



REGIONAL SECTOR SKILLS PLAN

Northern Cape and Free State
Region

October, 2013

Regional Sector Skills Plan Northern Cape & Free State Region

Prepared for

**Manufacturing, Engineering and Related Services
SETA (merSETA)**

Prepared by

Underhill Corporate Solutions (UCS)

Project Manager & Lead Consultant: Edmore Mahembe



Contact Details:

Edmore Mahembe

357 Flowers Street

Capital Park, 0084

Cell: +27 (0)83 757 3733

Phone: +27 (0)12 751 3237

Fax: 086 540 7052/

086 639 8976

E-mail:

eddiem@underhillsolutions.co.za

info@underhillsolutions.co.za

Website: www.underhillsolutions.co.za

Pretoria, South Africa

October, 2013

FOREWORD

The research team wishes to acknowledge the co-operation of the following organisations and individuals that helped attain the goals of the sector skills plan.

1. Manufacturing, Engineering and Related Services Sector Education and Training Authority (merSETA) for the opportunity afforded to Underhill Corporate Solutions (the research consultants) to conduct this project; "*Regional Sector Skills Plan (RSSP: Northern Cape & Free State)*".
2. Client senior project manager and resource team for facilitating the overall project exercise and the useful comments on the draft report that helped shape the format of the final report.
 - i. Salim Akoojee,
 - ii. Laura Crosby
 - iii. Joseph Peele
 - iv. Pinki Moloto
3. Senior management and regional office personnel that allowed themselves to be interviewed.
4. Stakeholders who took part in the study.
5. Finally, special appreciation to key consulting team members, namely;
 - i. Edmore Mahembe
 - ii. Natasha Turton
 - iii. Patience Munakandafa
 - iv. Tatenda Zingoni

TABLE OF CONTENTS

List of Acronyms	8
EXECUTIVE SUMMARY	10
1. INTRODUCTION AND BACKGROUND	16
1.1. Introduction	16
1.2. Background	17
1.3. Research Methodology	18
1.3.1 Limitations and areas of further research	19
1.4. Policy Context for Skills Planning	20
1.1.1 Skills development legislation and strategies	20
1.1.2 National growth and development strategies	23
1.1.3 Northern Cape Provincial Growth and Development Strategy	25
1.1.4 Monitoring and evaluation strategies	26
2. ECONOMIC ANALYSIS OF THE FREE STATE- NORTHERN CAPE REGION	27
2.1. Socio-economic profile	27
2.2. The Free State and Northern Cape Economic Overview	30
2.2.1. Broad economic overview	30
2.2.2. Manufacturing Sector South Africa	33
2.3. Northern Cape Economic Overview	34
2.3.1. Economic Sector Performance	34
2.3.2 Imports and Exports	39
2.4 Economic Outlook – Opportunities and Challenges	43
2.4.1 Northern Cape Outlook	43
Challenges	44
2.4.2 Free State Outlook	45
Opportunities	45
Challenges	46
2.4. Manufacturing Sector	46
2.5. Overview of the merSETA Sectors	48
2.5.1. The Metal sector	49
2.5.2. The Auto sector	50
2.5.3. The Motor sector	51
2.5.4. The New Tyre manufacturing sector	52
2.5.5. The Plastics sector	52
2.5 Conclusion	55
3. POLICIES AND STRATEGIES THAT IMPACT ON SKILLS DEVELOPMENT IN THE REGION	56
3.1. National Economic Growth and Development Strategies	56
3.1.1. The New Growth Path and National Development Plan	56
3.1.2. Industrial Policy Action Plan	56
3.1.3. Metal Customised Sector Plan (CSP)	57

