

BUSINESS CASE FOR THE WESTERN
CAPE PROVINCIAL SKILLS
DEVELOPMENT FORUM

DEPARTMENT OF ECONOMIC DEVELOPMENT
AND TOURISM

COMPILED AND PRESENTED BY THE PSDF JOINT SOCIAL PARTNER FORUM

*Facilitated by the Economic Development in a Learning Province,
commonly known as
The Learning Cape Initiative
March 2010*

*Everyone has the right to a basic education, including adult basic education; and to further education, which the state, through reasonable measures, must make progressively available and accessible.
Section 29 – Bill of Right, the Constitution of The Republic of South Africa*

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*We have placed education and skills development at the centre of this government's policies.
In our 2010 programme, we want to improve the ability of our children to read, write and count in the foundation years.
Unless we do this, we will not improve the quality of education.
Our education targets are simple but critical.
We need to invest in our youth to ensure a skilled and capable workforce to support growth and job creation.
President Jacob Zuma – State of the Nation Address – 11 February 2010*

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*Provincial governments, and national governments for that matter, do not grow the economy or create jobs. Businesses do that. But governments can provide an enabling environment, or a disabling environment, which either encourages or discourages growth.
We intend to do the former.
We must create an enabling environment for job creation, economic growth and ensure the skills we produce are matched to the needs of the economy.
The Premier of the Western Cape; Helen Zille – 19 February 2010 (State of the Province)*

Acknowledgements

The Provincial Skills Development Forum (PSDF) Business Case was produced through the collective contributions of the social partners and stakeholders to develop a coordinated response to the challenges of the socio-economic continuum of education, skills development and lifelong learning.

A series of three Social Partner and Stakeholder Forum meetings, chaired by social partners, occurred over three months: 30 November 2009, 25 January and 25 February 2010. The following social partners and stakeholders participated in the process:

Institution	Representatives
Civil Society	Vincent Daniels, Lin Helme, Damaris Fritz, Tasneem Gamielien, Eddie Petersen, David Sanders, Henrietta Settler and Jacky Thomas
Department of Labour	Fatima Galvaan and Ernie Mannevedt
Further Education and Training Colleges	Gavin Adams and Zozo Siyengo
Higher Education and Training Institutions represented by Cape Higher Education Consortium	Xolani Mdoda and Sonwabo Ngcelwane
Organised Business	David Seale and Mangaliso Mdalo
Organised Labour	Abduraghmaan Adams, Derek Haupt and Ndoyisilo Setwati
Provincial Development Council	Nikitta Vazi and Joshua Wolmarans
Provincial Government	Mark Apollis and Elizabeth Walters
Western Cape Sector Education and Training Authority Cluster	Sedick Jappie, Johan Ryk, Leonard Strong and Lana Van Der Westhuizen

Three Task Team meetings - 9, 16 February and 1 March 2010 - were held to articulate, translate and converge the diverse thinking and writing of the social partners and stakeholders.

Task Team members:

Institution	Representatives
Civil Society represented by the South African Non-governmental Organisational Coalition	Damaris Fritz, Henrietta Settler and Jacky Thomas
Further Education and Training Colleges	Gavin Adams
Higher Education and Training Institutions represented by Cape Higher Education Consortium	Sonwabo Ngcelwane
Learning Cape Initiative	Beverley Barry, Paul Lundall, Cheryl Ontong and Rudy Oosterwyk
Organised Business	David Seale
Organised Labour	Abduraghmaan Adams
Provincial Development Council	Nikitta Vazi and Joshua Wolmarans
Provincial Government	Elizabeth Walters
Western Cape Sector Education and Training Authority Cluster	Leonard Strong

The result of this social dialogue process is the production of the business case that sets the scope and framework for the PSDF. The work of setting up the PSDF was done by staff members and associates of Economic Development in a Learning Province (EDLP) commonly known as Learning Cape Initiative (LCI): Beverley Barry, Rudy Oosterwyk, Paul Lundall, Lieve Vanleeuw, Cheryl Ontong, and Dr. Shaun Viljoen.

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Foreword - The Policy Location and Identity of the PSDF

The vision to universalise education, training and skills development, build a growing economy, strengthen democracy and entrench a culture of lifelong learning is monumental. It represents a challenge to provide appropriate conditions for genuine development of each and every person, particularly the most marginalised and vulnerable citizens. While the Western Cape is in a comparatively better economic position than other provinces with regard to growth, unemployment and poverty, this coexists with high levels of inequality amongst its citizens.

Unemployment and poverty are at the root of such inequality. Individual job seekers are often intricately linked to impoverished families caught in a web of hunger, homelessness and ill-health, characterised by indignity, deprivation and exclusion. In many instances these damaging social factors are exacerbated by low or non-attributable skills levels. Appropriate skills would therefore provide the hope and pathway out of these conditions. The statistics evade the qualitative meaning of joblessness. Since there is no single institution that can carry the burden of rectifying these problems, which are pervasive and ongoing, it puts an obligation on the state to intervene and, in cooperation with social interests and stakeholders, drive the coordination of multiple institutions and actors to address these challenges.

Education as a social foundation is in a crisis. Universal quality education has not yet been realised. What is the purpose and role of education, training and skills development? Arguably these are to enhance the cognitive development of citizens and instil values and attitudes that ensure responsible citizenship. Finally, quality within the education system ought to equip its recipients with the tools necessary to deal with the inequities of society. A quality education system is critical to developing responsible citizenry, contributing to an adaptive workforce that is adequately prepared for the demands of the workplace. It ensures that people have access, hope and aspirations to a collective future.

Skills development for workers to access and progress within work (vertically and horizontally) continues to face ongoing challenges. For instance, workers who join the labour market, either as unskilled or semi-skilled labourers, find it difficult to meet the requisite competency demands and to progress within their workplaces through skills development. Furthermore, the lack of recognised skills development with complementary remuneration progression impacts negatively on workers, especially those who apply for work and change jobs. Although firms and workplaces are critical in providing skills training and development, their efforts remain uncoordinated and under-resourced, which negatively affects industries and economic activity in the province.

