

NEW GROWTH PATH: **ACCORD 1**

# NATIONAL SKILLS ACCORD



**economic  
development**

Economic Development Department  
**REPUBLIC OF SOUTH AFRICA**

## INTRODUCTION

Government and our social partners recently signed a National Skills Accord, as one of the first outcomes of social dialogue on the New Growth Path.

This booklet sets out the text of the Accord.

This booklet has been produced as a public information resource. It is intended to help shop stewards, business representatives, community activists and government officials to communicate the contents of the National Skills Accord to a wider audience.

The purpose of the communication is to empower South Africans to implement the wide-ranging commitments that are contained in the Accord and mobilise the private sector, organised labour, communities and government in a strong partnership to expand skills in the country as a platform for creating five million new jobs by 2020.

This Accord has been signed on behalf of

- Organised Labour, comprising of COSATU, FEDUSA and NAC-TU, represented by Zwelinzima Vavi, Dennis George and Manene Samela
- Business through Business Unity SA, represented by Futhi Mtoba
- Community constituents at NEDLAC, comprising of organisations of women, civic structures, youth, people with disabilities, cooperatives and the financial sector campaign, represented by Lulama Nare
- Government, by Dr Blade Nzimande, Minister of Higher Education and Training.

Our thanks go to the leaders of the four constituencies who made this Accord possible.

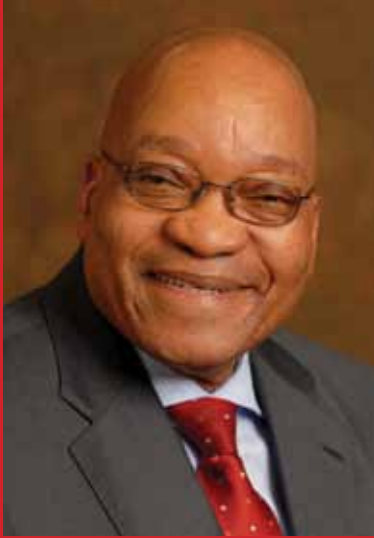
**Ebrahim Patel**

*Minister of Economic Development*

# NATIONAL SKILLS ACCORD

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**Government has committed to a more active training mandate for State Owned Enterprises (SOE's) through which at least 20 000 persons will be enrolled as apprentices and learners. The social partners have made their commitments too. This approach proves that working together we truly can do more and we look forward to more critical breakthroughs from the NGP processes. We must look for every possibility to create meaningful employment for our people.**

**Jacob Zuma**  
*President*



**In order to grow the economy, we need strong partnerships across different sectors as required by the New Growth Path, the policy document central to government's vision for economic development and job creation. These Accords are the first in a series brokered across our society and will provide the glue required to for us to work closely together towards a common goal.**


**Kgalema Motlanthe**  
*Deputy President  
and Chairperson of  
the HRD Council*

**“We have highlighted the need to ramp-up artisan training, and placements for students and now have commitments that will take us forward to reach our key training targets. This requires the collective effort of all involved to achieve success. Government is ready for an active and concrete partnership.”**



**Blade Nzimande**  
Minister of Higher Education and Training

**“A key pillar of the apartheid regime was to deny our people access to quality education and skills. This Accord goes some way to addressing that by expanding workers’ access to genuine work-based and transferable skills. We can only achieve these goals by strengthening our training institutions through an approach that involves all of the social partners.”**




**Zwelinzima Vavi**  
Cosatu

**“In November 2010, Business committed to working with Government, Labour and Community towards the national goal of a New Growth Path and five million jobs in the next ten years, “five by twenty”. We have since engaged actively in the NGP discussions led by Minister Patel. It is a new and exciting process which allows us to enter into frank discussions on how to improve South Africa’s competitiveness. As we focus on the long term there are immediate imperatives which must be addressed. Our current commitments include increasing training beyond the current 1% training levy and will urge companies to consider a stretch target of between 3 to 5%.”**



**Futhi Mtoba**  
Busa

**“Our economy rewards people with high skills, excluding vast numbers of our population. We must bridge that gap and ensure that people have adequate skills to generate livelihoods. We look forward to the opportunities that this Accord will afford South Africans to gain meaningful skills and exposure to workplaces as interns and trainees”**



**Lulama Nare**  
Community

## THE NATIONAL SKILLS ACCORD – THE TEXT

Representatives of business, organised labour, the community constituency and government have agreed to partnerships to achieving the New Growth Path target of five million new jobs by 2020.

