March 2016 ISSUE 31

merSETA
MANUFACTURING, ENGINEERING AND RELATED SERVICES SETA
ISO 9001:2008

Achieve

THOUGHT LEADER IN SKILLS DEVELOPMENT

SA's manufacturing production remains resilient

higher education & training
Department: Higher Education and Training
REPUBLIC OF SOUTH AFRICA

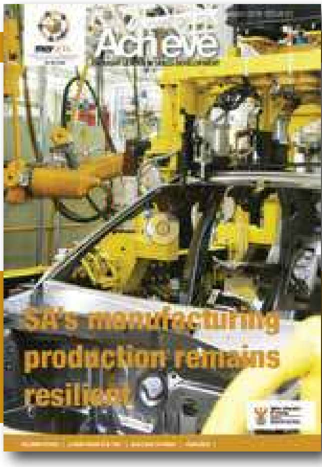
merSETA
MANUFACTURING, ENGINEERING AND RELATED SERVICES SETA
ISO 9001:2008

Vision

Leaders in closing the skills gap

Mission

To increase access to high quality and relevant skills development and training opportunities to support economic growth in order to reduce inequalities and unemployment and to promote employability and participation in the economy



CONTENTS

ON THE COVER: South Africa's manufacturing production remains resilient

ACHIEVE MARCH 2016 ISSUE 31

SETA NEWS

SUCCESS STORIES

FEATURES

INDUSTRY NEWS

EVENTS

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TALKING NOTES

The Sector Education and Training Authorities (SETAs) – including the Manufacturing, Engineering and Related Services Education and Training Authority (merSETA) – have reaffirmed their support for the National Student Financial Aid Scheme (NSFAS) in its efforts to assist disadvantaged students gain access to tertiary education and critical skills.

The commitment was made at a recent meeting between the executives of NSFAS, representatives of the various SETAs and officials of the Department of Higher Education and Training (DHET) in Midrand.

At the same time, the merSETA held a series of consultative stakeholder engagements in light of the publication in the *Government Gazette* in November 2015 of the proposed new SETA Landscape.

Workshops were also held countrywide to debate the future role of SETAs.
The stakeholders called on the DHET to convene a conference to deliberate on the journey the country will embark on when the New SETA Landscape comes into effect in 2018.

The 2008-2009 financial crisis has, as all catastrophes do, left a trail of economic damage that is still haunting South Africa even to this day – eight years on.

The country's manufacturing industry contracted sharply and its subsequent recovery has been insufficient for the volume of manufacturing production to return to its pre-crisis level.

Preliminary manufacturing data for December 2015 reveal that South Africa's manufacturing production, on average, was unchanged in 2015 compared to the situation in 2014.

Still with the manufacturing sector, South Africa's new vehicle sales in 2015 saw a 4.1% decline compared to the same period the previous year, according to the National Association of Automobile Manufacturers of SA (NAAMSA).

It is against this background that the outlook for domestic sales in 2016 remains uninspiring and, at this stage, a decline in total new vehicle sales of between 3% and 5% will not be unexpected.

The consumer-driven new car market is likely to show a decline in volumes at the upper end of the range, with new commercial vehicle sales projected to perform better in relative terms.

We also carry a story in this issue on the long-standing partnership between the Automotive Industry Development Centre (AIDC) and leading global infrastructure and industry solutions provider Siemens.

At a graduation ceremony in Johannesburg recently, the two parties celebrated the success of 70 young South Africans who are ready to enter the industry after completing a skills development programme.

The partnership started in 2008 when the conglomerate recognised the growing need to develop a pipeline of scarce and critical skills across various industries. It approached the AIDC to manage a bursary programme focusing on developing qualified individuals for absorption in key sectors.

Read more on these and other stories we are carrying in the latest issue of *Achieve*, including success stories and industry news.

Be blessed!

Sibongiseni Ziinjiva Ka-Mnguni
smnguni@merseta.org.za.

A view from THE TOP

The meetings that took place between big business and the government before this year's State of the Nation Address signalled new hope for South Africa and bode well for its future.

Many take for granted the fact that the challenges facing the country cannot be resolved by the government alone.

The unexpected change of guard at the National Treasury at the end of last year and the resultant dramatic plummeting of the rand raised eyebrows about the relationship between the government and private sector.

Harsh words were exchanged, leaving a bitter taste in the mouths of many investors. The incident also heightened the risk of a financial downgrade that we don't need as a country.

It is in this context that the *toenadering* between business and the government is heartening. In a typical South African way, we saw all sides rising to the occasion, facing the world in Davos and then coming back home to continue the collaboration. While reading all of these as good signs, investors are now waiting to see what comes of it.

It is natural for the relationship between capital and the government to be laced with tension but it is equally clear that there is a lot of common ground and goals that should underpin the relationship.

The education and training sector is a key area in this regard. The public sector produces the skills the business community requires. The private sector, on the other hand, has to hire the graduates churned out by relevant institutions.

I was not privy to the detailed discussions between the parties but I can imagine that education and training must have topped the agenda. This is an obvious area where a future reservoir of skills can be built to shield us from rough times.

We have 24 universities, 50 technical and vocational education and training colleges and thousands of listed and unlisted companies. The collaboration between these companies and the relevant SETAs can easily produce a Marshall Plan that can see a financial plan for each of the universities and TVET colleges. Through creative public-private partnerships all students can be funded, even before we resort to blanket free education based on limited state resources. Surely, the amount of money that should be spent on skills development and corporate social investment in the private sector can be properly directed to ensure that not only universities but also TVET colleges are sustainably funded.

With the amount of money that the private sector has not released for investment, there should be no reason why primary schools should not be equipped with top-of-the range science laboratory equipment and libraries to ensure a well-equipped future workforce.

At the merSETA, we have this year alone made millions of rands available for higher education initiatives as part of our contribution to education resourcing. We challenge all stakeholders to do something concrete to ensure we don't leave funding to the government alone.

Dr Raymond Patel
CEO, the merSETA

Teaching apprentices for employment beyond 2030

The merSETA's competence diagnostic research has laid a solid foundation to understand how qualifications, their curricula and teaching methods perform.

The COMET Project is one of our research initiatives providing valuable qualitative insights into the competence levels achieved for apprentices over the 3-4 year learning period.

We know the average competence levels achieved and how these compare to those of our international counterparts. We know from our tracer studies that 80% to 85% of our qualified candidates are taken up into employment.

This certainly deserves recognition. However, the important question is whether these apprentices will gather sufficient "capabilities" – i.e. a wider base of experience supported by further learning opportunities – to successfully sustain their employment in our sector beyond 2030.

Industrial manufacturing is definitely a sector more vulnerable to the disruptive impact of "exponential technologies" on production platforms and product maintenance regimes.

Human resource and machine efficiency can only be taken to a certain point of delivery. After that technological advancements in a global delivery system will attract growth and new production opportunities offering better returns to the end user.

All our occupations are vulnerable to such changes, and disruptions are already being felt by the motor mechanics (car mechatronics), industrial mechatronics artisans and the cluster of foundry-related occupations.

How deeply will 3-D printing systems, intelligent robotics, artificial intelligence, nano technologies and alternative energy systems change the shape of these occupations?

We cannot simply keep changing and updating occupational qualifications for every area of specialisation emerging as the pace of change is too rapid to capture all possible derivatives. We need to ask ourselves how to mitigate the risks that these constant changes present.

I believe the answer lies partly in how we teach our future artisans.
Over three COMET test series, the diagnostic system has highlighted the need to address the stagnation of competence development evident over the four-year learning period.

For all occupations tested – electrician, motor mechanic, mechatronics artisan, welder and millwright – apprentices' highest

Ms Helen Brown, Senior Manager: Projects Development

Apprentices hard at work: The tracer study indicates that 80% to 85% of qualified candidates are taken up into employment.

average score was achieved in their first year of learning, with a deterioration in average scores in year two and three, only to recover to the original level in year four.