The Premier, in her State of the Province Address, speaks about the need to *“create an enabling environment for job creation, economic growth and ensure the skills we produce are matched to the needs of the economy.”* This quest must focus on quality as an imperative to ensure that citizens gain the knowledge and skills they need to better their lives and to play a role in building more equitable and peaceful societies. A key element for the realisation of this quest is located within informal and non-formal programmes which draw a balance between problem solving skills, personal growth and development, health issues, social issues and other contextual areas.

Skills development needs to be about acquiring skills that are related to employment, job creation and the business market in the context of social change in order for provincial strategies to be fully realised. Strategies that concentrate solely on economic growth and employment will not succeed without orienting these towards changing the dynamics within communities and society. Both are crucial for growth and development of the province.

Every investment in education, training and skills development must be measured against how well it serves to expand access to these investments and how well it fosters employment and the creation of decent jobs. This is particularly significant for marginalised people such as the rural and urban

poor, women, youth and the disabled. Skills development is an important element in raising the productivity and competitiveness of business. However, a strong, vibrant and thriving economy that advances the revival of excellence in education, training and skills development (both in formal and informal sectors) is needed for democracy to flourish. The establishment of the PSDF should therefore enable proactive social partner and stakeholder participation as a driving force to ensure consensus on quality and robust long-term commitment to achieve excellence.

The Premier in the State of the Province address sets out a firm commitment to economic growth, job creation and skills development. In this regard, the establishment of the Western Cape Provincial Skills Development Forum will advance the commitments and the collective efforts of all social partners and stakeholders on two of the Province's most critical strategic objectives, namely:

- Maximising economic growth, job creation and sustainability
- Clean, value driven and responsive government

In both the short and long term, attaining these objectives will add value and have a measurable impact on the reduction and alleviation of poverty and unemployment. As the Premier states, this will require *“unrelenting focus on the task at hand. It would require a provincial administration with the institutional capacity and resources, both human and financial, to deliver.”* Locating the work of the PSDF within the Department of the Premier will ensure that its work is integrated across key strategic levers within government, industry and critical stakeholders. The value of the PSDF will reside in deliberating common goals of social partners and stakeholders, negotiating an understanding of diverse viewpoints, internalising common interests and de-emphasising narrow self-interest.

The establishment of a PSDF is a call to evolve beyond the sharing of information, to focus squarely on the development of skills within a transformation framework that deepens and enriches current concepts of

development. All social partners and stakeholders, especially the business community, must provide strong and consistent support to these efforts that are boldly seeking to expand and improve lifelong learning for all citizens in the province.

1. Executive Summary

Salient Feature 1: Institutional Intent of the PSDF

This business case recommends the establishment of the Provincial Skills Development Forum (PSDF) in the Western Cape as from 1 April 2010. Provision is made in the Skills Development Amendment Act for the establishment of a skills development forum for each province (s.2.a. (x)). Conceived in relation to the Human Resource and Development (HRD) Framework, the key role of the PSDF is the coordination of skills development which ensures a shift of the imbalance and mismatches between the current shortage of high-level skills required by a competitive global economy and large supply of low-level skills. Overcoming this imbalance will directly increase economic growth and reduce poverty. The focus of the PSDF should therefore be on the key economic growth areas, SMMEs, increasing access to economic activities, innovation capacity, benchmarking, improving and updating education and training outcomes and ensuring skills development for all levels of the human resource development and management value chain - entry, development, retention, and exit¹.

Salient Feature 2: Contextual Coordination

The Micro Enterprise Development Strategy (MEDS 2007/2008) process was largely orientated by demand driven considerations with respect to the acquisition of skills and the promotion of education, training and learning in the Western Cape. However, the movement towards demand driven initiatives will come to nought if there is not institutional capacity for educational supply to support the higher demand for training, education and learning which the world of work generates. The one is the converse of the other but there is also a high level of interdependence between a demand driven process of education, training and learning and the infrastructure of

¹ Medium Term Strategic Framework for the Provincial Government of the Western Cape, PCF, 4 November 2009.

educational provision, which is necessary for responsiveness to emerge in relation to growth in demand. Within this framework, the coordination of policy and the coordination of actions – particularly in the sphere of skills development – are vital institutional mechanisms to ensure alignment and consolidation between conception and execution. In this regard, the following salient features are provided for the PSDF:

- a) Coordination involves sequencing the roles of multiple actors and institutions to a planned intervention so that they are incorporated into the process exactly at the time they are required for the task. The Japanese production innovation of just-in-time represents the most clinical application of coordination.
- b) There is, however, no single institution that can carry the burden of rectifying the problem but if multiple institutions are incorporated to assist by sharing the burden and carrying out specific tasks at the appropriate time when these are due, the process in resolving the problem will unfold with greater efficacy.
- c) Coordination involves high levels of cooperation, collaboration, networking and clustering across economic knowledge sectors (especially around innovation) between institutions, organisations and people. These multiple scaffold levels of coordination become particularly relevant in the education-economic continuum of mismatches.

Salient Feature 3: Operational Mechanisms

This business case proposes the establishment of the PSDF with the following operational features:

- a) A General Forum comprising all participating social partners and stakeholders that meets quarterly and sets the agenda for the work of Work Groups
- b) Appointment of a two-tiered secretariat for the PSDF that focuses not only on the central coordination, but also on the coordination of social

partners and stakeholders. This organisational aspect will be further clarified after a full analysis of the business case by the Western Cape Provincial Government

- c) The Department of The Premier be allocated the chairpersonship of the PSDF
- d) The establishment of 3 critical theme based Work Groups convened by participating social partners and stakeholders and managed by the secretariat
- e) The involvement of specialist technical experts in the deliberation of the work groups task
- f) Regular reporting to the PSDF General Forum on the progress made by the work groups
- g) A provisional cost allocation of approximately R 2 million per annum be made to the PSDF
- h) The PSDF be constituted as a forum for the exploration, articulation and framing of applied solutions with regard to the challenges of skills development and transformation embedded in the education-economy relationship

This business case expands on the detail of these salient features with regard to the operationalisation of the PSDF and as a genesis, provides a problem statement to frame the case for the PSDF.