The parties agree that action and implementation should be a hallmark of the partnership, with constituencies identifying areas where they can make firm commitments as well as identifying actions that other constituencies would need to undertake to do in order for the broad goals of the New Growth Path to be achieved.

The parties have identified a number of commitments they each can make on training and skills development, and which is set out in this Accord.

These commitments are in eight key areas and are to

- Expand the level of training using existing facilities more fully
- Make internship and placement opportunities available within workplaces.
- set guidelines of ratios of trainees: artisans as well as across the technical vocations, in order to improve the level of training
- improve the funding of training and the use of funds available for training and incentives on companies to train
- set annual targets for training in state-owned enterprises



- improve SETA governance and financial management as well as stakeholder involvement
- align training to the New Growth Path and improve Sector Skills Plans
- improve the role and performance of FET Colleges.

The parties recognize that these commitments, together with the other actions taken by government, can significantly increase the number of South Africans who can access training and it can result in a large increase in the skills-base for the economy.

Details of these commitments are set out below.

### COMMITMENT ONE

#### *To expand the level of training using existing facilities more fully*

All parties agree to the need to increase the numbers of artisans as well as other scarce skills that are produced through the national training system. To this end, they commit to: using existing public and private sector facilities fully; support the need by state-owned enterprises as well as private sector companies to train beyond the needs of the enterprise concerned; and set targets for training enrolment that constitute the minimum levels that they undertake to achieve through their constituent members.

Employers - in collaboration with SETAs - commit that 30 000 new artisan learners will enter training this financial year. This target includes 31% Government sector (Defence, Local Government etc), 13% SOEs (Eskom, Transnet etc) and the balance of 56% coming from the private sector.

Government commits to ensuring that State-owned enterprises have training beyond their own needs as an explicit mandate.



Business agrees that companies will train beyond their own needs in both artisanal as well as other technical, technician and additional key skills areas and will work with government to fully utilise the training facilities that they have available in the private



sector. Companies will work together in sector groupings to identify candidates for such training and third party funding (including tax incentives) for certain of the additional direct costs of additional trainees. Targets for additional training will be reported by the end of August 2011.

Organised labour and government agrees that not all trainees will become employees in the company concerned and a distinction will be drawn between trainees and employees for purposes of establishing who are entitled to collective bargaining entitlements.

## COMMITMENT TWO

***To make internship and placement opportunities available within workplaces.***

Companies will annually make 12 000 placements/internship spaces available for students who complete their certificates at FET Colleges, 5 000 internships for 3<sup>rd</sup> year students at Universities of Technology who need the work experience as part of their qualifications, and opportunities for training exposure in a work environment for at least 16 000 lecturers at FET Colleges. This will be phased in, with 20% of the target to be achieved in 2011, 50% in 2012 and 100% from 2013.



Parties agree to work together to improve both the capacity and quality of FET colleges.

Government will develop targets for internships in the public sector, embracing all levels of government.

All parties support efforts to ensuring that the education and skills base of the young people not in employment, education or training is raised through adult education and training programmes. They further commit to ensuring that there is proper application of recognition of prior learning and appropriate methods for this.

### COMMITMENT THREE

***To set guidelines of ratios of trainees: artisans as well as across the technical vocations, in order to improve the level of training***

It is agreed that companies employing artisans should train sufficient apprentices to ensure the replenishment of this group of skilled workers over time. To this end targeted ratios of apprentices to artisans can indicate what levels of training are appropriate.



It is therefore agreed by all parties that as a guideline, businesses should set targets of the ratios of trainees:qualified personnel they should have, in order to ensure that there are sufficient numbers of persons in the training pipeline. These ratios should be stretch targets in order to improve significantly on current performance. In the same spirit, the parties recognise that a guideline of the

number of trainee engineers:technicians:artisans could similarly assist with skills planning and new skills generation. To this end:

1. Business notes the MERSETA ratio of two apprentices for every artisans
2. Business also notes the Transnet ratio of 1:3:8 for engineers:technicians:artisans
3. Taking account of the above, specific sectors will, by end August 2011, propose sector specific ratios, which ratios will also be included in SETA Sector Skills Plans.