This effectively means that no conceptual development is achieved beyond a certain point in the curriculum. In other words, the more complex the skilled work assignment, the less efficient and effective the result is. While most large company-based academies embrace this phenomenon with creative approaches, we need constructive partnerships with our technical vocational education and training (TVET) colleges to effect similar initiatives in their teaching methods.

Three elements are crucial here:

- *A work-reflected learning approach*, emphasising work-process knowledge over and above theoretical knowledge and practical simulations i.e. a combination of practical understanding and theoretical knowledge in solving problems at work. The basis of this is that modern workplaces are characterised by increased functional flexibility, the use of information and communications technology (ICT), the integration of previously separated production functions and an emphasis on knowledge creation within normal work activity;

- *A minimum educational requirement* is also significant. The minimum educational requirements have been debated for some time now, with TVET teachers arguing that their student performance and throughput increase when teaching matriculants, particularly in the engineering occupations; and students arguing that if they have a matric (NQF level 4), then they should not be obligated to start a vocational programme at NQF level 2; and

- Creating a learning environment in which students can build a deep commitment to their occupation, which in turn motivates an *"exponential learning approach"* with an interest beyond the stated curriculum. Some features of this learning environment should include e-learning, Wi-Fi access and professional career guidance. An emphasis on understanding not only traditional skills but also technologies that will shape these skills over time is also essential.

The merSETA has deliberately built a research agenda addressing these challenges. Apprentices on the Dual System Apprenticeship Project (DSAP) have entered the final stages of their "work-reflected learning" approach.

The first COMET test results proved that participants on this programme already achieved higher levels of competence than their non-DSAP counterparts.

Our next COMET test on this group will be implemented early in the new financial year and indications are that this approach of continually rotating learners between theory, simulated practical and workplace-based learning addresses the stagnation of competence development problem.

Teachers on this project have, however, expressed concern around this type of teaching becoming the norm rather than an exception.

They have highlighted the challenge of maintaining this on a seven-subject qualification and suggested that the three fundamental subjects of language, mathematics and life orientation should have already been completed by candidates before entering the DSAP.

This increases available time in the learning programme for deeper understanding and immersion into the four core subjects of the occupation.

It also poses the obvious question as to whether the mainstream NC(V) qualification should be split to accommodate occupations leading to a trade test. Some reckon that if this qualification policy was adjusted to allow post-matric students into a four-subject block release – six months' college and six months' workplace rotation over three years – then the objective of work-reflected learning would be achieved within an acceptable college provision format.

The merSETA also recognises that professional career guidance is another competence that needs strengthening beyond current practice at the TVET college level. Suggestions from teachers I have engaged with are that "guidance and placement assessments" would ensure that the right student is placed in the right classroom, especially those entering a learning programme leading to a trade test.

Matching skills supply and demand will also need to become a major focus area so that the spread of students across the different vocational programmes matches available jobs in the market.

As the merSETA prepares itself for the proposed New SETA Landscape, these issues will remain on our radar.

Professional career guidance is another competence that needs strengthening beyond current practice at TVET college level.

NSFAS turns despair into joy

Matsapola is living her dream, thanks to the multi-billion rand student financial aid scheme benefiting South Africa's poor

By Sibongiseni Ziinjiva Ka-Mnguni

When Mathawe Matsapola of Botlokwa in rural Limpopo passed her matric with flying colours, the euphoria that gripped her entire family was simply unimaginable.

Mathawe Matsapola is one of more than 1.5 million students who have been assisted by the National Student Financial Aid Scheme.

"To show my eternal gratitude, I made sure I paid back every cent NSFAS contributed to my studies, accommodation and textbooks"

Entertainment Editor at Drum magazine Mathawe Matsapola is living her dream.

However, the joy was shortlived when it dawned on her that she might not be able to take her outstanding academic achievements to the next level as her mother could just not send her to college or university.

"My mother was a general worker at the time and she was already highly indebted. The banks would no longer give her a loan.

"She had already taken loans to pay for my brother and sister's tuition at university. With the low salary she was earning, she had to take care of six children," says Ms Matsapola. "My mother – the only breadwinner at home – was devastated when she realised she would not be able to pay for my tuition at college or university. It was nerve-racking but that was the reality we had to face," Ms Matsapola says.

Determined to fulfil her dreams despite her family's poor background, she asked her mother for R1 500 so she could register at the Tshwane University of Technology (TUT).

"My mother wanted a better life for all her children, and I was not going to fail her and the family," she says.

In 2002, Ms Matsapola left home to study for a National Diploma in Legal Assistance at TUT.

It was on registering for the diploma that she heard about the National Student Financial Aid Scheme (NSFAS).

"I remember standing in a long queue to submit my application for a student loan. All I could do was to pray for positive feedback and, as they say, the rest is history," she says.

Matsapola is now Entertainment Editor at DRUM magazine and, although she has taken a detour in her career in favour of journalism, she is living her dream thanks to the head-start she received from NSFAS. "It was a dream come true when I was granted a student loan and I've not looked back since that fateful day," she says.

"The NSFAS funding changed my life for the better. It helped me realise my dreams and I made it my mission to pass my course in record time so I could help look after my family.

"To show my eternal gratitude, I made sure I paid back every cent NSFAS contributed to my studies, accommodation and textbooks because there are still many students who are academically deserving just like I was when I desperately needed to pursue my studies. They also need financial assistance," says Ms Matsapola.

To date, more than 1.5 million students have been assisted and more than R50-billion has been spent by NSFAS towards assisting academically deserving students to fulfil their dreams.

EPWP throws Babalwa a lifeline

By Sibongiseni Ziinjiva Ka-Mnguni

Ms Babalwa Kaboka addresses the merSETA's Annual General Meeting in Cape Town.

Ms Babalwa Kaboka is a top academic achiever. But this did not guarantee her a work opportunity after she successfully completed her N6 course at the Northlink College in the Western Cape.

Just like thousands of other determined and resourceful young South African men and women, Ms Kaboka was let down by the system.

With the scarcity of jobs reaching alarming proportions – particularly in the engineering and manufacturing sector – Ms Kaboka was reduced to twiddling her thumbs at home, with nothing to show for her excellent academic performance.

All the knowledge she had gained during her successful schooling career had seemingly gone to waste.

After matriculating at Fezeka High School in Gugulethu in the Western Cape, Ms Kaboka, the second child in a family of six, intended to study medicine but her teachers advised her to pursue a technical career as she had excelled in the field and always wanted to know how things worked.

She initially applied for a bursary to study engineering at the Cape Peninsula University of Technology but her application was unsuccessful.

The merSETA Deputy Chairperson Xolani Tshayana, Thamsanqa Ngqula, Babalwa Kaboka and merSETA Western Cape Client Relations Manager Bronwin Abrahams.

Determined to realise her dreams and not let the setback derail her, she enrolled at the Belhar campus of Northlink College in the Western Cape. She passed her course with flying colours. But then life threw a curveball at her. Time also seemed to have come to a standstill as she could not enter the world of work.

She continuously tried to be placed in an electrical company to complete her practical training to no avail.

That was, of course, before she got to know about the Artisan Development Programme run under a partnership between the merSETA and the Department of Public Works' Expanded Public Works Programme (EPWP).

Ms Kaboka managed to get her foot in the door after she was introduced to the EPWP through an exhibition at the college.

She is now one of the beneficiaries of the programme and is at present undergoing her auto electrical apprenticeship at Auto Magneto (Pty) Ltd in the Western Cape.

It was a complete eye-opener.
She was totally overwhelmed as she had had no previous knowledge of the technical side of cars and trucks. When on the first day her mentor asked her to pass the ratchet, she had absolutely no knowledge of what he was talking about.

That is now water under the bridge.
Ms Kaboka is currently working towards completing her trade test by the end of 2016 as she works on trucks, construction equipment, marine and specialised equipment, literally anything with a starter or alternator.

"Being a woman in a man's world isn't always easy as one has to work twice as hard to prove oneself and to be respected in the industry. Luckily, Auto Magneto is an equal opportunity employer. Here I'm measured on merit," she says.