2. Context and Problem Statement

The province has strong education endowments: there are 6 FET Colleges with a host of satellites, a plethora of Adult Education Centres (formal, informal and non-formal), about 3 000 schools and 4 universities. Yet, for the majority of citizens, finding access to employment, skills development opportunities and locating these 'freedoms' within the mainstream economy remain ongoing challenges.

A wealth of knowledge creation that follows the Japanese model of just-in-time is located within workplaces where 'learning by doing' is the cutting

edge for both economic survival and economic distinctiveness. The informal economy has sprouted distinguishing elements of learning within the workplace comparable to the educational endowments and knowledge assets relative to other provinces. At the intersection of formal education and workplace learning are other learning activities which are linked to the high value placed on informal and non-formal activities and which maximise learning opportunities. Sector initiatives spearheaded by various industry bodies within the business constituency with partners in the organised labour movement have also been instrumental in designing and reorienting interventions that are critical to saving jobs and generating employment. These interventions are characterised by problem solving but they also serve to impart new knowledge in relation to ongoing challenges which society as a whole is able to take up. It is these spheres that select either to challenge or to maintain traditional knowledge categories in response to rapidly changing social and economic realities. They provide the support for high levels of social cohesion within a society of extreme social polarities. Here the Western Cape Premier advances the argument when she indicated that:

“Besides attracting investment, we must do all we can to attract, retain and develop skills. Already, in partnership with the private sector, we are implementing a state-subsidised “on the job” training programme which aims to place 40 000 young people on internship and mentorship programmes by 2014.”²

These initiatives will contribute significantly to building and developing a social compact with regard to poverty reduction and alleviation. Yet, while Cape Town is viewed as a comparatively high knowledge intensive city, the distribution of wealth in the Western Cape is the most unequal of the country’s nine provinces and unlike most other provinces, the majority of the poor are located within the City metropole. As is the case with other metropolitan municipalities within South Africa, the region is also developing the competency for hosting mega events like the 2010 Soccer World Cup, which supplies the means for critical opportunities for the Mega City and the

² Premier Helen Zille –State of the Province; 19 February 2010, pg 7.

province to welcome the world to dazzling design and innovative infrastructure. These include intricate transport and pedestrian spines that garner international confidence in our world-class enterprise development and systems for management of information, which require high-level skills and continual and creative learning.

The PSDF business case specifically recognises the importance of the Western Cape's agricultural economy and the need to ensure skills development and job creation within poor rural nodes. To this extent, the Premier of the Western Cape frames an important issue:

“Agriculture, which brings in 40% of all export revenue and employs 200 000 people, is integral to maximising economic growth and creating jobs in the province. We will help shield farmers and farm workers from the negative impact of climate change by investigating ways to mitigate its effects. Over the next five years, we aim to increase agricultural production through research and financial support to farmers and assisting farmers to access domestic and international markets. To encourage more people to take up farming, we will continue to offer training and financial support to students who study agriculture. This sector is of cardinal importance to the welfare of our people”.³

While knowledge intensive opportunities, education and learning endowments, and creative and cultural industries offer many skills development and economic opportunities, many remain poor and unemployed. The potential to expand beyond this level is highly feasible. This applies especially to those in the province who are poor and unemployed. If one conceives skills development initiatives as going beyond the mobilisation of opportunities in the formal job sector, one can attain a more lasting and sustainable impact through skills generation. This will be especially felt when participants on programmes in skills formation see these as a social intervention to reshape the social fabric of the society in which

³ Ibid, pg 6.

they are located. As a result, skills development interventions have the potential for a more lasting and sustainable impact and they give recipients partial responsibility of sharing this outlook with others. Taking such considerations into account shows that education achievements often do not meet the demands of this growing province or the increasing demands of an international knowledge economy. While many informal and non-formal places of learning have interventions that support or enable people to find or become ready for work, formal institutions like schools, Higher Education institutions and Further Education and Training institutions are expected to prepare people for the world of work. DEDAT has however identified a series of interlocking mismatches in the articulation from formal institutions to work:

- Firstly, schools do not consistently produce learners who can match the curriculum demands of tertiary education or who have the skills required to enter the workplace.
- Secondly, further and higher education institutions do not consistently produce people who can match the requirements and demands of all occupations, resulting in skills mismatches causing critical skills shortages among many graduates.
- Thirdly, the articulation from school to further education and then into higher education as work or a continuum for studies is not seamless.

As a result, the global and local human resources development demands by workplaces or firms are not easily met. In order to fulfil this demand and remain competitive, businesses require people that are ready for the growing and changing demands of the workplace. There is a need for coordination and re-integration of these initiatives to develop specific, consequential simple and complicated actions to address the widespread gaps through current interventions. In particular, there is a need for significant and impacting skills interventions in the economic sectors in the Western Cape, with innovative programmes to address the gaps in the education-workplace continuum. To this end, the business case strongly recommends that the PSDF, once established, undertakes a programmatic strategic planning process so as to give effect to its work in relation to both the priority sectors

and other mainstream formal and informal economic sectors. These sectors are mainly, though not exclusively: Tourism, Call Centres, Information Technology, Creative Industries, Oil and Gas, Agriculture, Services and Boat Building. In addition, the other inter-related 'servicing' areas like Services, Health and Welfare, Wholesale and Retail and so on need to be considered in the inter-locking cause and effect relationships.

This business case acknowledges that other equally important sectors within both the formal and informal economy need to be included to ensure a more comprehensive focus in addressing the challenges of the education-workplace relationship

3. The Contextual Opportunities for the PSDF

Most of the players within the skills development system have the ability to capture and diagnose the educational, training and learning dimensions of demand. However, once this has been done, it is more difficult to match this effectively with the institutional infrastructure of educational, training and learning capacity needed to resolve it. Even where coordinating functions are important, it still has to match the spontaneous cycle of labour demand with the more long term cycle of educational, training and learning which is necessary for responsiveness to be effective.

