not a delivery structure or a new component in the delivery architecture for skills delivery

JIPSA has unquestionably raised the profile of skills issues and demonstrated the shared concern of business, labour, and the government

Within these priorities, certain targets were determined by consultation, including:

- universities should increase the number of engineering graduates by 1 000 a year;
- universities of technology should increase the number of graduate technologists by 300 a year; and
- the number of artisans qualifying must double to about 20 000 a year, with 50 000 additional artisans having qualified by the year 2009.

However, this focus on targets and numbers does not alter official insistence that JIPSA facilitates while delivery is the responsibility of other bodies. Or, as JIPSA puts it, a model has begun to emerge ‘in which practical implementation remains the responsibility of the various project owners and a more focused, co-ordinated and systemic approach is developed to the skills challenge through JIPSA’, although what this means in practice is not always clear.

Profile-raising and agenda-setting

JIPSA has unquestionably raised the profile of skills issues and demonstrated the shared concern of business, labour, and the government. As a senior member of the JIPSA secretariat puts it: ‘At the outset some of the crucial arguments put forward were that, for this to have any chance of success, it would have to be led by the deputy president. If this was lodged within line departments or an official within the Presidency, you would not get traction, and the deputy president has been unequivocal in her support.’

In addition, JIPSA has brought a welcome focus on skills for *growth*. Education and training have many justifications ranging from broadening and enriching people’s lives to – in the South African context – redressing past economic exclusions. Arguably, however, at this point in South Africa’s development the key relationship is that between skills and growth. This connection has tended to be obscured in the myriad social engineering objectives of the many strategy documents and pieces of legislation that have punctuated the ‘skills revolution’.

JIPSA has had two other constructive effects. Firstly, the formation of JIPSA is a tangible – though largely tacit – admission by the government that the existing framework for skills delivery is functioning badly enough to warrant intervention. Since recognition of a problem is an essential prerequisite to solving it, this is welcome. Secondly, the model of social partner engagement is an equally welcome recognition of the need for co-operation and of the limits to the resources of any one of them. This does not mean that broad-based participation solves everything – after all, the existing skills development framework with all its flaws was the product of social partner engagement – but realism demands that putting it right is a co-operative task.

Seeing JIPSA in perspective

Despite these welcome features of the JIPSA initiative, there are some points of concern. These can largely be traced to the determination of all concerned with JIPSA to stress how narrow and limited the initiative is. This takes several forms:

- The limitation to ‘priority skills’ inadvertently gives the impression that we are faced with a number of individual and unconnected challenges, each with its tailored solu-

tion. At one level, of course, this cannot be denied, and it is appropriate that those stakeholders with the biggest interest in solving these discrete shortages – employers in steel and engineering for instance – should roll up their sleeves and tackle them. However, these niche challenges are located in wider shortages of skilled people which are linked to emigration and crises of underperformance in education and training which JIPSA's focus on short term troubleshooting tends to underplay.

- It is not that these performance shortcomings in the wider education and training systems are unknown to JIPSA stakeholders. However, what is clear from interviews and public statements is that there is a very conscious determination to take wider policy issues and frameworks as given and to work within them as a team of apolitical technocrats, practical business people, and down-to-earth trade unionists to solve individual problems. This self-imposed limitation doubtless arises from stakeholders' desire to focus on the supply of particular skills that they themselves need most, as well as a wish to avoid controversy and a reluctance to trespass on what they see as the government's policy-making prerogatives. Whatever the reason, it effectively precludes radical review and innovative reform in the present framework, since if the principal stakeholders won't take up the larger challenges and responsibilities, then who will?

In the end, arriving at an overall assessment of JIPSA is an elusive goal. There are several reasons for this:

- Its short-term mandate (18 months in the first instance, with no clear guidelines to its future as yet) in a field where productive gains are usually measured by a longer standard.
- Its dependence on other bodies for actual delivery. For instance, JIPSA's recommendations on streamlining the system for processing skilled immigration are at the mercy of what will probably be a long and difficult regeneration process in the Department of Home Affairs.
- Its spread across numerous interventions of varying extent and ambition, some hoping to target many thousands, and others a comparative handful.