"I felt despondent when I couldn't find work, but with the assistance of the merSETA and EPWP I was fortunate to be placed at Auto Magneto," says Ms Kaboka.

As an auto electrical apprentice, Ms Kaboka repairs cars, trucks and construction and specialised equipment, and hopes to qualify as an artisan soon.

"I want to encourage other young people to persevere and never limit themselves. I also want to encourage the business sector to train learners and help tackle the socio-economic challenges facing the country," she says.

Ford invests R2.5 billion in SA and creates 1 200 jobs

By Independent Correspondent

The Ford Motor Company is to pump more than R2.5 billion into the South African economy to expand its Silverton, Pretoria, plant for the production of the Ford Everest and extended Ford Ranger derivatives.

The investment will create 1 200 new jobs. At present, the all-new Everest is imported from Thailand but is using the locally produced 3.2-litre five-cylinder Duratorq TDCi engine. It is only available in South Africa in the 3.2-litre automatic guise in two specification levels – XLT and the range-topping Limited.

With the commencement of local production in the third quarter of 2016, a 2.2-litre Duratorq TDCi four-cylinder diesel engine will be added to the range, along with a wider spread of specification levels.

The first units are expected to come to the market in the fourth quarter.

South African-produced models will be sold locally and exported to markets across Sub-Saharan Africa.

"Our customers love the capability and utility offered by the all-new Ford Everest. By producing the Everest in South Africa, we will be able to make it more readily available and in a greater variety of models for customers throughout Sub-Saharan Africa," said Jim Farley, Ford Executive Vice-President and President of Europe, Middle East and Africa.

"The R2.5-billion investment reaffirms the importance of these markets as part of our growth strategy across the Middle East and Africa. It further reinforces South Africa's position as a strategic export base for Ford Motor Company."

The Silverton assembly plant features state-of-the-art automation using Ford's global manufacturing processes and will be equipped to

> *"The R2.5-billion investment reaffirms the importance of these markets as part of our growth strategy across the Middle East and Africa"*

produce 10 000 Everests per year.

"The all-new Everest has been extremely well received since it was launched in September last year, with demand far outstripping supply," said Jeff Nemeth, President and CEO of Ford Motor Company in the Sub-Saharan Africa Region.

"This crucial investment will enable us to increase volumes and expand the Everest range to eight derivatives across a broader price range. It will allow customers across Sub-Saharan Africa to choose from two powerful engines mated to robust six-speed automatic or manual transmissions for exceptional capability."

In recent years, Africa has emerged as an increasingly important region for Ford, with continued investment and growth.

In 2008, Ford announced plans to build the Ford Ranger at its Silverton plant with an investment of R3.4 billion. The investment allowed Ford to transform both its South African plants into world-class facilities to produce the Ford Ranger and Duratorq TDCi engines for local consumption and export.

The Ford Ranger is exported to 148 countries in Africa, the Middle East and Europe, while engines and machined components are supplied to Argentina, Thailand, North America, India and China.

In 2014, Ford formed its newest business unit – Middle East and Africa – comprising 67 markets to support the region with a dedicated focus and clear understanding of the unique conditions and customer needs.

The African growth story continued in 2015 when Ford confirmed it would assemble the Ford Ranger in Nigeria, using semi knock-down (SKD) kits and components imported from South Africa.

MANDATORY AND DISCRETIONARY GRANT SUBMISSIONS

merSETA
MANUFACTURING, ENGINEERING
AND RELATED SERVICES SETA

IMPORTANT NOTICE
EXTENSION OF MANDATORY AND DISCRETIONARY GRANT APPLICATIONS DEADLINE

The merSETA hereby informs all stakeholders that the deadline for the submission of mandatory and discretionary grant applications has been extended to Tuesday, 31st May 2016.

The submission deadlines for the financial period 1 April 2016 to 31 March 2017 are now as follows:

- Mandatory grant submissions for merSETA levy-paying companies is Tuesday, 31 May 2016;
- Large and medium-sized companies that intend to be considered for discretionary grants for PIVOTAL programmes must submit their mandatory grant application and complete the PIVOTAL plan on or before the deadline of Tuesday, 31st May 2016. Companies intending to enroll matriculants from the "Class of 2016" must select the "Class of 2016" when completing the PIVOTAL plan;
- Large and medium-sized companies that intend to be considered for discretionary grants for non-PIVOTAL programmes must submit the non-PIVOTAL application via the discretionary grant funding window by no later than Tuesday, 31 May 2016; and
- Small and other legal entities that intend to be considered for discretionary grants for PIVOTAL and non-PIVOTAL programmes, are reminded that the system opened on Monday, 1 February 2016, and the deadline date remains Tuesday, 31 May 2016.

Preference will be given to learners linked to the merSETA-identified Priority Skills and the Strategic Infrastructure Projects (SIPs).

Skills Development Facilitators are reminded that the reporting periods are as follows:

- The annual training report will be for the period 1 January 2015 until 31 December 2015, and the workplace skills plan will be for the period 1 January 2016 until 31 December 2016.

Where a recognition agreement exists between the organisation and labour/union, immaterial of the size of the workforce, a labour/union representative on the Training Committee is required to sign-off the mandatory and discretionary grant applications on or before the deadline date.

Where a recognition agreement does not exist and the company employs 50 or more employees, an employee representative on the Training Committee is required to sign-off the mandatory and discretionary grant applications on or before the deadline date.

The labour/union or employee representatives, whichever is applicable, are requested to submit an application to register on-line by visiting the following website address: ***http://196.4.89.14/cdas/merseta.asp*** and clicking on “Register as a Skills Development Facilitator”.

The merSETA grant policy is available on the merSETA website and all Skills Development Facilitators should ensure they have read and understood the policy.

The guides on "How to submit the mandatory and discretionary grant application" and the SIPs information are available on the merSETA website - ***www.merseta.org.za***

As communicated before, only electronic submissions are accepted.

For assistance, please contact the merSETA regional offices or the call centre on 086 163 7738

LEADERS IN CLOSING THE SKILLS GAP

SETAs to continue supporting NSFAS with student funding

The scheme has spent R50 billion to assist more than 1.5 million poor students over the past 17 years, reports ***Sibongiseni Ziinjiva Ka-Mnguni***

National Student Financial Aid Scheme Chief Executive Officer Msulwa Daca addresses the media.

Sector education and training authorities (SETAs) – including the Manufacturing, Engineering and Related Services Education and Training Authority (merSETA) – have reaffirmed their support for the National Student Financial Aid Scheme (NSFAS) in its efforts to assist disadvantaged students gain tertiary education and critical skills.

The commitment was made at a recent meeting between executives of NSFAS, representatives of various SETAs and officials of the Department of Higher Education and Training (DHET) in Midrand.

The meeting also agreed that NSFAS must tighten its policies, improve fund administration and review administrative guidelines and criteria.
It also resolved that learner-student selection processes and enrolment for critical and scarce skills or academic and/or technical learning courses be aligned with South Africa's Human Resource Development Strategy.

Other agreements included:

- Alignment in reporting and collaboration with the Auditor-General to ensure an effective, efficient and consistent way of reporting;
- Improvement of the support for financial aid offices of universities in identifying and conducting eligibility testing of bursary-qualifying-students in line with established eligibility criteria and the NSFAS means test; and
- SETAs, because of their close proximity to employers, must assist NSFAS-funded students to access internships, work placements and employment.

The meetings formed part of the government's resolve to channel various sources of funding through NSFAS to increase access to higher education and training as announced by Higher Education and Training Minister Dr Blade Nzimande.

The partnership between NSFAS and SETAs dates back to 2012.
"At the time, we had few SETAs on board committing to funding students in the form of bursaries for first year students. Now most of those students are graduates. So, we thought it was important to convene a meeting to review the partnership and the work and the commitment made over the years, says NSFAS Executive Officer Msulwa Daca.

NSFAS was established in accordance with Section 3 of the

Health and Welfare SETA Chief Executive Officer Yvonne Mbane and Chief Director: SETA Coordination at the Department of Higher Education and Training Maliviwe Lumka.