There is thus an opportunity to reduce the necessary bias towards demand driven considerations but this has to be balanced not by shifting focus but by being cognisant of educational supply considerations. Integration is absolutely pivotal for coordination and here integration means integrating the demand driven imperatives with the resources and infrastructure of educational supply. It cannot be an overemphasis of the one with unmitigated silence in reference to the other. The two processes have to go hand in hand: they have to be integrated.

“The strategic advantage of placing the PSDF within the Department of the Premier is to ensure strategic alignment to prevailing policy context and strategic objectives so to integrate life long learning as a critical level for economic development and growth.” (MEDS 2007/2008). The PSDF thus provides opportunities for many organisations, industries, sectors, social partners and stakeholders (though not exclusively) to implement further supporting and enabling programmes to unblock or unlock resources, bottleneck or blockage points.

3.1. Setting the Agenda - Policy Alignment and Polarity

At a macro level the overt policy imperatives which have prevailed in South Africa have revolved around economic growth and poverty alleviation. Skills development is pivotal to each of these imperatives. Skills development has also been systematically shaped through national level agendas (e.g. the National Skills Development Strategy and the Human Resource Development Strategy). But instead of being seen as a *guide* to the provinces, this agenda has often been interpreted as a blue-print that has to be followed systematically. Even as the MEDS 2007/2008 indicated, this overt interpretation of national policy as if it were a blueprint often results in local specificities not being taken into account.

Concerted effort by social partners and stakeholders has made a pivotal contribution to realigning policy to a more responsive agenda. The most recently significant of these is the Training Layoff Scheme in which R1 billion of public funds has been allocated to assist businesses that are in distress as a result of the global economic crisis. The intervention is designed to save jobs during the economic crisis and to enhance the skills of workers. The idea was formulated through the efforts of the social partners and stakeholders and in this case it involved organised labour, business and government. The Training Layoff Scheme therefore places a high premium on skills development as a mechanism that has an impact at the workplace

but also serves as a buffer towards constraining disintegration within the fabric of our society.

Where such scenarios have played themselves out in the skills arena, local actors, particularly local firms and individuals, have turned in frustration to accusing the local government agencies of doing nothing to resolve the problems which they specifically confront. But behind all of this is the place that the province occupies within national agenda processes and the flexibility which is given for them to adopt and reconfigure aspects of the national policy that resonate more directly with what is required at the provincial level.

3.2. Skills Development - A Comparative Provincial Advantage

While the Western Cape does not have the same advantages in rich mineral resources, a characteristic many of the interior provinces in South Africa share, this has not kept the province behind in terms of exploiting its historical and contemporary advantages in relation to other city regions in the country. Historically, the smaller scale of manufacturing production in the Western Cape coincided with the location of specialised high precision manufacture. These included the production of electronic equipment, metal parts and components, high-end textile manufacturing of household goods as well as goods for the yachting and marine industry, and the leisure, tourism and safari industries. The Western Cape economy still continues to remain strong in niche specialisation fields such as machine manufacture, moulding and tooling. It also includes innovative breakthroughs in the financial services and insurance industries. While these advantages have started to slowly drift away from the Western Cape, there are still significant advantages that operate in its favour. These include four universities which are at the top of their size and functional segments compared to those in the rest of the country in terms of research outputs and productivity. The human factors that underpin these achievements are skills and, as the MEDS

2007/2008 report indicates, are embedded in its population which enjoys a better educational and skills profile.

Thus education and skills, factors responsible for promoting economic activity and contributing to higher levels of productivity and innovation, are specific areas which the province can use more effectively to advance its comparative provincial economic advantage.

3.3. Maximising Location and Institutional Linkages

Coupled with enormously creative institutional and strategic formation initiatives that have gone on before, the PSDF has the licence to make a similar impact on the skills development front.

It is nonetheless imperative for businesses and enterprises in the Western Cape to collectively commit towards undertaking a longer term investment strategy in which R&D expenditure matches the relative skills advantage which is to be found in the province. This will require greater agility from business to respond to opportunities and to access new markets globally, nationally and locally which are presented in the Western Cape region. This will have a knock-on effect in accelerating flows in the production and supply of skills which can be effectively utilised within productive enterprises and value-adding activities.

The PSDF should be seen as the coordinating mechanism in the skills development arena which bridges national and provincial policy but simultaneously supports provincial and local implementation. While significant changes may occur in the way skills development programmes are implemented when solely driven from sectoral, industry or firm-based locations, such interventions may not deal effectively with cross-cutting critical issues like Recognition of Prior Learning within the Province. While each stakeholder enters the skills development system from its respective vantage point and focuses on its niche areas, the linkages will not be made

and the cross-sectoral pollination will not occur to deal with the provincial challenges. As a result, many programmes will be rolled out, many people will be reached and targets may be met, but a domino effect of problems that articulate in various forms across sectors will remain steadfast without coordination that facilitates problem-solving and fixing through social dialogue.

Given this consideration, the PSDF is an essential link to public and private expenditure and to a new development vision and strategies that have been prioritised in conjunction with communities and other major stakeholders. Therefore the PSDF is a strategic forum rather than a structure focused on generic issues.

It is worth considering at this stage of the business case the respective roles that social partners and stakeholders can play to comprehend the institutional and programme design of the PSDF.

4. Interest and Value of Social Partners and Stakeholders

It is critical to orientate the interest and contributing value of each social partner and stakeholder in relation to their participation within the PSDF. Experience has shown, in both KZN and the Eastern Cape that social partners and stakeholders engage in programme work based on their selective issues, agendas and interest. In this regard, this business case begins to expand on the interest and value that stakeholders may derive from or contribute to participation in the Western Cape PSDF, and understands that this participation and representation must:

- Be reflective of the composition as is suggested by the National Skills Development Act
- Bring together the embedded value and experiences in both the social and economic milieu and practices

- Advance coordination in education, training and skills development towards economic growth and job creation

As proposed, government will continue to play a leading role in this regard as is further expanded below.