#### COMMITMENT FOUR

***To improve the funding of training and the use of funds available for training and incentives on companies to train***

In order to improve the level and quality of training:

1. Business commits to improve spending on training that companies undertake beyond the 1% compulsory training levy that is currently in place. Business will urge companies to spend between 3 percent and 5 percent of payroll (total salary bill) on training, with as many companies as possible at the high end of this range. The parties clarify that this commitment relates to the voluntary spending by companies, ie in addition to the 1% compulsory training





levy. All businesses will be requested to annually disclose publicly the training spend in absolute terms and as a percentage of payroll through the annual report they are required to produce in terms of the Companies Act.

2. The parties recognize that the cost of training should, in general, be borne by business and government as large-scale training and new skills production will benefit the economy, business enterprises and society. Government commits to ensuring that the possible sources of incentive funding for training and skills development, i.e. tax credit for unemployed young people, learnership credit are integrated and their efficiency improved.
3. The Minister of Higher Education and Training commits to ensuring that the National Skills Fund (NSF) is effectively used to support skills that address the priorities of the New Growth Path.
4. Business and labour commits to ensuring that part of the Mandatory grant (10%) is used for funding workplace training for University of Technology students as well as FET college graduates.
5. All parties support the commitment by government in the New Growth Path to
6. revise the BB-BEE scorecard to give more prominence to training and skills enhancement. Government commits to complete the process on an expedited basis and to take the matter through Cabinet during 2011.

## COMMITMENT FIVE

### *To set annual targets for training in state-owned enterprises*

Government has committed to set annual training targets for all State-owned enterprises. For state-owned enterprises as a whole, at least 20 000 persons will be enrolled as apprentices and learners between 2011 and 2015.

These are now being developed into annual, binding targets for each SOE. The targets for the larger SOEs are as follows:

- Eskom: artisan trainee enrolment for the period to 2015 (including learners in the system) will be 7 000 (with an additional 400 artisan trainees subject to funding terms being concluded with the shareholder). In the 2011/12 financial year, an additional 1 100 persons will be enrolled in scarce-skills training programmes (mainly engineering and technician training) bringing the number in the system to 4 100. Within the Eskom supply-chain over the three-year period to March 2014, a further 7 500 unemployed matriculants will be enrolled in Trade Skills Training programmes and 7 500 graduates will be given placements for work experience by companies in the supply-chain.
- Transnet: artisan trainee enrolment for the period to 2015 (including learners



in the system) will be 3 400 (with an additional 2 000 artisan trainees subject to funding terms being concluded with the shareholder). In the 2011/12 financial year, an additional 1 500 persons will be enrolled in scarce-skills training programmes (mainly engineering and technician training) bringing the number in the system to 4 100.

- SAA/SAX: artisan trainee enrolment for the period to 2015 (including learners in the system) will be 875 (with an additional 100 artisan trainees subject to funding terms being concluded with the shareholder) while in the 2011/12 financial year, an additional 200 persons will be enrolled in scarce-skills training programmes (mainly for cadet pilots and learnerships) bringing the number in the system to 240.
- Denel: artisan trainee enrolment for the period to 2015 (including learners in the system) will be 600 (with an additional 350 artisan trainees subject to funding terms being concluded with the shareholder) while in the 2011/12 financial year, an additional 40 persons will be enrolled in scarce-skills training programmes bringing the number in the system to about 80.
- Safcol, Alexcor and Infracore: artisan trainee enrolment for the period to 2015 (including learners in the system) will be about 60 while in the 2011/12 financial year, an additional 70 persons will be enrolled in scarce-skills training programmes (mainly engineering and technician training) bringing the number in the system to 220.

## COMMITMENT SIX

### *To improve SETA governance and financial management as well as stakeholder involvement*

All parties commit to improve SETA governance and financial management as well as stakeholder involvement, and to this end:

1. Business and labour commits to improving the seniority of their delegations to SETA Board meetings;

2. The parties acknowledge the need for the Minister of Higher Education and Training to have a greater role in ensuring that SETAs are effective (including nomination of chairpersons and



appointment of additional board members). It is agreed that future appointments of chairpersons will be done following consultation with social partners.