3.1.4.	Industrial Development Corporation (IDC) Jobs Scheme	57
3.1.5.	National Foundry Technology Network (NFTN)	57
3.1.6.	Automotive Production and Development Programme (APDP)	58
3.1.7.	Industrial Development Zones and Special Economic Zones	58
3.1.8.	National Infrastructure Plan and Strategic Integrated Projects	60
3.2.	Regional Economic Growth and Development Strategies	61
3.2.1	Free State	61
3.3	Conclusion	64
4.	THE DEMAND FOR LABOUR	65
4.1.	Introduction	65
4.2.	Gender and race distribution of employees	71
4.3	Age distribution of employees	74
4.4.	Future Demand	77
4.4	Conclusion	85
5	LABOUR SUPPLY	86
5.1	Introduction	86
5.2	Supply of new skills to the sector	86
5.2.1	Higher education and training (HET)	86
5.2.2	Learnerships and apprenticeships	88
5.2.3	FET colleges	90
5.2.4	General education and training	91
5.3	merSETA Initiatives in the Region	97
5.4	Factors that Influence the Supply of Skills	98
5.5	Conclusion	99
6	SKILLS NEEDS OF THE MERSETA SECTOR	101
6.1	Introduction	101
6.2	Specific Scarce and Critical Skills	102
6.3	Scarce and Critical Skills by Sub-sector	108
6.3.1	Whole region	108
6.3.2	Motor Sector	109
6.4	Regional Strategic Plan Linked to merSETA Priorities	109
	Appendice 1: List of References	113
	Appendice 2: List of Participants in Research	116

LIST OF TABLES

Table 1: Population by province, 2011	27
Table 2: Regional distribution of economy activity, 2011	32
Table 3: Sector Composition of the Economy GDP figures- Northern Cape, 2011.....	37
Table 4: Sector Composition of the Economy GDP figures- Free State, 2011.....	38
Table 5: DTI Funding and Employment Creation by IDZs 2002/3 - 2012/13	59
Table 6: Age distribution of merSETA employees by major occupational category Northern Cape, 2012	75
Table 7: Age distribution of merSETA employees by major occupational category Free State, 2012.....	76
Table 8: Age distribution of merSETA employees by chamber category National, 2012	76
Table 9: Average GVA and employment growth figures, 2012.....	77
Table 10: Employment growth figures used in merSETA's labour demand projection, 2012	78
Table 11: Demand Projections 2014 to 2018: baseline scenario Northern Cape.....	78
Table 12: Demand Projections 2014 to 2018: negative scenario Northern Cape	79
Table 13: Demand Projections 2014 to 2018: positive scenario Northern Cape	80
Table 14: Demand Projections 2014 to 2018: baseline scenario Free State	81
Table 15: Demand Projections 2014 to 2018: negative scenario Free State	82
Table 16: Demand Projections 2014 to 2018: positive scenario Free State	84
Table 17: Private FET Colleges in the Free State Province	90
Table 18: FET enrolment figures by region, 2013	90
Table 19: Certification rate of FET colleges, 2012.....	91
Table 20: merSETA initiatives in the Northern Cape & Free State region	97
Table 21: National Scarce skills in the metal chamber, 2012	103
Table 22: National Scarce skills in the Auto sector, 2012.....	104
Table 23: National Scarce skills in the Motor sector, 2012	105
Table 24: National Scarce skills in the New Tyre sector, 2012.....	106
Table 25: National Scarce skills in the Plastics sector, 2012.....	107
Table 26: Northern Cape and Free State sector research findings, 2013.....	108
Table 27: Northern Cape and Free State Motor sector research findings, 2013.....	109
Table 28: Regional Plan linked to merSETA Priorities	109

LIST OF FIGURES

Figure 1: Percentage distribution of population by province, 2011	28
Figure 2: Unemployment rate by province, 2012.....	29
Figure 3: Percentage of people (>15 years) with no education or less than Grade 7	30
Figure 4: Provincial contribution to South African economy, 2011	31
Figure 5: Real annual economic growth rate per region, 2011	31
Figure 6: Formal employment levels for the manufacturing sector, 2011.....	33
Figure 7: Employment figures by subsectors, 2011	34
Figure 8: Northern Cape's Economic sectors at basic prices, 2011.....	35
Figure 9: Free State's Economic sectors at basic prices, 2011	36
Figure 10: Northern Cape sector breakdowns at basic prices, 2011	37