4.1. Provincial Government

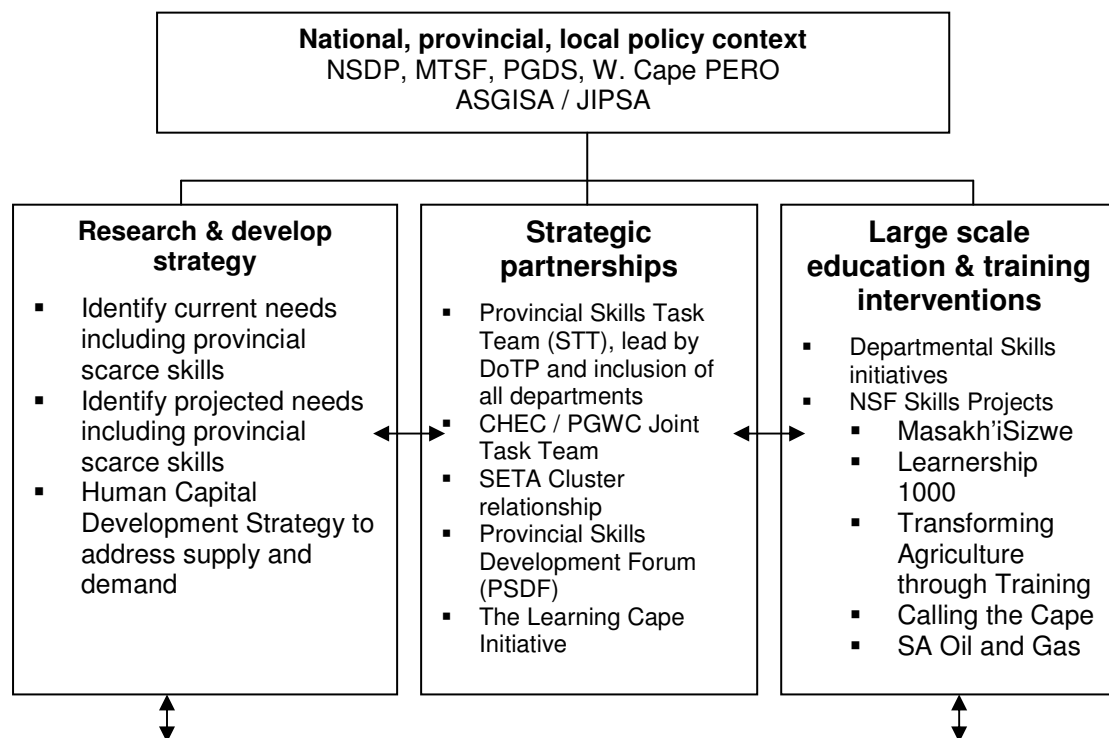
Provincial Government recognises that the South African economy is characterised by high levels of unemployment on the one hand, but on the other severe shortages of skills demanded by the economy. Critical shortages exist across the high and semi-skills spectrum, ranging from professionals such as engineers to artisans and technically trained workers. In addition, most industries are experiencing shortages at the senior and middle-management level.⁴

While this can partly be explained through an understanding of the legacy of apartheid, it is aggravated by an economy that is shifting from the primary to the tertiary sectors, largely as a response to global trends. In addition, the education and training systems continue to articulate poorly and are generally not demand led.

In 2005 the Accelerated and Shared Growth Initiative for South Africa (ASGISA) identified skills shortages and the poor quality of education as a key obstacle to economic growth in South Africa. This was confirmed by the OECD Territorial Review that identified the lack of skills, skills mismatch and innovation capacity among issues affecting the competitiveness of this region. It went further to say that the dramatic constraints on the supply side of the labour market are a result of the poor performance of the education system. The DPRU study indicates that the Western Cape labour force is largely in possession of qualifications at matric or GET level, or at incomplete GET level. However, the economy is moving towards a higher

⁴ DPRU – Skills Development Strategy Review of the Western Cape Situational Analysis (February 2008)

skills based economy. The DPRU report identifies that there are already a range of interventions in place aimed at skills development at a variety of levels, and what is needed is coordination and integration of these initiatives. There is also the need for the development of an action plan to address the gaps not met by current interventions. The Provincial Skills Task Team has adopted a three-pronged strategy that is underpinned by excellent contextual information as indicated in the diagram below:



As a province we need to meet the following objectives:

1. Establish provincial institutional frameworks for addressing priority skills needs
2. Develop robust demand and supply analyses and implementation possibilities taking account of possible global and national politico-economic scenarios
3. Address as an integrated government the skills challenges of the prioritised sectors
4. Start to adapt our education and training delivery to meet the new demand

5. Standardise the delivery of skills programmes across the province
6. Foster relationships to facilitate the development and implementation of key skills interventions in the private and public sectors

The Provincial Skills Task Team recognises that the PSDF provides a vehicle for a coordinated approach to skills development in the Western Cape beyond provincial government.

4.2. The Western Cape SETA Cluster

The SETA cluster can fulfil a vital coordination function by filtering SETAs national and sectoral skills development priorities, plans and initiatives and distil these into a provincially focused skills development plan, which through the PSDF could be converted into an action plan to be implemented by provincial government and its SPVs. The optimal realisation of their strategic objectives will be facilitated to:

- a) Increase the supply of appropriately skilled people to meet the demands of the current and emerging economic and social development priorities
- b) Ensure that skills development planning is credible, integrated, coordinated and responsive to social and economic demands

Here the role of the SETA cluster cannot be underestimated as it continues to make both administrative and programme strides in improving the skills development environment at both a firm level and at an education and training provider level. Furthermore the SETA cluster can play a funding co-ordination role ensuring that the skills development spent by its various members are coordinated to address the scarce and critical skills shortages of the province to ensure maximum effectiveness of the interventions and the highest possible return on investment. This coordination role is not only isolated to the implementation stage of these skills development initiatives, but the SETA cluster will also engage in monitoring and evaluation of these

interventions to ascertain and assess the impact of these interventions in the province.