NSFAS Act No 56 of 1999 to operate a national financial aid scheme in terms of which low-cost loans or bursaries were to be made available to disadvantaged students at higher education institutions.

The SETAs were, on the other hand, established in accordance with the Skills Development Act No 97 of 1998 as amended to, among other things, develop the skills of the South African workforce; increase the levels of investment in education and training in the labour market and improve the return on that investment.

The three parties recognised that the effective and efficient administration of financial aid depended on an active and collaborative partnership between the SETAs and NSFAS.

In 2013, more SETAs came on board to fund students through NSFAS. This was at the time when the scheme was faced with huge debt challenges and DHET had to make R1 billion available to assist.

At present, the SETAs make available a total of R365 million to assist poor students through NSFAS.

NSFAS manages and administers bursary funds on behalf of the SETAs with "due skill, care and diligence".

"We utilise professional techniques and standards in managing and administering the funds. We have been doing it since 1999. Therefore, we have the capacity, resources, experience and expertise to administer the funds effectively and efficiently," says Mr Daca.

"We are also happy that this continued partnership has helped us to sustain our 25 years of funding for students from working class families. To date, more than 1.5 million students have been assisted and we have spent more than R50 billion in this regard. So we are moving forward, we are strengthening ties with our funders. They are an important part of what we do. Without the SETAs we would be funding fewer students."

Health and Welfare SETA Chief Executive Officer Ms Yvonne Mbane; Chief Director: SETA Coordination at the Department of Highter Education & Training Mr Maliviwe Lumka; NSFAS Chief Executive Officer Mr Msulwa Daca and Services SETA acting CEO Ms Liesel Kostlich.

The proposed New SETA Landscape debate: What the stakeholders say

By Achieve Correspondent

The merSETA, its board and stakeholders have called on the Department of Higher Education and Training (DHET) to convene a conference to debate the journey the country will embark on when the new SETA Landscape has been finalised and comes into effect in 2018.

This follows a consultative process that the merSETA engaged in after the publication in the *Government Gazette* in November 2015 of the new SETA Landscape proposal.

The merSETA solicited inputs from about 700 stakeholders. Workshops were held countrywide.

"The merSETA's stakeholders have trust in this process of consultation and will be willing to avail [themselves] for further engagement that will result to find the best solutions for our 2030 Vision," says a report compiled after the consultative process.

"It is a national imperative that the skills system is fixed and improved so as a country we do not implement yet another system that will be inadequate to address the employment and economic growth priorities of government, its social partners as well as South African citizens."

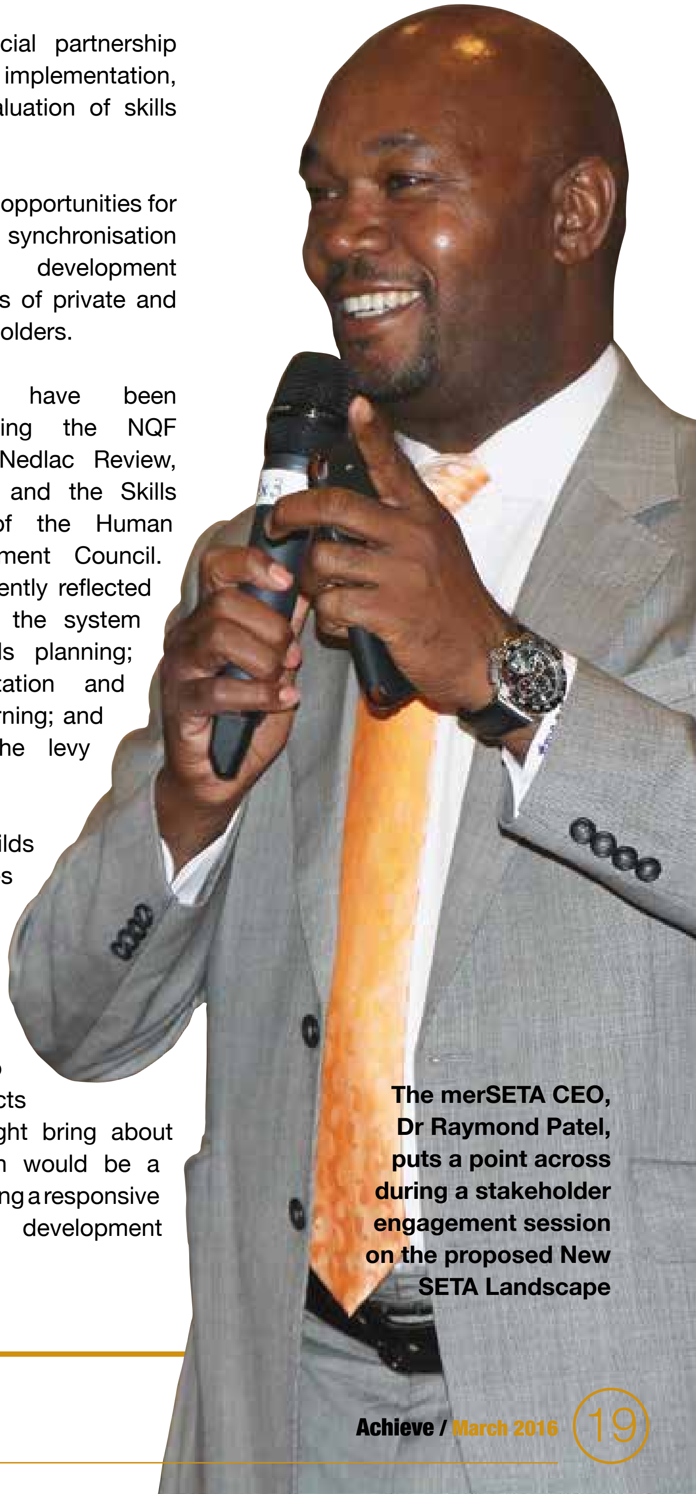
The proposal contains positive elements and provides a platform for a strengthened social partnership model for planning, implementation, monitoring and evaluation of skills development.

It also provides new opportunities for collaboration and synchronisation of the skills development implementation roles of private and public sector stakeholders.

Several reviews have been conducted, including the NQF Review of 2002, Nedlac Review, work of the MTT and the Skills System Review of the Human Resource Development Council. These have consistently reflected on weaknesses in the system in relation to skills planning; governance; facilitation and management of learning; and management of the levy grant system.

The proposal builds on activities already being implemented e.g. standardisation for planning.

The proposal also contains aspects of change that might bring about inefficiencies, which would be a barrier to implementing a responsive and flexible skills development system.



The merSETA CEO, Dr Raymond Patel, puts a point across during a stakeholder engagement session on the proposed New SETA Landscape

The merSETA's submission highlights both the positive aspects and those that raise concern as to whether they would bring about improvements.

Positive highlights

Below are some of the positive developments in the proposed landscape to which the merSETA subscribes:

Strategy

The proposed landscape is set to bring alignment to the work of the skills system and the education and training provider system by means of a single, integrated post-school skills development strategy.

The White Paper for Post-School Education and Training envisages the integration of the work of skills development bodies and education and training institutions for the enhancement of the development of skills.

The draft proposal is an effort to enable this vision through the reassignment of functions among various bodies and institutions, including the DHET.

The proposal, based on experience since the implementation of the skills system, seems to be an appropriate intervention to address the shortage of skills.

The Human Resource Development Council has reviewed the Human Resource Development Strategy in view of the new social and economic challenges that have emerged since the last one.

The review necessitates the realignment of all role players as it is a key component of strategy. The new SETA landscape proposal is an opportunity for the Minister of Higher

Programme Director: The merSETA Strategy and Research Executive Sebolelo Nomvete.

Education and Training to integrate the skills development strategy with those of universities and colleges and produce a single strategy.

The use of the Organising Framework for Occupations as a tool of analysis for skills research and planning is welcomed.

This approach provides clear focus for skills development – ensuring that people are occupationally competent and can access jobs and other income-generation opportunities.

