

Skills development

has the revolution begun?

In March this year the Minister of Labour, Tito Mboweni, unveiled a Green Paper called "A skills development strategy for economic and employment growth in South Africa". He announced that the strategy sets in motion a "skills revolution in our country and nothing less than a revolution will suffice when one considers the urgent need for employment and productivity growth ..."

While the Green Paper does make new proposals around financial and institutional mechanisms for training, for the main part it is based on the same assumptions as other recent policy initiatives, including GEAR, the LRA and the South African Qualifications Act (SAQA). What informs them is the need to make South African industry competitive in order to ensure economic growth. It is assumed that South Africa's social and economic problems will be addressed through a market dominated economy, active labour market policies, new forms of work organisation, social partnerships and a more responsive education and training system.

Proposals

The Green Paper focuses on industry or demand led training facilitated by state regulation. The purpose is to improve skills, which will lead to increases in productivity and a more competitive economy. It also promises support for young and unemployed workers by increasing access to entry level training, help for 'survivalist' enterprises and regular employment. The main proposals are:

Salim Vally asks whether the Green Paper on skills begins or defers the revolution that South Africa needs.

- *Learnerships*, will largely replace the current system of apprenticeships. Formal training through learnerships will be dependent on work experience. Learners will be accredited through the National Qualifications Framework (NQF).
- The Department of Labour's *Employment Services* will be revamped to provide proper career guidance and placement services. These will include 'Social Plan' measures aimed at assisting retrenched workers and communities..
- *Sector Education and Training Organisations (SETOs)* will serve as intermediaries between learners and training providers. They will plan, manage, fund and evaluate skills development, and will be located in 20 industrial sectors including government departments. SETOs will combine the functions of industry training boards, education and training quality assurers (ETQAs as envisaged by SAQA) and will facilitate the involvement of government departments to ensure partnerships between the public and private sectors. The Green Paper proposes that SETOs with needs in common fields of learning

will co-operate with each other and with provider interest groups to form a *Learnership Standards Generating Body*

- *A National Skills Authority (NSA)* will replace the National Training Board (NTB). The NSA will serve as an advisory body to the Minister of Labour.
- *A Research and Strategic Planning Unit (RSPU)* based in the Department of Labour. This will assist the new structures, government departments and education and training providers by collecting, analysing and disseminating information on labour market trends and their implications for skills development.

Funding

Given the emphasis on fiscal discipline emanating from government, paying for skills development from public funds will be tricky. Previous funding initiatives, such as the Regional Training Centres (RTCs) and the Training Trusts which fell under the Department of Labour have been inadequate in terms of both the quality and the disbursement of funds.

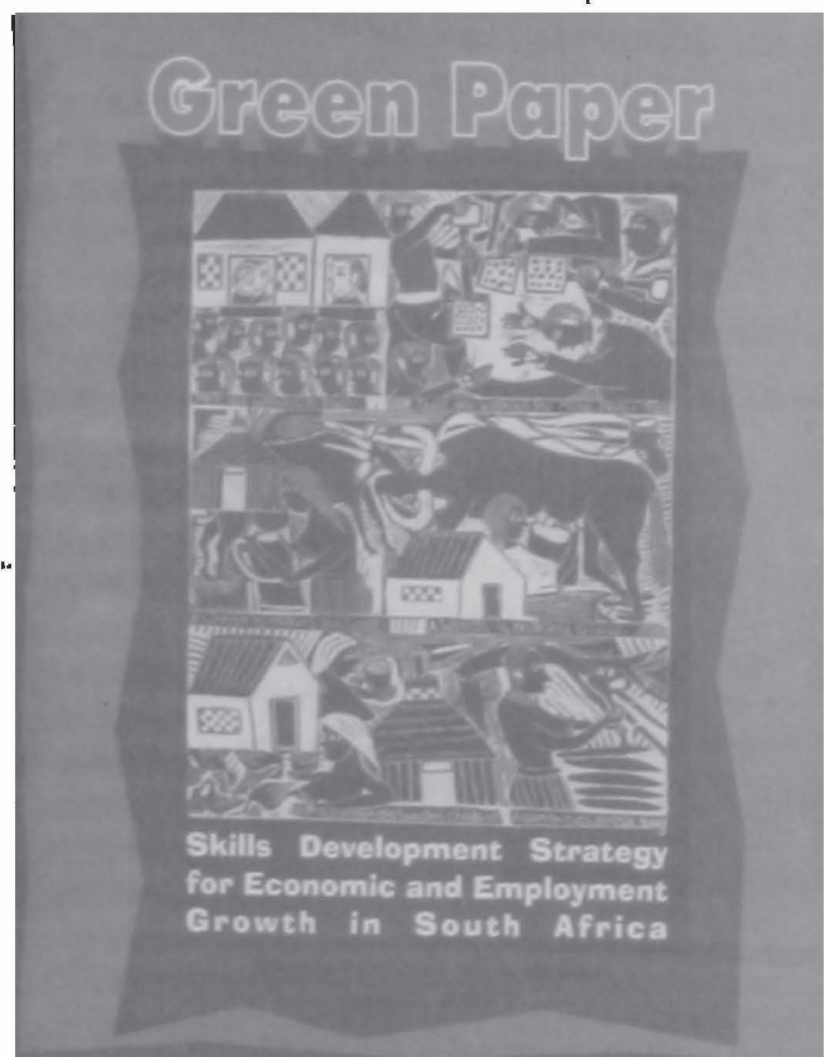
While the Green Paper acknowledges that the RTCs and Training Trusts provide programmes where market forces will not venture, it proposes that these institutions no longer receive preferential treatment (through recurrent and dedicated funding). They will only be given preferential access in the first round of long-term contracts, that is for a period of two years. Thereafter, all providers will be eligible to compete for long-term contracts via an open tendering system.