However, the key to our estimation of JIPSA is likely to be the extent to which we take it on its own, narrowly focused, and limited terms – under which it is scarcely likely to fail – and the extent to which we feel that it fails to see the forest of education and skills development shortcomings, by focusing on the trees of niche skills shortages.

Comments by Haroon Bhorat

One interesting aspect that comes out of this useful presentation is how it shows the difficulty of not slipping into thinking of JIPSA as an institution that should deliver. That is one of the biggest messages that should be taken away to all the workplaces that we come from – that JIPSA is there to light fires under those institutions that are meant to deliver.

The question actually is not whether JIPSA has produced enough artisans, but whether it has engaged enough with those institutions to ensure that targets are met. If that is the right question, then it is difficult to determine whether JIPSA has succeeded or not. I think there is a danger in saying that JIPSA is apparently doing some very useful things, but how

The question is not whether JIPSA has produced enough artisans, but whether it has engaged enough with those institutions to ensure that targets are met

about this and that. I am being facetious here, but I really do not want to do research on the political tensions over skills. That is a danger that JIPSA has faced down.

During discussions of the Technical Working Group, numerous relevant inputs are put on the table, but you have to stick to two or three big themes, and in the past 18 months it has concentrated on artisans and engineers. Tensions arise about whether we are too narrowly focused. It is literally about acting as the spark that gets institutions to deliver, which is difficult, and JIPSA has been unpopular from time to time.

Can the country ignore
the dysfunctional
schooling system?
No, but JIPSA should

Can the country ignore the dysfunctional schooling system? No, but JIPSA should. The same goes for early childhood development, matric pass rates, and maths literacy. JIPSA is a short-term intervention designed to push people along where required. The immigration issue has involved pushing people, and then waiting. A proposal has been made around an immigration service centre for large companies to fast-track work permits, but it is up to Home Affairs and cabinet clusters or whatever to sort this out. If that does not happen, we will be in trouble. Let us recognise the value as well as the limitations, without being a mutual admiration society for JIPSA.

I think 18 months is a very short period in this terrain, but particularly for an issue like skills and skills development, where returns are only seen over a much longer time frame. Everything the secretariat, the Presidency and the Deputy President's Office did as technocrats was around a three-year work plan, and I think one could close shop at the end of this year and say, JIPSA was pretty successful. That would be a pity, because there could well be a second wind around health care professionals, for instance – this is supposed to be the next area – or town planners.

Discussion

A participant argued that it was puzzling that the NQF, upon which a great deal of the skills system and the SETA system's proper functioning depended, had not been dealt with, since JIPSA was there to unblock blockages in the skills pipeline, and that this was perhaps an 'architectural' rather than a 'plumbing' issue. He asked whether such serious issues in the policy environment as problems with unit standards in trainer skills accreditation could be ignored.

It was also mentioned that JIPSA was an initiative set up to identify blockages and perhaps map out what the solution would entail. Delivering on and responding to that was the responsibility of the delivery agents. The secretariat's work had been to inspire, shape, influence, and nurture, and in that role it had irritated some at times. A successful result of this type of intervention was seen to be businesses coming together to form a business skills partnership, in order to contemplate how they could train above equilibrium.

The discussions around SETAs and artisans that had occurred at CDE provided a way to look at the methodologies and approaches used towards skills development. The Presidency would be able to answer on JIPSA's future soon; there were thoughts of institutionalising JIPSA, and the Department of Education has been tasked with developing a human resources development (HRD) strategy, which might imply an HRD council. It was felt to be a danger that JIPSA was lumped with issues that perhaps belonged elsewhere, such as returning expatriates. This was despite the Deputy President's identification of JIPSA

areas of work. Many departments were quite happy to work with JIPSA, and were not puzzled by JIPSA's creation and scope. This followed some early negative reaction, but some departments were now asking when JIPSA would be working with it.

Another concern was with how JIPSA could create confidence in government, as its formation showed an extreme lack of confidence in the performance of the new dispensation thus far. As an initiative, JIPSA needed to have a focused strategy to create confidence in the current dispensation where none existed. The targets were there, but how could momentum be built and created? The artisan target existed, but after three years, even it was not reached, there would be a further shortfall. The problem would not be solved in three years.