Figure 11: Free State sector breakdowns at basic prices, 2011	39
Figure 12: Northern Cape Imports and Exports, 2011.....	40
Figure 13: Free State Imports and Exports, 2011.....	41
Figure 14: Northern Cape Imports and Exports by District, 2011.....	42
Figure 15: Free State Imports and Exports by District, 2011	43
Figure 16: Regional distribution of Manufacturing Sector activity, 2011.....	46
Figure 17: Manufacturing output and labour cost- Free State, 2011.....	47
Figure 18: Manufacturing output and labour cost- Northern Cape, 2011.....	48
Figure 19: Metal products and labour cost- Northern Cape, 2011	49
Figure 20: Machinery & equipment and labour cost- Northern Cape, 2011.....	50
Figure 21: Total car sales by region, 2012.....	51
Figure 22: Motor trade business confidence index, 2012	52
Figure 23: Petroleum products output (including rubber and plastics)- Northern Cape, 2011	53
Figure 24: Employment share by industry- Northern Cape, 2012	54
Figure 25: Employment and Unemployment in Northern Cape, 2011	54
Figure 26: Employment figures by subsectors - South Africa, 2011	65
Figure 27: Manufacturing employment in the Northern Cape, 2011	66
Figure 28: Trends in high-level skills per subsector, 2011	67
Figure 29: Manufacturing contribution to provincial employment in South Africa, 2012	67
Figure 30: Employment and unemployment in South Africa, 2011.....	68
Figure 31: Employment in Metal sub-sector in Northern Cape, 2011.....	69
Figure 32: Employment in Machinery and equipment sector in Northern Cape, 2011	69
Figure 33: merSETA employment by major occupational groups Northern Cape, 2012.....	70
Figure 34: Gender distribution of employees in the sector according to occupational group Northern Cape, 2012.....	71
Figure 35: Gender distribution of employees in the sector according to occupational group Free State, 2012.....	72
Figure 36: Racial distribution of Northern Cape employees in the sector, 2012	73
Figure 37: Racial distribution of Free State employees, 2012.....	74
Figure 38: Number of national diplomas awarded in selected engineering fields South Africa, 2010	87
Figure 39: First degrees awarded in selected engineering fields South Africa, 2010	88
Figure 40: Distribution of registered AATP candidates for Phase 1 to 4.....	89
Figure 41: Distribution of non-AATP apprenticeship by region	89
Figure 42: Candidates' performance at 30% and above in selected subjects, 2012.....	92
Figure 43: Comparison of National Senior Certificate (NSC) passes by province, 2012	93
Figure 44: Percentage of students who achieved 30% and more nationally in Mathematics and Physical Sciences, 2012	93
Figure 45: Comparison of Bachelor's passes by province, 2012.....	94
Figure 46: Comparison of National and Northern Cape Mathematics pass grades, 2012	95
Figure 47: Comparison of National and Northern Cape Physical Sciences pass grades, 2012.....	95
Figure 48: Comparison of National and Free State Mathematics pass grades, 2012	96
Figure 49: Comparison of National and Free State Physical Sciences pass grades, 2012.....	96

Figure 50: Manufacturing constraints labour, 2012.....102

List of Acronyms

AATP	Accelerated Artisan Training Program
APDP	Automotive Production and Development Programme
Asgi-SA	Accelerated and Shared Growth Initiative for SA
BER	Bureau of Economic Research
CDC	Coega Development Corporation
CDM	Cacadu District Municipality
CETEMF	capital equipment, transport equipment, metal fabrication
CPUT	Cape Peninsula University of Technology
CSP	Customised Sector Plan
CTF	Clean Technology Fund
DBE	Department of Basic Education
DHET	Department of Higher Education and Training
DoL	Department of Labour
DTI	Department of Trade and Industry
EC	Eastern Cape
ECDC	Eastern Cape Development Corporation
FET	Further Education & Training
FS	Free State
GDP	Gross Domestic Product
GDPR	Gross Domestic Product per Region
GET	General Education & Training
GP	Gauteng Province
GVA	Gross Value Added
GWM&E	Government-Wide Monitoring and Evaluation
HET	Higher Education & Training
HRDS	Human Resources Development Strategy
IDC	Industrial Development Corporation
IDS	Industrial Development Strategy
IDZ	Industrial Development Zone
IPAP	Industrial Policy Action Plan
IRP	Integrated Resource Plan
KZN	KwaZulu-Natal
LP	Limpopo Province
MBSA	Mercedes Benz South Africa
merSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MP	Mpumalanga Province
NAAMSA	National Automotive Association of South Africa
NC	Northern Cape Province
NFTN	National Foundry Technology Network

