

# SKILLS DEVELOPMENT ACT AND STAFF RETENTION

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## 1. The Skills Development Act

### 1.1 Background

The act was brought by the way companies were operating in the past. Employers used to employ people without skills and then teach them or they just develop skills through the experience. These people are then given certain responsibilities without adding any incentives, and formal education. As time goes on employers would train people and utilize them to more responsible areas, without any incentives and they could not compete in the future when a position is opened. They will then have to teach people on higher levels which de-motivated them. People could not expand their knowledge and their contribution towards the work itself was limited. This led to people to work through their experiences which were attained after long period of time without any formal training and thus employers losing on production. After realizing the need and the urgency of training, government had to bring something that will motivate employers to participate in training. They then introduced the skills development act.

This is act number 97 of 1998, and it is there to provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce, and to integrate those strategies within the National Qualification Framework contemplated in the South African Qualifications Authority Act (1995). The aim is to provide learner ships, finances and regulate employment services.

### 1.2 Purpose of the Act

- To develop the skills of the South African workforce which will result in
  - Improved quality of life
  - Improved productivity
  - Promotion of self-employment
  - Improved social services
- To increase the level of investment in education and training in the labour market and to improve the return on the investment.
- To encourage employees to
  - Use workplace as an active learning environment
  - Acquire new skills
  - Be employable

- To encourage workers to participate in the learner ships and other training program's.
- To redress disadvantages of the PDI (previously disadvantaged individual).
- To ensure the quality of education and training in and for the workplace.
- To assist learners with learning opportunities
- To provide and regulate employment services

### **1.3 How to achieve the Purpose**

- Through the establishment of the following institutional and Financial framework comprising:
  - The National Skills Authority
  - The National Skills Fund
  - The Skills Development Levy (skills development levies' act)
  - SETA's
  - Labour center's
  - The Skills Development Planning Units in workplaces
- By encouraging partnerships between the public and the private sectors
- Co- operating with the South African Qualification Authority

## **2. National Skills Authority**

- This is a body established in 1999 to advice the minister to:
  - Develop policy
  - Develop strategy
  - To provide guidelines for implementation
  - To acquire funds from the National Skills Fund
  - To provide regulations
- To liaise with the SETA's on policy and strategy
- To report to the minister on the progress made in the implementation (monitoring and evaluation)
- To exercise powers over the purpose and within the act.

### **2.1 Composition of the National Skills Authority and Term and Vacation of office**

The National Skills Authority consists of:

- A voting chairperson appointed by the minister
- 24 voting and three non- voting members appointed by the minister and
- Its non – voting executive officer appointed in terms of section 8(2)(a)

The members referred to above are:

- Five voting members nominated by NEDLAC and appointed by the minister to represent organized labour
- Five voting members nominated by NEDLAC and appointed by the minister to represent business.
- Five voting members nominated by NEDLAC and appointed by the minister to represent organizations of community and development interests (which include a woman, youth and disabled individual)
- Five voting members appointed by the minister to represent the state.
- Four voting members appointed by the minister to represent education and training
- Two non- voting members with expertise of employment services

- A non voting member nominated by South African Qualification Authority and appointed by the minister to represent that Authority.
- The minister must designate four members as deputy chairpersons representing the following:
  - Organized labour
  - Organized business
  - Organized community and development
  - Interest of state

## **2.2 Constitution of the National Skills Authority**

The National Skills Authority must as soon as possible after appointment of its members, adopt its constitution which must provide for:

- Procedure for nominations
- Establishment of committees
- Rules for members
- Voting rights
- Code of conduct for members
- Dispute resolutions
- Procedure for amending the constitution
- Delegation of powers

A member of the National Skills Authority who is not in the full employment of the state may be paid the remuneration and allowance determined by the minister with the approval of the minister of Finance.

## **3. Sector Education and Training Authority (SETA)**

SETA's are established in the following manner:

- The education and training need of employers and employees that :-
  - Use similar material, processes and technology (e.g. metal industries)
  - Make similar products (Mines)
  - Render similar services (Municipalities)
- The potential for coherent occupational structures and career patting
- Economic growth and development

### **3.1 Functions of SETA**

- To develop a sector skills plan
- Implement its sector skills plan
- Establish and promote learner ships
- Apply for accreditation from SAQA
- Collect and distribute the skills development levies in its sector
- Liaise with National Skills Authority
- Report to the Director General
- Liaise with the employment services of the department
- Appoint staff necessary for the performance of its functions

### **3.2 Finances of SETA**

- Collected from its sector
- Money paid to it from National Skills Fund
- Grand's, donors
- Income from investments
- Income from services rendered

### 3.3 Taking over the Administration of SETA

The minister can direct the Director – General to appoint an administrator if the minister feels that:

- The SETA fails to perform its functions
- There is mismanagement of its finances
- Its membership no longer substantially represents the composition contemplated in section eleven