4.3. Organised Labour

South Africa's labour legislation is among the most progressive in the world, enabling institutions to settle disputes and ensure fairness in the workplace. This was not always the case. Industrial relations in the apartheid era were characterised by high levels of racial discrimination, conflict, union repression, cheap labour policies and an authoritarian management style. In this regard, organised labour by its very nature is ideally poised to be able to hear workers concerns and expectations regarding skills development. By participating in the PSDF, organised labour will be able to elevate these concerns and expectations and ensure these are included in the province's skills development initiatives and projects, and by doing so ensure workers buy in to these.

The experiences of organised labour in engaging government and business will be invaluable in setting out the ethos, culture and practices of skills development coordination as proposed in this business case. Skills development will receive the highest value at the highest level to ensure that the labour force grows to become vibrant, competent and flexible in response to the waves of change so that they are able to achieve a higher quality of life. In particular, the role of organised labour within the PSDF will provide a direct line into the state of skills development at shop floor in order to:

- a) Measure and feedback on the impact of the initiatives undertaken by the PSDF
- b) Influence the development of the skills development agenda, policies and strategies as these relate to the development of a skilled and competent workforce

- c) Guide the PSDF in concluding key agreements around issues of coordination in the skills development-workplace relationship

Given these objectives, the labour movement has played and continues to play a critical role in shaping the socio-economic agenda within South Africa. Significantly, organised labour's national footprint and access to national structures such as the recently established Quality Council for Trades and Occupations will further augment its value in relation to the PSDF.

4.4. Organised Business

The post-1994 economic environment recorded unprecedented growth in the South African economy. Business, both formal and informal, enjoyed continued increases in revenue and provided a steady demand for both skilled and lesser skilled labour. Here the environment for business is an enabling one where entry into the economic system is seamless, and the development of skills supports the triple bottom line.

Through its participation in the PSDF organised business will be able to articulate precisely its understanding of challenges in the education-economy relationship and will be able to provide both influence and expertise in improving coordination between the place of training and the place of work.

4.5. Civil Society

The net for access to continual work and learning is widened to include marginalised communities and their development initiatives, with a particular focus on rural areas, youth, women and people with disabilities.

The inclusion of the South African NGO Coalition (SANGOCO) has meant that the net for access to continual work and learning is widened to include Civil Society Organisations (CSO) Community-Based Organisations (CBOs)

Faith-based Organisations (FBO) and their development initiatives, with a particular focus on rural areas, youth, women and people with disabilities. SANGOCO's participation in the PSDF through its strategic sectoral networks and partnerships enables this sector to organise itself fundamentally to ensure that it has a layered communication and advocacy platform to weave informal, non-formal and formal initiatives that cross and thus facilitate education, learning and economic growth opportunities across a wide geographical spectrum.

4.6. Higher Education Institutions

As reported in the MEDS 2007/2008, the development of high level skills attracts and grows employment in lower level skill categories. Higher Education has a critical role to play in contracting and framing the policy approaches on the supply education supply side. Here the link between provincial priorities and higher education with a focus on labour intensive high-level skills enables the retention of skills and talent and supports the niche economic growth areas.

4.7. FET Colleges

The 2008 HRDS review reported continued growth in employment rates for intermediary skill levels. This is a significant achievement and enables the active participation of the FET Colleges in aligning demand and supply characteristics more accurately. In this sense the need for effective skills development at FET level leads to employment in a meaningful way.

In summary then, it is paramount that social partners and stakeholders understand what value they can contribute to or derive from the PSDF, independently and in relation to each other. Here, the business case provides a limited view of this interest and social partners and stakeholders are encouraged to expand further on the observations made above. However, as indicated, it is critical to have a first glance of these interests in order to frame the actual work of the PSDF as presented below.

5. The ToR and Institutional Design of the PSDF

5.1 Institutional Location and Secretariat

5.1.1 Roles of PSDF

The PSDF shall serve as a strategic and advisory body for all skills development and human resource matters in the province with specific emphasis on the socio-economic context of the province.

The following are the roles that the PSDF will play:

- a) Strengthen skills development initiatives for unemployed and under-employed persons (through, but not confined to, apprenticeships, internships and learnerships)
- b) Enable partnerships to accelerate strategic job creation projects
- c) Ensure alignment with provincial strategic objectives
- d) Facilitate cooperation and collaboration amongst social partners and stakeholders
- e) Integrate programme areas with other national, provincial and local initiatives
- f) Deliberate on matters pertaining to skills development issues that affect the province
- g) Coordinate the various initiatives that identify and meet the demands of scarce and critical skills and training needs
- h) Contribute to the development of the Provincial Skills Plan
- i) Monitor and support evaluation of the Provincial Skills Plan
- j) Provide ways to ensure viability and sustainability of projects
- k) Actively promote skills development for designated groups
- l) Improve coordination between social partners and stakeholders within the education-economy relationship within the province

5.1.2. Composition of the PSDF

The PSDF shall consist of duly nominated and appointed members representing:

- a) Provincial and Local Government Departments – 5 representatives
- b) Organised Labour - 5 representatives
- c) Organised Business - 5 representatives
- d) Civil Society (community and development interests) - 5 representatives
- e) All SETAs that may be relevant to the economic activity in the province
- f) The NSA -1 representative
- g) Higher Education Institutions- 2 representatives
- h) FET Colleges -2 representatives
- i) Adult Education - 2 representatives

5.1.3. The PSDF Secretariat

The proposal is to enable a two-tiered secretariat where the first level focuses on the centralised management of the work of the PSDF and the second level focuses on the decentralised management of social partners and/or stakeholders. The considerations of two-tiered secretariat will undergo an analysis to delineate their various roles, which may include, but are not exhaustive: advocacy, communication, research, discussions and preparations of papers or inputs, and so on. The administrative role of the secretariat is to support the meetings of the Forum, which includes, but is not limited to:

- a) Compilation and distribution of minutes of every meeting that takes place
- b) Keeping records of nominated members of a Forum
- c) Preparing and arranging logistics for the Forum's business
- d) Making available to the chairperson, Forum members and any other legal person upon request, minutes, reports and records, and any other administrative functions deemed necessary

- e) Keeping a record of recommendations and advice emanating from Forum meetings
- f) Preparing reports on a quarterly basis
- g) Preparing records and reports of activities as may be required from time to time
- h) Maintaining and making accessible a repository of knowledge that has been collected or created
- i) Managing and driving the work of the Work Groups as determined by the PSDF
- j) Developing in consultation with participating Work Groups the scope of work required
- k) Undertaking the identification and contractual appointment of the required expertise and resources to support the work of the Work Groups based on prevailing regulatory requirements

Additional consideration should be given to strengthening the participation of social partners and stakeholders in the work undertaken by the Work Groups. Here, the PSDF Secretariat must set in place mechanism to support and capacitate Work Group participation, through the second level of the secretariat.

5.1.4. Chairpersonship

The Premier of the Western Cape Provincial Government shall act as the designated chairperson of the PSDF. In the absence of this chairperson rotational chairpersonship based on a predetermined roster will be delegated. Such delegation shall be in writing.

5.1.5. PSDF General Forum

This forum meets 4 times a year and sets the overall agenda for the work of the Work Groups. The General Forum provides an oversight role and receives reports and ensures meaningful social partner participation in the

process. The chairperson shall call meetings of the forum in consultation with stakeholders. The purpose of the PSDF meetings shall be:

- a) To identify challenges within the education-economy relationship
- b) Commission Work Groups to undertake 'problem solving' work on these challenges
- c) Take progress reports from Work Groups and provide input as required
- d) Make specific recommendations to key stakeholders on policy development and programme support interventions as derived from the work of the Work Groups
- e) Monitor and evaluate the impact of the work done by the PSDF

5.1.6. Conditions of Membership

A person becomes a member of a Forum after the nomination and selection by the stakeholder organisation to which he or she belongs.

5.1.7. Filling of Vacancies

Any vacancy on a Forum shall be filled with a new nomination by the stakeholder organisation.

5.1.8. Emoluments and Professional Fees

The PSDF must ensure that resources that may be allocated to it are managed within the policies and regulations as may be provided within the Public Finance Management Act (PMFA).

5.2. Institutional Work Process and Programme Focus

5.2.1. PSDF Work Groups and Programme Focus

Once the projects for the PSDF have been agreed upon, the Forum meetings will set up Work Groups, which will consist of stakeholders and

experts who will find innovative ways to solve the current problems and challenges. They will report back to the Forum about the approaches/solutions that they have agreed upon and implemented.

The focal themes, including the sub themes, are not conclusive and may be reconfigured once the PSDF is established. The organisational structure of the PSDF proposes the establishment of 3 Work Groups with the following themes (see organogram below):

- Theme 1: Educational Access
- Theme 2: Human Resource Development and Sector Skills Planning
- Theme 3: Institutional Coordination

Each of these themes (excavated through ongoing discussions with social partners and stakeholders during the establishment phase of the PSDF), expanded extensively within the context chapter of this document including the “PSDF Concept Document”, provides for the emergence of critical sub themes as captured in the proceeding organogram (pg 33). The sub themes provide for specific programme focus for the Work Groups and are generally organised to speak to the main work stream of that Work Group. Critical to note here is that social partners and stakeholders may choose to participate in any (or all) of the task teams proposed. A participating social partner may select to participate in the work of any of the sub themes under any of the Work Groups. In this regard, the following is relevant here:

- a) It is additionally proposed that the secretariat of the PSDF facilitates an ad hoc joint Work Group convener workshop/meeting to ensure integration of strategic considerations across the sub themes where relevant and to record the progress made by the Work Groups with respect to the sub themes.
- b) It is further proposed that the Work Groups develop a programme budget (managed by the secretariat) so to secure the services of relevant technical expertise in facilitating their work.

- c) The representatives of participating social partners and stakeholders within the Work Groups will be paid an emolument as prescribed in the ToR based on their specific contribution in time and intellectual capital.

The PSDF may need to consider the development of a code of good practice to ensure that the Forum and more specifically, the Work Groups derive value for money for work done by representatives from participating social partners and stakeholders.