The funding proposals contained in the Green Paper were drawn up with the assistance of the World Bank. They are based on a levy/grant

scheme. Grants will be funded by a private sector payroll levy. Although the amount has not been finalised, a levy of 1% or 1,5% of payroll is under discussion. It is estimated that this would raise R1,5 to R2-billion. A threshold will be set and companies, particularly small enterprises, which fall below this threshold, will be exempt from the levy.

In international terms, the proposed levy is very low. A recent survey by the Labour Research Service (LRS) found that the international average paid by employers for training is 4 to 7% of payroll.

Companies can recover their contributions by applying for training grants. They will, however, have to meet certain conditions in order to do so. In this way the government hopes to ensure that training in strategic skills takes place as well as expand and improve enterprise training. Even if



companies are not directly involved in training, their levy contributions will assist the costs of training within the industry. If everybody has to pay, the current practice of poaching skilled workers from other companies may be reduced.

Levies will be paid into two funds: a *Sectoral Skills Fund*, which will receive 80% of total revenue, and a *National Skills Fund*, which will get the remaining 20%. The Sectoral Fund will be managed by the SETOs. It will deal with enterprise and learnership training in different sectors. The National Skills Fund will target learnerships and employee training in priority industries. The Department of Labour, with the approval of the National Skills Authority and the Minister, will be in charge of collecting and disbursing levy funds.

Technical colleges, which currently receive state funding, will be required to provide formal training under the new learnership system. A portion of the funding will be earmarked for this purpose and will only be paid out once the college has entered into a SETO registered contract. Colleges will therefore be compelled to compete with each other for market niches.

Finalisation and implementation

A draft Bill will be presented to Nedlac this month. The final Bill will be tabled in Parliament before the end of the year.

A three year pilot implementation phase has also been designed. The following goals have been set for this period:

- the development of national co-ordination and information systems;
- improved in-service training;
- the introduction of learnerships;
- the development of Employment Services;
- designing a funding system.

Questions

The next issue of the *Labour Bulletin* will contain a critical appraisal of the Green

Paper and its implications for the unemployed, workers and education and training providers. At this stage some general points which can be made are:

- The Green Paper understands skills not only as the practical ability to perform a set of tasks but also what is known as 'applied competence'. This means that workers understand the reason why they are doing these tasks and are able to adapt when changes are needed. It does not, however, look at the ideological dimensions of skills. The notion of skills, particularly skills shortages is a contested one. These are not new debates in South Africa. In 1981 the Human Sciences Research Council produced what is commonly known as the de Lange Report. A major part of this report was devoted to emphasising skills shortages in different sectors and the negative effects this had on economic growth. Plans were made to increase technical training and expand industrial training programmes. In a critique of the report, Linda Chisholm (1984), while not denying that there may be skills shortages at times, noted that "the purpose of [the clamour to increase skills] appears to be as much to intensify ideological controls over workers and wed them more firmly to capitalist values as to provide for South Africa's 'manpower' needs."
- The Green Paper stresses the need for competitiveness - whether competition for markets, or competition between education and training providers or pressures on workers to compete against each other - on just about every other page. In the section of the summary entitled "Who will benefit from the skills development strategy?" we find the telling statement: "Skilled workers and managers are less likely to take an adversarial stance in relation to

productivity enhancing strategies required by firms, as they are more likely to understand the competitive pressures that impact on the firm." In a previous issue of the *Bulletin* (Vol 19 No 3) Sam Gindin shows that competitiveness has emerged as the ideology of the new era of capitalism because it "presents the development of productive forces as having only one possible channel: the strengthening of the capitalist class and of individual companies." Is this the route we want to take in South Africa?

- While the system of learnerships might increase employability it is doubtful whether it will increase the number of jobs available. Companies might be happy to keep school leavers and young workers on while they go through learnership, but once they qualify and are entitled to higher wages they will become too expensive. Almost half of the unemployed workers in Germany are the products of apprenticeships. The Green Paper, in its attempt to win over business, emphasises that "The pool of skills from which firms will be able to recruit will be more plentiful, higher quality and more relevant." Once again, the experience of industrialised countries show that a 'more plentiful skills pool' does not translate into higher employment. In these countries a process called educational inflation or a qualifications spiral occurs where "employers demand higher qualifications" at the same rate of pay for jobs which previously required lesser qualifications.
- The Green Paper states that the new training system will encourage 'flexibility' of labour, but does not clarify what it means by this. Will it mean an increase in the peripheral work force of sub-contracted, casual and occasional workers who do not have full-time secure jobs with benefits and a minority

of highly skilled core workers who do? A recent detailed study of South Africa's labour market conducted by the ILO concluded that the labour market is in fact already too flexible. It stated that South African workers have little employment protection, retrenchments are widespread, notice periods are short or non-existent and 82% of firms use temporary labour. The ILO report also found very little evidence of real skill shortages. The study also found that countries with high wage differentials are less productive than those with lower differentials. South African managers earn about 15 times more than most workers. In the East Asian countries, so often held up as examples of productivity, the differential is only three. The Green Paper is silent on this issue.

- The Paper makes strong connections between skills development and national economic development. Workers are seen as both a value added product and the means by which the economy is to be improved. Education and training is seen as a panacea for solving problems such as poverty and unemployment. Yet, are these problems not brought about by the political structure and the class basis of South Africa?

The skills development strategy defers rather than begins the revolution the Minister of Labour refers to. The dilemma for the proponents of the strategy and other policy initiatives is how to situate social development initiatives within a market dependent macro-economic framework. In the next issue of the *Bulletin* we will focus on this as well as a more detailed critique of the specific proposals contained in the Green Paper. ★

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