The changing nature of business operations and ownership has resulted in industries once seen as distinct now offering the same cluster of services e.g. insurance, accounting, banking and retail. The nature of business is such that occupations are more often than not applicable across various industries.

Cluster management of SETAs has the potential to facilitate integrated planning by labour market actors and systemic responses from education and training providers to skills priorities across sectors.

It also presents the opportunity for the sharing of best practices and cross-pollination of knowledge and expertise in SETAs.

Centralised skills planning would assist in the standardisation, co-ordination and consolidation of skills research and planning to enhance the systemic labour market alignment.

Cluster management would also enable the sharing of resources and the development of common approaches to qualifications and programmes cutting across different SETA sectors.

Legal status and governance

SETAs, as permanent structures, will increase their stability. The current five-year relicensing notion does not work for medium- to long-term planning for skills development needed to support the 2030 Vision.

Functions and Roles

A consistent finding of the various reviews has been the difficulty that users of the skills system find in navigating the requirements of the different SETAs for accessing services, each SETA having a different ICT system.
SETAs execute their functions in very different ways.

Despite the fact that all SETAs essentially have the same functions, the difference with regard to issues such as organisational structure, corporate services, financial management policies and procedures, staff conditions of service and the like varies.
It has become apparent that there

could be more standardisation through centralised approaches for procedures, tools and methodologies for the mandated functions of SETAs and a shared services model for some of the corporate support services.

This would allow for more efficiency, easier navigation of the system and savings so more of the levy grant funding can go towards service. The proposed centralisation approach and shared services model would enable the systemic application of best practice from the better performing SETAs towards standardising and streamlining processes.

Concerns regarding the new SETA Landscape proposals

The merSETA stakeholder concerns are unpacked below. These concerns need attention before finalisation and implementation of the proposed new SETA landscape.

Strategy

There is a view that the proposal fails to locate the proposed change within an analysis of current socio-economic and global economic contexts, national policies and strategic priorities.

This was seen as a significant weakness as it would result in a SETA system not responsive to the needs of the labour market and economy.

The proposal also fails to provide a clear implementation plan to facilitate a smooth transition into the new landscape.

This would lead to loss of stakeholder confidence and unnecessary disruption.

The top-down approach in the development of the proposed landscape also emerged as one of the weaknesses. Stakeholder voices, such as key labour and business partners, are not reflected in the proposal.

The absence of input of all social partners in the draft discussion document might lead to decisions that would defeat the vision of an integrated WP-PSET, which should acknowledge the complementary capability and resources of the labour market and education and training components equally.

Legal status and governance

The elevation of the government in the running of SETAs has been criticised. The argument is that the government is too far removed from what is happening on the ground to have sole veto powers in decision-making.

It was argued that business and labour had a better understanding of the respective sectors.

Stakeholders are concerned about the proposal to reduce SETA boards into advisory bodies with no decision-making powers as this would affect the ability of boards to make critical strategic decisions.

This is seen as bringing an imbalance into the decision-making power of social partners, risking non-participation of labour market social partners, who might feel their capability and expertise are not seen as adding value.

The proposal to make SETAs service-delivery units within DHET would result in them being subjected to internal bureaucracy of decision-making and slow their ability to make critical decisions.

The belief is that DHET does not have the capacity to assume such a responsibility.

Accountability is critical in the governance of any institution. The stripping of accounting functions from SETA boards and CEOs might well increase inefficiencies.

A section of the audience enjoys robust debate at one of the stakeholders' engagement sessions.

A participant asks a question during one of the sessions.

Plastics SA Executive Director Anton Hanekom

Functions and Roles

The absorption of SETAs into DHET would increase the distance between them and industries/sector and education and training institutions, compromising their ability to execute their role of facilitating skills development and being intermediaries between employer/ industry/sector and education and training institutions.

A number of SETAs do not have sufficient internal capacity to conduct thoroughgoing skills planning. Most of this work ends up in the hands of consultants.

The proposed structure, functions and roles of SETAs in the new landscape do not adequately acknowledge best practices and pockets of excellence in the current SETA system.

Best practices should be replicated while focusing on improving on those parts of the system that are not working. This would be less disruptive and could be used as a means to get buy-in for improvements needed for greater efficiencies and optimal utilisation of resources.

Proposed Funding Model

The proposed funding model has received major criticism.

Chief among the concerns is that stakeholders do not have confidence in the ability of the National Skills Fund (NSF) to manage the funds efficiently.

There is also a perceived risk of funds being diverted to other priorities if centralisation occurs. Key national skills development priorities may be overlooked in favour of other social priorities.

The proposed model would result in unnecessary bureaucracy and delays in accessing funding. Employers would have to go through four layers of bureaucracy to access skills funds. This would consequently delay skills development interventions.

It is difficult to envisage how complementarity and partnership would work for a responsive skills development system in what seems to be an inequitable management approach.

Conclusion

The merSETA acknowledges that the proposed landscape has positive elements.

Centralised standardisation of approaches and methodologies and the implementation of shared services would bring efficiencies and improved service delivery. Reinforcing the role of the government in the system is necessary, though it has to be aligned with the government's mandate – enabling business investment and economic growth.

The stakeholders' reservations should be considered, particularly those pertaining to the role of labour market actors.

If the proposal is about building a systemic partnership and complementarity between labour market actors and education and training institutions, the legal status and governance and management of the levy grant system needs to be revisited.
The complementarity, dialogue and partnership principles have to hold in a balanced decision-making model that recognises equally the value-add of all social partners.

Recommendations

Strategy

There does seem to be a strategy underlying the proposal. However, unpacking the current, emerging and future economic conditions in which the new SETA bodies would operate

The merSETA engaged about 700 stakeholders and hosted workshops countrywide.

might possibly assist in clarifying their most appropriate shape and form going forward.

Strengthening the current strategic intent contained in the proposal would embed the conception of skills. It would assist to clearly articulate how skills development of employed and unemployed youth and adults should underpin growth and development.

The development of this strategy should be multi-stakeholder driven to leverage the rich knowledge and understanding possessed by different role players and increase stakeholder buy-in. There also needs to be a clear implementation plan to ensure minimal disruption in the transition to a new landscape.

Legal status and governance

The SETA boards should continue as decision-making bodies instead of being reduced to advisory bodies.

The focus should rather be on addressing current challenges in the governance of SETAs. The SETA boards should continue having a strong role for labour market social partners as they have an understanding of critical issues confronting their respective sectors, industries and businesses. The government's involvement should be as an equal partner.

Government does not run companies/industries

However, it is imperative that the government consolidates and drives strategy through enabling dialogue and partnerships for the implementation of correct interventions for all social partners. A balance needs to be struck between the role of the government and its social partners in determining skills needs priorities and ensuring appropriate systemic responses by other institutions.

The solution for the governance and management of SETAs should be one that does not introduce new bureaucratic processes.

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Functions and Roles

The centralisation of standardised approaches should be implemented. Focus should be on addressing the varied approaches in the current system that lead to duplication and wastage of resources. The focus should also be on identifying best practices and pockets of excellence in the current SETA system and determining how these can be replicated system wide.

Funding Model

SETAs should retain the discretionary grant disbursement function but with more stringent monitoring mechanisms to improve efficiency and more credible mechanisms.

The proposed model should be revisited as there is a strong belief that centralisation would be likely to introduce unnecessary bureaucracy, delays in grant disbursements and inefficiencies in the administration of the funds.

Regulations for strong sanctions should be put in place for all forms of financial mismanagement and corrupt activities.

The Creation of Shared Services for SETAs

The proposal refers to the duplication and weakness within the current SETA system. It also states that the SETA system is not pro-active and efficient.

The system would largely benefit from a shared services model that would provide expertise in IT, Supply Chain Management, Financial Planning, Financial and Technical Advisory Services, Human Resources and a centralised planning and research function.

SA's manufacturing production remains resilient

By Achieve Correspondent

South Africa's manufacturing sector faces challenges but remains resilient.