It was felt JIPSA was bypassing rather than unblocking blockages. The metaphor used to describe this was avoiding a blockage in a pipe and rather setting up a new pipe. The concern was that the new pipe might break or 'go away', while leaving the old pipe blocked. JIPSA was felt to be a meta-analysis of the bypassing which was essential. JIPSA's legacy would be to have identified what the blockages were, why they existed, and what the deep analysis behind these were, and some suggestion of what government needed to do to change that in the long term.

The point that JIPSA's institutionalisation was inevitable was raised. Calling it an intervention was a misnomer. The admission that JIPSA was there to light fires under institutions was an admission that there were inefficiencies in the system, whether they were policy or resource constraints. Running away from the politics was not an option, especially in the public sector.

JIPSA was felt to be a step toward, a stop-gap, before the introduction of a national human resources development strategy. The latter would be informed by JIPSA's experiences.

It was felt that, considering the calibre of the members of the JIPSA Joint Task Team, it was anything but a bypassing mechanism. JIPSA was incorporating structures rather than bypassing them. It was easy to imagine that a government department would take offence at being asked by a body like JIPSA to present its strategy for training engineers. That was precisely the point, however. Tough discussions were an attempt to push the system along and get the issues that appeared in the newspapers out of the pipeline. Although it was difficult to measure the JIPSA's performance, progress could be seen in the fact that the DoE and DoL had done work on scarce skills, and that many others in the bureaucracy were working on these issues. This was an example of lighting fires. A concrete example existed in the DoE offering the University of Cape Town money to train more engineers, based on a business plan produced by JIPSA. JIPSA did not take all the credit for that, but the DoE took JIPSA's interest as a vote of confidence.

JIPSA was felt to be a method of interacting with the system, but what was needed was a more systematic way of picking up and systematising what was inadvertently implied by the findings in the blocked pipe. To make it sustainable, a method of interrogating why a particular intervention was successful needed to be established. This would entail knowing what was done differently, knowing what had been learnt, and, finally, looking at what 'mini interventions' went into making up the initiative successful. Finally, JIPSA could be deemed to have been successful if it did itself out of a job.

JIPSA was felt to be a step toward, a stop-gap, before the introduction of a national human resources development strategy

Concluding remarks

The National Skills Authority, which advises the Minister of Labour, Membathisi Mdladlana, is due to review the 2005-2010 National Skills Development Strategy at its mid-point in September 2007. This report, itself a partial review of the skills development landscape, reveals some of the features that urgently need attention. Many detailed criticisms emerged from CDE's research reports and workshop discussion, but generic problems across the skills landscape are:

Education is failing training, and training (as well as higher education) is expected to compensate for the deficiencies

- Education is failing training, and training (as well as higher education) is expected to compensate for the deficiencies. JIPSA's report lists the ways in which this can be done: top-up and bridging courses; work orientation and life skills programmes; retraining and conversion programmes; on-the-job coaching, mentoring and guidance; and national and international placement programmes. Between December 2005 and the end of 2006, 900 unemployed graduates – from an estimated 200 000 – received this kind of 'second education'. It is easy to applaud any effort to address a serious and pressing problem. How can we move on from these crisis management measures and ensure that we won't have to repeat them for every generation of graduates?
- How far can we reasonably hope shift the burden of educational performance on to business and employers in general?
- Too much is expected of the skills development framework, which has expanded to have too many functions across too many fields: how can they be streamlined and rationalised? How can the priority of skills for growth be institutionalised?
- Institutional performance has been uneven at best, within components of the system (SETAs, government departments, education and training institutions) and among and across them: how do we tackle the poor co-ordination and communication that are pervasive problems throughout?
- Skills shortages mean much more than vacancies. How can we address the politically charged issues of quality (of qualifications, of performance?) honestly and constructively?
- Vacancies mean more than shortages. How (in the public sector in particular) can we reform and streamline recruitment process through leadership and strong management so that we can make the most of the resources we do have?

The price of failing to cope with these problems is not only economic. It is well and widely understood that failure to sustain and expand economic growth through skills shortages and other constraints identified in the government's growth plans could have destabilising political effects in the long run. But, even more ominously in the short term, political and racial tensions are gathering around skills issues themselves. Under such circumstances it is not enough to pretend that skills issues are purely technocratic and apolitical, and that we have a system for skills development that merely requires tweaking by experts and a bit of extra effort from the 'social partners' to fill critical shortages. The problems are wider, deeper and more serious than that.

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