3. The Minister of Higher Education and Training will ensure that the regulations allows for stronger participation and oversight role of the social partners on matters related to skills development at the workplace. This is in particular related to the role of organised labour in approving the Sector Skills Plans and the Workplace Skills Plans on the shop floor.
4. SETA's will not release the funding for Workplace Skills Plans and ATRs unless it is signed off by organised labour in the particular workplace and protocols will be developed to ensure this process improves the quality of the skills plans and ensures expeditious consideration of such skills plans.
5. Social partners commit to ensuring that the workplace is used as a site of training and that proper training takes place. Organised labour commits to ensuring that there is proper mentoring of the young people at the workplace and they are not used as substitutes.
6. It is recognized that the Minister of Higher Education and Training will play a coordinating role of all the initiatives related to training and skills development. All parties commit to ensuring that they

will provide support for monitoring the achievement of targets and to work with the Minister of Higher Education and

7. Training who is responsible to ensure that there is proper labour market analysis to guide skills demand and supply.

## COMMITMENT SEVEN

### *To align training to the New Growth Path and improve Sector Skills Plans*

All parties agreed that industrial training should be linked more strongly to the NGP and the needs of sectors and that effective training requires and benefits from a strong basic education system. They agree to set out their joint actions and commitments to strengthen the basic education system in a separate undertaking.

A review of all Sector Skills Plans will be undertaken as follows:

1. The framework of all Sector Skills Plans will be aligned to the New Growth Path and its manufacturing-driver, the IPAP2.
2. The Sector Skills Plans should support growth and jobs in the sectors by ensuring relevant skills are developed and by significantly stepping up production of key skills. Quantitative targets will be set for training particularly for score skills and key skills to improve industrial and workplace performance. This will also include clear targets on the number of apprentices to be enrolled in each sector and systems to track progress against targets.
3. Business and labour commit to ensuring that the funding of





training through the skills development levy is directed towards the training that meets the skills needs of the economy, including the training of professionals and training programmes that leads to a qualification.



4. Workplace skills plan requirements will be incorporated into the Skill Sector Plans to ensure that these are aligned to the national goals set out herein and that training practices are transformed in South Africa's workplaces.
5. A funding plan will be developed to support the targets set out in such Sector and Workplace Skills Plans.
6. Structures that exist should be used where possible and parties will work closely with relevant government departments, including those dealing with higher education, economic development, trade & industry, mineral resources, agriculture, forestry and fisheries and labour.
7. Sectors will develop these new Sector Skills Plans by September 2011 for submission to the DHET by 30 September 2011 for consideration by the Minister of Higher Education and Training.

## COMMITMENT EIGHT

### *To improve the role and performance of FET Colleges*

The parties support the new focus on FET Colleges and on ABET. Social partners agreed that FET colleges' intake will be expanded to ensure that they are at the centre of our efforts to improve skills development. It is agreed that the FET colleges will be the preferred training providers for skills training programmes and that the skills development levy will be steered towards the programmes that are provided through the FET colleges.



In order to improve the functioning of FET Colleges:

1. Government commits to improving quality of provision, enhancing the responsiveness of programmes to labour market needs, and funding the FET colleges adequately so support these initiatives. In addition, DHET commits to continue and accelerate efforts to build capacity in FET colleges, through among others improving the governance, management, expanding and improving the quality of the offerings, strengthening the curriculum etc.
2. The parties see value in a programme that encourages businesses to 'adopt' FET colleges. This will foster close working relationships, and ensure that companies are able to support public FET colleges. It will also ensure better alignment between what colleges offer and what industry needs in a specific area. To this end, Business commits to
  - a. Develop a plan for workplace exposure for FET college lecturers, in consultation with FET colleges. A Report will be presented in August 2011 setting out proposed details of such partnerships, based on geographic spread of colleges, access to industry, means to address constraints to accessing workplace exposure and will recognize the need for lecturers to be keep up with, and be trained in the latest technological innovations and trends. This is crucial particularly in the engineering sciences and in other scarce-skill and rapidly-changing areas.
  - b. Support efforts of engineers on their payroll to teach, either part time or as guests, at FET colleges. This will ensure that the learners are able to benefit from their experience
  - c. Offer support as may be needed, to the extent possible, such as sponsoring machinery for the training laboratories in their adopted colleges.


**Based on the above, we as representatives of our constituencies, now commit to this partnership and to combining our efforts in order to strengthen skills development as a crucial pillar of the New Growth Path.**

Signed on behalf of Organised Labour

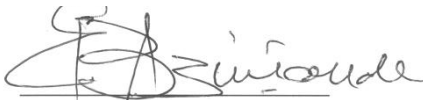
Twelingsima Vaini

Signed on behalf of Business

Signed on behalf of Government



Signed on behalf of Community Constituency



Signed at the Union Buildings, Pretoria, on Wednesday, 13 July 2011



## Publications in the Series

- 1: The New Growth Path: Framework.
2. Accord 1: National Skills Accord
3. Accord 2: Basic Education and Partnerships with Schools



## economic development

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