That the South African economy was hit hard by the 2008-2009 global financial crisis of 2008-2009 is not a matter for debate.

The financial crisis, as all catastrophes do, left a trail of economic destruction that is still haunting South Africa even to this day – eight years on.

The country's manufacturing industry contracted sharply and its subsequent recovery has been insufficient for the volume of manufacturing production to return to its pre-crisis level.

Preliminary manufacturing data for December 2015 reveal that South Africa's manufacturing production, on average, was unchanged in 2015 compared to the situation in 2014.

The severe contraction of 2008-2009 was followed by a period of convalescence. Between mid-2009 and mid-2013, South Africa's manufacturing production showed positive growth. But between mid-2013 and the end of 2015, growth in manufacturing production was generally flat.

There are many factors that influence the manufacturing industry. These include global and domestic business cycles, productivity, business confidence, investment, industrial relations problems, input and output prices, monetary and fiscal policy, infrastructure and the rand-dollar exchange rate.

In the five-year period from 2011 to 2015, the rand weakened from around R6.90/$ (in January 2011) to around R15$ (in December 2015).
The rand's weakness tends to assist South African manufacturers in two ways. Firstly, manufacturing exporters receive more revenue in rand terms for every unit of foreign exchange received, and secondly, it becomes more expensive for importers to compete with local manufacturers.

These benefits may be eroded over time if the weaker rand and related factors result in cost inflation for manufacturers, e.g. more expensive imports and for manufacturers who rely heavily on imports for their inputs, a weaker rand is not good news at all.
Between January 2011 and December 2015, the rand lost 54% of its value against the dollar.

Following the 4.6% growth in 2010, manufacturing production slowed to 2.8% in 2011, 2.2% in 2012, 1,3% in 2013, 0.1% in 2014 and 0% in 2015.
However, comparing manufacturing production to the rand price of a basket of currencies (instead of the US dollar) provides a different perspective.

The South African Reserve Bank calculates the "effective exchange rate of the rand", which shows changes in the value of the rand against a basket of currencies.
Five currencies account for about three-quarters of the basket – the euro (29%), yuan (21%), US dollar (14%), yen (6%) and the pound (6%).

In nominal terms, which means there has been no adjustment for inflation, the effective rand weakened during 2011–2013, was relatively stable during much of 2014 and weakened during 2015.

The Reserve Bank also calculates the effective rand in real terms, which is the nominal effective rand adjusted for inflation differences between South Africa and its trading partners.

For example, the benefits of a weakening rand in the nominal effective terms are counteracted if South Africa's inflation is higher than average inflation of its trading partners.

> *"The real effective exchange rate of the rand may be regarded as a barometer of external competitiveness in manufacturing"*

In general, the benefits of a weaker rand for manufacturers would be eroded by higher cost inflation in South Africa (compared to its trading partners).

"The real effective exchange rate of the rand may be regarded as a barometer of external competitiveness in manufacturing" (*SARB Quarterly Bulletin*, December 2008).

How will manufacturers fare in 2016? That remains to be seen.

As noted earlier, there are multiple factors that affect manufacturing, which makes it difficult to quantify their individual impact. An additional complication in measuring economic relationships between variables is that there may be lags between causes and effects, e.g. exporters may need time to respond to a weaker exchange rate if they face supply-side constraints, such as shortages of production capacity, labour, electricity and other inputs.

Finally, let's take a brief look at the breakdown of manufacturing.
There are 10 manufacturing divisions.

The strongest performer during 2011–2015 was communication and professional equipment. Its growth was well above average in all years except for 2015, when it contracted.
The next strongest division of food and beverages was a relatively consistent performer throughout the period.

This division appears less sensitive to the business cycle than other divisions.

For example, in the 2008-2009 global economic crisis, it was the only division that recorded positive growth (total manufacturing contracted by almost 14%, whereas food and beverages grew by 2%).

Transport had average growth of 2.3% for the period 2011–2015. This was similar to food and beverages, but the breakdown by year was much more erratic.

Apart from the "other" divisions, the weakest performer during 2011–2015 was textiles and clothing, which has faced strong competition from Chinese imports.

"Industrial production refers to the output of industrial establishments and covers sectors such as mining, manufacturing and public utilities (electricity, gas and water)," says the Organisation for Economic Co-operation and Development (OECD).

The merSETA in a new partnership to raise standards

By Independent Correspondent

The merSETA and Retail Motor Industry Organisation (RMI), a South African automotive employer organisation, have entered into a partnership with the Institute of the Motor Industry (IMI) to raise standards in the local automotive industry in recognition that investment in trainees through vocational training will result in direct benefits for businesses.

The London-based IMI is a professional body in the retail motor industry that also operates as a governing body of automotive technicians.

Both the merSETA and RMI recently signed a Memorandum of Understanding (MoU) at the IMI's annual dinner in London that seeks to add value to employers by facilitating the creation of a better trained and skilled workforce in the automotive sector.

The merSETA and RMI have shown their commitment to improving their current automotive training standards and enhancing the school-to-work transition by using practical work-based learning that can lead to potential employment.

IMI, working in partnership with the merSETA and RMI, will embark on comparative research to quantify the business value that skilling workers through apprenticeships will contribute to businesses.

A similar Return on Investment (ROI) study sponsored by the UK government and IMI showed that well-trained employees under the apprenticeship model could produce up to 300% return on employer investment.

In South Africa, the merSETA and RMI, working with IMI, will encourage employers to participate in an ROI project to ascertain the added value to businesses that apprentice motor mechanics, spray painters and body repairers will deliver to their employers and the economy.

On their visit to the United Kingdom, the merSETA and RMI executives joined IMI's International Manager, Mr Herbert Lonsdale, and ROI Manager Dr Paul Spear on a fact-finding tour of Britain's motor industry, visiting several vocational training facilities, including Emtec, Mercedes-Benz, Kwik-Fit, BMW Academy, Castle Coachworks and Sytner BMW.

Mr Lonsdale said working with the merSETA and RMI would help IMI enhance and promote automotive skills throughout Southern Africa and worldwide.

"Benchmarking to IMI's global standards will ensure our qualifications and accreditation have portability across South Africa and the Southern Africa region.

"It's an extremely exciting time to be part of the automotive industry and the IMI will continue to work with governments around the globe to develop standards that can be adopted by every country – as well as demonstrating the very real benefits to employers and governments of investing in quality apprenticeships, training and skills for individuals working in the automotive sector."

Dr Spear said that by driving improvements in vocational qualifications, employers could help governments to draw the youth into apprenticeships and training.

"As a developing country, South Africa has its own unique challenges, which are apparent in the high unemployment rate, especially among the young.

"The IMI's ROI Calculator will illustrate the immediate results a young employee, provided with quality apprentice training, can have. We will be working closely with the RMI to engage employers to conduct research and obtain the data required to build an ROI Calculator designed for merSETA and to align precisely with the South African market and the experience of employers," he said.

AIDC, Siemens honour artisan and engineering graduates

By Independent Correspondent

The AIDC and Siemens have partnered to alleviate the chronic of skills shortage.

The longstanding partnership between the Automotive Industry Development Centre (AIDC) and leading global infrastructure and industry solutions provider Siemens is continuing to yield significant outcomes in the development of young talent in South Africa.

At a graduation ceremony in Johannesburg recently, the two parties celebrated the success of 70 young South Africans who are ready to enter the industry after completing a skills development programme.

The partnership started in 2008 when the conglomerate recognised the growing need to develop a pipeline of scarce and critical skills across various industries and approached the AIDC to manage a bursary programme focusing on developing qualified individuals for absorption in key sectors.

The programme involved the development of artisans, engineers, technicians and a range of semi-skilled workers who, once qualified, could contribute to the government's goal to continuously grow and create sustainable jobs.

The AIDC's Skills Development and Training Department acted as an administration hub on behalf of Siemens by facilitating training at external training institutions and managing all aspects of the training programme according to a budget.

The total value of the programme over the past eight years is estimated at more than R65 million.