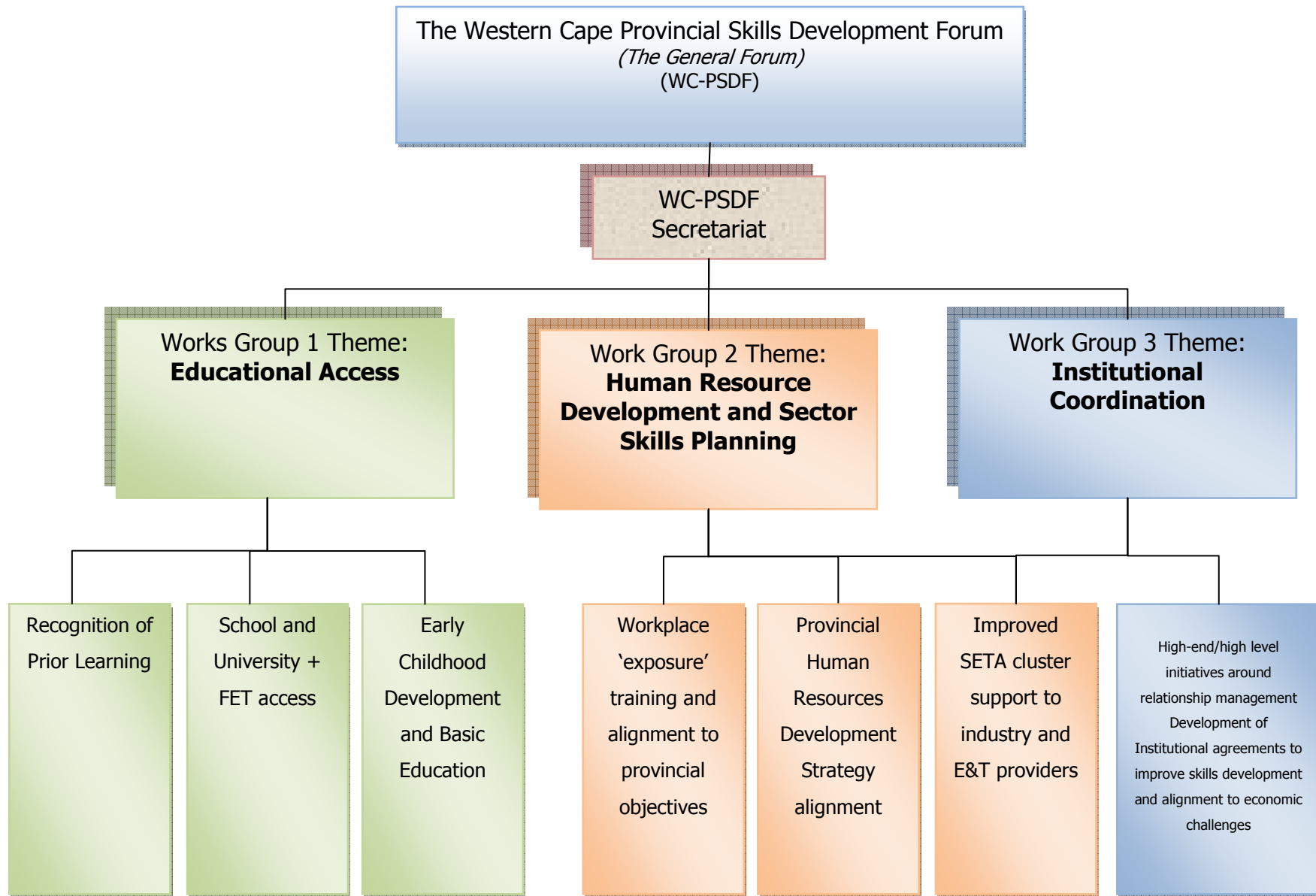
5.2.2. Covenership of the Works Groups

Work Group conveners will meet bi-monthly so to ensure the work of the various themes is integrated. It is further proposed that the Work Groups be constituted under joint convenership as follows:

Work Groups	Programme Focus	Convenership
Theme 1	Educational Access	Civil Society and Higher Education
Theme 2	HRD and Sector Skills Plans	Labour; FETs and Business
Theme 3	Institutional Coordination	PDC; DEDAT; Business

The conveners will be responsible for ensuring that ‘solutions’ are generated in relation to the sub themes identified under each Work Group and to make relevant representation and reports available when required. The work of the conveners and the Work Groups will be supported by the secretariat.

The proposed composition of the convenership proposed here is based on the potential impact and interest that the social partners and stakeholders may have in a particular theme. However, a final determination in this regard must be made by the PSDF TT. Given the institutional structure provided here, a tentative cost proposal is presented below.



5.3. Institutional Cost Proposal

The cost proposal provided here is a broad and tentative calculation for seed funding and is subject to change.

Cost Item	Description	Cost (Rounded up)
Establishment Cost	Legal Fees, programme development	R100 000
PSDF General Forum	PSDF Programme Focus and Work team reports including oversight	R 120 000
Work Group – 1	Programme work includes meetings, emoluments workshops, research, reports and publishing, and logistical cost including approved professional fees	R 500 000
Work Group – 2	Programme work includes meetings, emoluments workshops, research, reports and publishing, and logistical cost including approved professional fees	R 500 000
Work Group – 3	Programme work includes meetings, sitting fees emoluments workshops, research, reports and publishing, and logistical cost including approved professional fees	R 300 000
Secretariat Cost	Includes management and coordination, M&E and logistical operational cost	R 500 000
		R 2 020 000

An estimated cost structure of approximately two million Rand per annum is provided for.

6. Forward Plan

Once the business case is approved, the Department of the Premier will set up the PSDF. Three parallel processes will roll out. Firstly, the social partners and stakeholders will be elected. Secondly, a five year plan will be developed. Thirdly, a monitoring, evaluation and review system will be developed to ensure accountabilities, compliance and impact.

LCI's mandate as the facilitator for the establishment of the PSDF will expire on presentation of this Business Case to the Department of The Premier via DEDAT.

7. Concluding Remarks

The value of the PSDF lies in shared understandings of education quality and the assessment of its progress through research. Only through coordinated strategies can conditions for genuine development for every person, community and society be secured. The establishment of a Western Cape PSDF presents a unique opportunity for social partners and stakeholders to strengthen, coordinate and integrate existing strategies to promote growth and fight unemployment and poverty.

The business case for the establishment of the PSDF is the product of intense deliberation and social dialogue over a significant time period, which has involved multiple social partners and stakeholders in the Western Cape. The spectrum of needs and interests which have galvanised support for this process is embedded across communities, institutions and organisations. Though often not always in accord, the needs and interests of governments, business, labour unions, non-governmental organisations, educational institutions, teachers, families and learners are specifically addressed in the PSDF.

This proposal brings together our collective experiences, knowledge, work and views, to explore the challenges we face in addressing inequalities in education, training and skills development, access to learning and to support the development and implementation of policy choices that will strengthen citizenship and economic growth. We are confident that this business case provides a snapshot of the contextual realities to assist provincial decision-makers in defining education and training priorities that will ultimately shape the well-being of our societies. It is our hope that the document will provoke wide-spread discussion and stimulate ideas for new strategies to revive education, training and skills development as a vital contributor to the process of building democracy and economic growth and development in the Western Cape.

(END OF BUSINESS CASE)