## 4. Learner ships

### 4.1 What is Learner Ship?

- Learner ship is defined as a learning programme with structured learning component and practical experience that leads to a registered qualification relating to an occupation.
- Learner ship includes practical work experience of a specified nature and duration
- Learner ship would lead to a qualification registered by SAQA and related to an occupation
- Learner ship should be registered with the Director General in the prescribed manner
- Learner ship must not be confused with practical exposure
- Learner ships must be related to the old apprenticeship

### 4.2 Learner ship agreements

This is the agreement which is entered into a specific period by:

- The learner
- The employer or group of employers
- And a training provider accredited by a related body

The terms of learner ship agreement must oblige:

- a) The employer to
  - Employ the learner for a period specified in the agreement
  - Provide the learner with the specified practical work experience
  - Release the learner to attend the education and training specified in the agreement
- b) The learner to
  - Work for the employer
  - Attend the specified education and training
- c) The training provider to
  - Provide the education and training specified in the agreement
  - The learner support specified in the agreement

The learner ship agreement must be in the prescribed form and registered with a SETA in the prescribed manner and may not be terminated before the expiry period of the duration as specified in the agreement unless

- The learner meets the requirements for successful completion of the learner ship
- The SETA which registered the agreement approves of such termination
- The learner is fairly dismissed for a reason related to the learner's conduct or capacity as an employee.

The employer or training provider that is party to a learner ship agreement and may be substituted with

- The consent of the learner
- The approval of the SETA which registered the agreement

#### **4.3 Contract of employment with learner**

- If the learner was in the employment of the employer, the learner's contract of employment is not affected by the agreement
- If the learner was not in the employment, the employer must enter into a contract of employment with the learner
- The contract of employment must be within the guidelines of Basic Employment Act
- The contract of employment may not be terminated before the period of learner ship
- The contract of employment may expire in the same time as the learner ship agreement period

### **5. Financing Skills Development**

The National Skills Fund was established through twenty percent of the Skills Development Levies as contemplated in the Skills Development Levies Act

#### **5.1 Budget for training by Service employers**

Each public service employer in the national and provincial spheres of government

- Must budget for at least one percent of its payroll for the training and education of their employees with effect from first April 2000,
- And may contribute funds to a SETA

### **6. Staff Retention**

#### **6.1 Background**

We at Polokwane municipality have lost twenty skilled artisans between the years 2005 to 2009. We are the biggest municipality and the biggest town in the province wherein everyone is keen to leave in. This is opposite when coming to staff retention as smaller municipalities are paying better incentives than us, e.g Tzaneen. We have filled the vacancies but there is always a gap during the transitional period until the new person can perform the duties fully.

We all know that Electrical is one of the scarce skills, other municipalities and Eskom came up with a motion of training their staff immediately after appointment. This motivates people who are working there as they view it as a possible growth path. When posts are advertised we always require massive working experience which we struggle in most cases to obtain. Nowadays we resort by employing people with national certificates up to N6 without experience but they leave after receiving their trade test certificates.

The artisans we lost are categorized in the following manner

- Artisans (7)
- Supervisors (2)
- Inspectors (3)
- Line workers (6)
- Scada officials (2)

Seven of our artisans went to Eskom, three to other municipalities, two to mining and eight to private sector. During the exit interviews, we received the following as some of the reasons for leaving the municipality:

- Better income (salary)
- Training and Educational opportunities
- Benefits (housing, traveling, medical etc)
- Unequal treatment by supervisors

Other reasons why people leave their employment areas are

- Lack of succession plan
- Better working conditions
- Basic needs
- Shifting of partner and or family
- Cases of corruption or misconduct

## **6.2 What can be done to retain staff?**

- Pay reasonable salary
- Have reasonable and acceptable benefits
- Encourage good working environment
- Set clear working conditions
- Maintain discipline
- Recognize and reward employees who went extra mile in executing their duties
- Encourage skills development
- Recognition of related academic qualification (e.g once off payment if one obtained a related trade, diploma or degree)
- Have succession plan
- Organize work related workshops and courses
- Make frequent risk assessment
- Provide adequate working materials and equipments
- Recognize the working experience of employees
- Give internal candidates advantage when filling vacant positions
- Have monthly or weekly competitions for the best performer
- Fill vacant positions immediately

## **7 Conclusions**

- It was found that skills development act is an act that can be used to address the scares skills issue in the working environment. Each employer becomes responsible for developing the skills of his people, thus generating a pool of skilled people.
- The skills development programme is initiated by employer, developed and implemented by SETA, limited or directed by SAQA, and funded through the South African Levies act to establish learner ships.
- Educated learners are motivated, employable and can be retained.

## **8 Acknowledgements**

- Act 97 of 1998 Skills development act, 1998
- Act 56 of 1981 Manpower training act, 1991
- Act 41 of 1985 Local Government Training act, 1985
- Version 1 Guide for the Learner ship and implementation Process E- SETA
- Polokwane Municipality
- Tzaneen Municipality