Under the government's then Accelerated and Shared Growth Initiative (ASGI-SA) scheme, Siemens became committed to training South Africans as part of its contract agreements for work at South African power stations and other infrastructure projects.

Special attention was given to people with economic and educational disadvantages.

Since the inception of the programme, the AIDC has facilitated the training of 206 students through 15 accredited universities and Further Education and Training (FET) colleges (now known as Technical Vocational Education and Training Colleges or TVET institutions).

"Developing skills and creating jobs is not just a fulfilment of our contractual obligations but an investment which enables us to be successful as an engineering business"

In addition, the centre identified 26 suitable companies for the placement of students for on-job training in Gauteng, Mpumalanga and North West.

The AIDC also ensured that the study and placement programmes were project-specific and linked to Eskom power stations, including Kusile, Medupi, Duvha, Ingula and Hendrina. The AIDC continues to monitor the performance and progress of the students and provides reports to Siemens and Eskom.

Speaking at the graduation ceremony, Ms Portia Mkhabela, AIDC's Skills Development Manager, said it was a privilege for the organisation to be entrusted with a project of this nature and magnitude.

"We are proud to have contributed to the development of young individuals," said Ms Mkhabela.

"We are privileged to have administered the training of students on this programme," she explained.

Mr Clifford Klaas, Siemens' Executive Director and Head of Human Resources in Southern and Eastern Africa, said South Africa had a severe shortage of engineering and technical skills, adding that the company was working hard to train and develop people appropriate for a developing industrial economy.

"Developing skills and creating jobs is not just a fulfilment of our contractual obligations but an investment that enables us to be successful as an engineering business," Mr Klaas said.

"The government is encouraging the development of skills that benefit every South African. This is a great example of business and the government working well together," he added.

Siemens has also absorbed many of the graduates in the company.
One such student is Ms Jaquolyn Mononyane, who matriculated in 2008 before studying electrical engineering at the Tshwane University of Technology (TUT). She was later placed on a further two-year Siemens graduate training programme, studying towards a B Tech degree in electrical engineering. As part of her training, she worked at the Sere Wind Farm in the Western Cape.

In 2015, Ms Mononyane became the first female supervisor in Siemens' North Riding facility. She is currently a supervisor in the facility's medium voltage division, a job previously held by a skilled German employee.

"The government is encouraging the development of skills that benefit every South African. This is a great example of business and the government working well together"

SA car industry: Tough times ahead but it's still world class

By Achieve Correspondent

New vehicle sales in South Africa are in decline but experts believe the country has some of the best-run vehicle dealerships in the world

South Africa's new vehicle sales in 2015 saw a 4.1% decline compared with the same period the previous year, according to the National Association of Automobile Manufacturers of SA (NAAMSA).

It is against this background that the outlook for domestic sales in 2016 remains uninspiring and, at this stage, a decline in total new vehicle sales of between 3% and 5% will not be unexpected.

"The consumer-driven new car market is likely to show a decline in volumes at the upper end of the range, with new commercial vehicle sales projected to perform better in relative terms," NAAMSA says.

Despite the negative market projection, some experts believe South Africa has a high standard in vehicle dealerships, on par with some of the best in the world.

"South Africa has some of the best-run vehicle dealerships in the world in terms of the benchmarking of successful businesses," says Warren Olsen, Chief Executive Officer of the Sewells Group, global consulting specialists in the automotive industry.

> *This requires remedial action in terms of improving facility and equipment usage and relooking staffing in the affected areas of a company*

"Several times in the past the local retail motor dealers have had to face very tough challenges, particularly during the global economic meltdown of 2008-2009, when dealer sales of cars and light commercial vehicles (LCVs) fell 42.5% in a market that tumbled 34.1%.

"But even at the time of the financial crisis many of them showed determination and innovation. They managed to fight back strongly as the economy improved," says Olsen.

"Times are tough again, but it's nothing compared to what we encountered in those black days in 2008-2009. Dealer sales of cars and LCVs in 2015 fell only 2.9% versus a market decline of 4.2% when compared to the 2014 figures."

Using the return on average assets as a measure, South Africa's benchmark is at 22%, according to Sewells.

This places South Africa ahead of Australia (15.6%), New Zealand (14.5%), China (9.3%), India (16%), Indonesia (6.8%) and Thailand (21%). The only countries that rate higher than South Africa in this group are the Philippines (32%) and Vietnam (23%).

In South Africa, Sewells analyses the monthly financials of more than 1 200 retail motor dealers and tracks their financial and operational performance.

"There is big pressure on the motor retailers to remain profitable in these tough economic times. But I am sure their resolve and resilience will see them once again adapt to the changing circumstances to keep their businesses on an even keel," Olsen says.

The latest Sewells indicators of dealer health show that business is still generally profitable in both the volume and luxury sectors of the market. But the luxury end is under pressure and showing a downward trend.

"This requires remedial action in terms of improving facility and equipment usage and relooking staffing in the affected areas of a company," Sewells Group says.

"Retained dealership profit before tax is showing a similar trend for the two major sectors of the car and LCV markets. However, the ability of companies to turn their total assets is declining on all fronts as is their ability to retail a significant portion of the total gross profit."

The situation is worse in the used car market, with the return on gross assets declining for both volume and luxury brands and models, according to Sewells.

"Stock levels are rising, too, which is another challenge when there are so many 'sweeteners' to tempt buyers into the new vehicle market," it says.

Africa needs to industrialise, Minister Davies tells round table

By Independent Correspondent

Africa needs to industrialise and integrate into the global economy so it can prepare for and be able to weather future financial crises, according to Dr Rob Davies, South Africa's Trade and Industry Minister.

"The problem with Africa is not that it is not integrated into the world economy but how it is integrated," Minister Davies said in his address at the Nairobi Fourth China Round Table in Kenya recently.

The Minister said Africa needed to cast off its colonial world view if it was to join a modern world economy. Davies noted that even though colonialism had brought many African countries into the global economy, it still disadvantaged the African continent in that the countries became importers of finished goods coming from former colonisers' countries.

Kenyan President Uhuru Kenyatta also joined the round table discussions, which looked at Africa's perspectives on the future of the continent's trading system.

The Nairobi Fourth China Round Table was sponsored by the Chinese government and hosted by its Kenyan counterpart. It was organised by the World Trade Organisation (WTO) Secretariat ahead of the 10th WTO Ministerial Conference held in Africa for the first time.

Davies said value chains had not benefited Africa and urged ministers responsible for trade in the African, Caribbean and Pacific (ACP) group of states to "resist an attempt of ditching the Doha Development Round as it will have negative implications for developing countries".

He said that although support for the Doha Development Round was divided, most members believed its mandate remained valid.

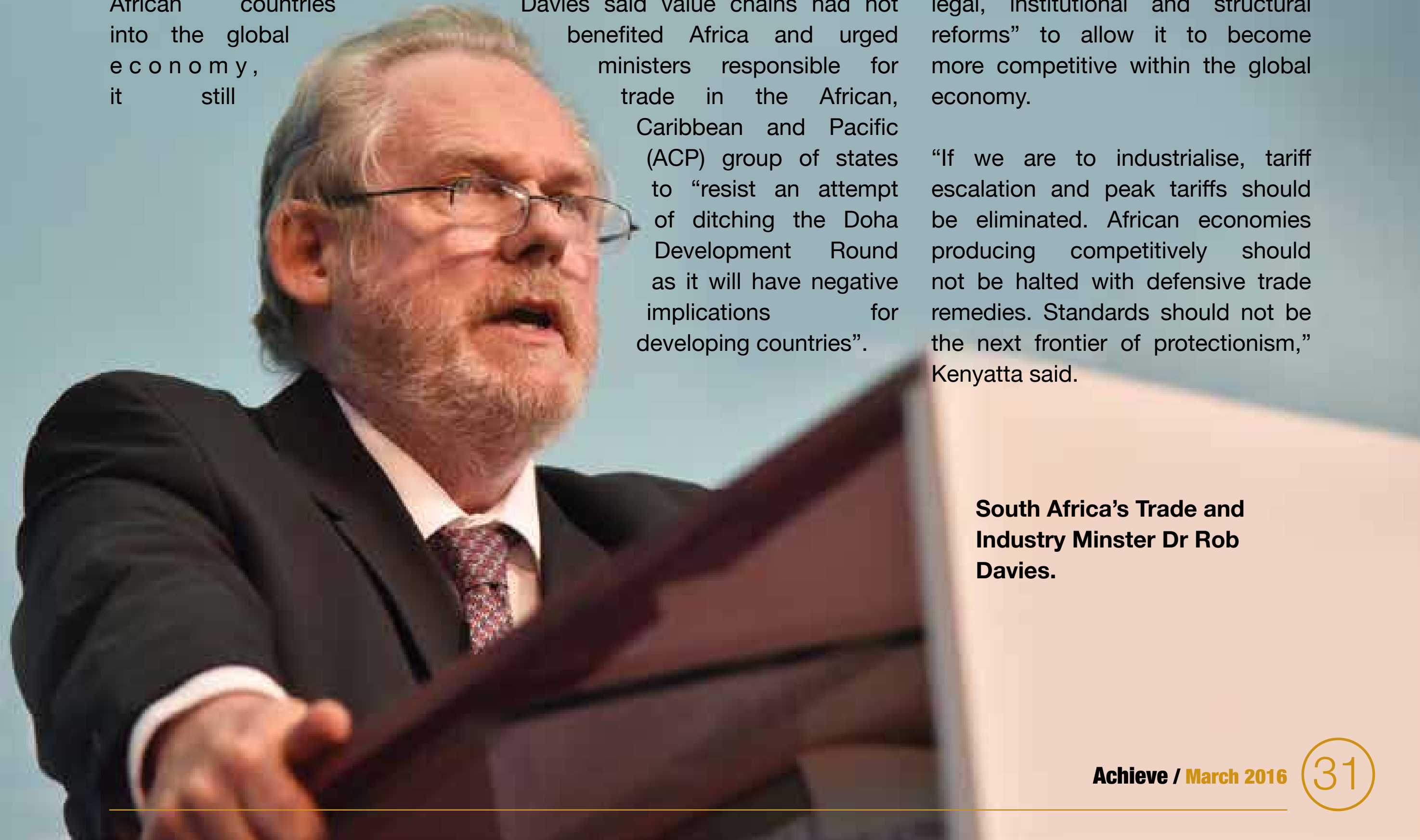
Davies said there was a need for the continent to "create regional value chains" and to slow down "importation of finished goods".

"We must be given space as a continent to industrialise," the Minister said.

He said the continent needed to industrialise in such a way that it would be able to withstand future financial crises.

Kenyatta said the continent had given priority to "industrialisation and the deepening of domestic economy, legal, institutional and structural reforms" to allow it to become more competitive within the global economy.

"If we are to industrialise, tariff escalation and peak tariffs should be eliminated. African economies producing competitively should not be halted with defensive trade remedies. Standards should not be the next frontier of protectionism," Kenyatta said.



South Africa's Trade and Industry Minster Dr Rob Davies.

Minister of Science and Technology Naledi Pandor

SA investing in science to tackle socio-economic challenges

By Independent Correspondent

South Africa was considering increasing its research and development funding to 1.5% of the Gross Domestic Product (GDP) within the next five years, Science and Technology Minister Naledi Pandor said recently.

Officially opening the Inter-Academy Partnership (IAP) Conference and General Assembly, a global network of science academies, in Cape Town, Minister Pandor said South Africa's move came at a time when many countries had only begun to budget for science, technology and innovation.

Most of them, the Minister said, were targeting 1% of their GDP as their future contribution to research funding.

More than 200 scientists from around the world attended the conference, held under the theme "Science Advice".

Speakers included Professor Sir Peter Gluckman, Chief Science Adviser to the Prime Minister of New Zealand; Professor Jacqueline McGlade, Chief Scientist for the United Nations' Environment Programme; Mr David Mair, of the European Commission and co-chairman of the IAP; Professor Volker ter Meulen of Germany; and Professor Mohamed Hassan, from Sudan.

There is a growing movement internationally to bring together science advisers to share best practices and form a network to deal with global challenges such as food security and climate change. Science is also at the heart of the United Nations' Sustainable Development Goals (SDGs).

However, integrating the best science into the plans of governments and others working towards the SDGs remains a challenge.

Minister Pandor told the conference that science advice was acknowledged as an area of science capacity development that had the potential to make a significant contribution to developing research and innovation in Africa.

She said the conference was a welcome start.

"We are making efforts to strengthen our policy and institutional development initiatives. We have devoted increasing attention to investment in science and innovation and have agreed that it is important for us to draw on international partnerships to succeed."

She said many countries in Africa still had to establish themselves as far as advisory bodies or individual offices were concerned.

"I have a strong preference for building institutional capacity for advice," she said.

She said her department relied on two institutions to provide scientific and science policy advice. These were the Academy of Science of South Africa and the National Advisory Council on Innovation.

The academy has played a strong advisory role over the past 10 years. Its evidence-based reports have addressed topics as diverse as the role of genetically modified organisms (GMOs) in African agriculture, the emerging threat of drug-resistant tuberculosis and strategies for the development of low-carbon cities and the prevention of a smoking epidemic in Africa through tobacco-control measures.

For its part, the advisory council on innovation plays a policy role in coordinating the country's National System of Innovation.

The science councils, for example, shape policy in areas such as urban development, environmental management, education and public health. Other institutions, such as universities and non-governmental organisations, also contribute evidence that informs policy making.

Much of their work is now guided by the SDGs. The SDGs are an unprecedented collective global push to tackle the root causes of poverty. They embody the need for a global transformation that leaves no one behind and gives every child a fair chance of leading a decent life.
They also showcase a commitment to protecting future generations by limiting climate change and managing resources sustainably.

Like many other countries, South Africa is grappling with a range of complex socio-economic challenges caused by poverty, inequality and unemployment.

Minister Pandor said science could assist to address these challenges.
She pointed to three areas of science that her department was seeking to promote:

"We are making efforts to strengthen our policy and institutional development initiatives"

- Firstly, governments had to take a leading role in the way innovation systems functioned. Effective innovation systems depended on the smooth flow of knowledge and technology between enterprises, universities and research institutions.

The mechanisms enabling the smooth flow of knowledge include joint industry research, public-private partnerships, technology diffusion and movement of personnel. A focus on interdisciplinary studies, entrepreneurship and strong business partnerships was essential for universities to play a role in constructing knowledge-based economies.

- Secondly, governments had to invest in health sciences. This was a direct investment in improving the quality of life. Developing countries today were at the forefront of global scientific discovery, as highlighted, for example, by the pioneering work undertaken in South Africa in areas such as microbicides to prevent HIV-Aids, as well as drug and vaccine development for malaria and tuberculosis.

This was enabled through the full participation by South Africa and other African countries in the European and Developing Countries Clinical Trials Partnerships funding parties and equal partners.

- Thirdly, African science collaboration needed to be improved, although African investment in science research was growing.

Sub-Saharan Africa contributed about 2,3% of world gross domestic product (GDP), but was responsible for only 0,4% of global expenditure on research and development (R&D). With 12% of the world's population, it was home to only 1,1% of the world's scientific researchers.

African countries had made a determined effort to increase research, development and innovation.

The past 15 years had seen interventions in higher education, in science councils, in academies and in universities.

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Vision

Leaders in closing the skills gap

The merSETA is one of the 21 Sector Education and Training Authorities (SETAs) established to promote skills development in terms of the Skills Development Act of 1998 (as amended). The 21 SETAs broadly reflect different sectors of the South African economy. The merSETA encompasses Manufacturing, Engineering and Related Services.

The various industry sectors are covered by five chambers within the merSETA: Metal and Engineering, Auto Manufacturing, Motor Retail and Components Manufacturing, New Tyre Manufacturing and Plastics Manufacturing.

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