NIPF	National Industrial Policy Framework
NGP	New Growth Path
NMBLP	Nelson Mandela Bay Logistics Park
NMMM	Nelson Mandela Metropolitan Municipality
NMMU	Nelson Mandela Metropolitan University
NSC	National School Certificate
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NW	North West
OEM	Original Equipment Manufacturer
PERO	Provincial Economic Review and Outlook
PGDP	Provincial Growth and Development Plan
PGWC	Provincial Government of the Western Cape
PICC	Presidential Infrastructure Coordinating Committee
QLFS	Quarterly Labour Force Survey
RND	Rural Nodal Development
RSSP	Regional Skills Sector Plan
SBIDZ	Saldanha Bay IDZ
SDA	Skills Development Act
SDI	Spatial Development Initiatives
SERO	Socio-Economic Review and Outlook
SETA	Sector Education & Training Agency
SET	Science, Engineering and Technology
SEZ	Special Economic Zone
SIC	Standard Industrial Classification
SIP	Strategic Integrated Projects
SSP	Skills Sector Plan
StatsSA	Statistics South Africa
UCT	University of Cape Town
US	University of Stellenbosch
UWC	University of the Western Cape
VWSA	Volkswagen South Africa
WC	Western Cape
W&RSETA	Wholesale and Retail SETA
WSPs	Workplace Skills Plans
WTO	World Trade Organisation

EXECUTIVE SUMMARY

1. Introduction

The Manufacturing, Engineering and Related Services Education and Training Authority (merSETA) was established through the Skills Development Act, (Act 97 of 1998). The merSETA facilitates skills development in the following five sub-sectors (or chambers); Metal, Plastics, Auto (including only the seven local assemblers of new vehicles), Motor (including automotive components manufacturers and the motor retail and service subsector), and New Tyre.

This Regional Sector Skills Plan (RSSP) is aimed at unpacking the regional specificity of the merSETA subsectors. The objectives of this RSSP is to identify and map key features, trends, forecasts and legislative initiatives at the regional level regarding skills development. This RSSP provides valuable insight into regional and local developments in the sector and links to skills development planning. To this end, the RSSP presents a regional socio-economic analysis, profiles regional companies, explores the labour supply and demand imperatives and offers regional scarce and priority skills analysis.

2. Research Methodology

The research methodology used for this Regional Sector Skills Plan (RSSP) included both primary research and secondary research which involved both quantitative and qualitative research methods. The documentary and literature review covered provincial Growth and Employment Development Strategies (GEDSs), Provincial Economic Review and Outlook (PERO), Socio-Economic Review and Outlook (SERO) and these highlight the performance of the provincial economy and the social changes occurring in each province.

Some of the main data sources are Stats SA, SARB, DHET, DoL, BER, SARB, NAAMSA, and Quantec among others. The research also benefited from previous merSETA SSPs and workplace skills plans (WSPs) data. Furthermore, the demand projections are based on the merSETA Sector Skills Plan 2012/13 – 2017/2018 national estimations as per the econometric modelling performed by EcoQuant. Based on the distribution of manufacturing employment per province for Quarter 1 of 2013, the projections in the national SSP were proportioned to give a regional outlook.

The research study was designed to be as interactive as possible with the merSETA Regional Committees which have representatives from all chambers, labour and employers' associations. At the inception of the project the research team attended the

Regional Committee meetings to introduce the project, initiate task teams and outline the objectives. The primary research aspect of the study involved in-depth interviews with employer representatives, labour union representatives, FET colleges, and provincial government representatives.

List of participants in the research process

Region	Number of participants
Regional Committee Meeting and Task Team	10
Primary Interviews	8

The majority of interviews were conducted on a face-to-face and some were done telephonically. Information obtained from the primary research was used extensively to determine:

- Factors affecting the skills development in the region;
- Scarce and priority skills; and
- Implementation strategies and recommendations to address regional priorities.

3. Profile of merSETA Sector in the Region

The Northern Cape constitutes 30.5% of South Africa's land area while Free State constitutes 10.6%. According to the Statistics South Africa (Stats SA) 2011 census data, Northern Cape had a total population of 1.146 million and Free State 2.746 million, which is 2.3% and 5.3% of the national population respectively.

Northern Cape and Free State are the lowest contributors to the country's GDP. The landlocked location of the region has resulted in manufacturing activities being concentrated in other regions. The major economic activities in the region are mining and agriculture.

4. Major Policy Drivers in the Region

4.1. Regional Economic Growth and Development Strategies

A. Northern Cape Provincial Growth and Development Strategy (NCPGDS)

The NCPGDS was launched in 2005 and is a guide on the developmental planning in the province. The following primary development objectives are identified by the NCPGDS:

- Promoting the growth, diversification and transformation of the provincial economy; and
- Poverty reduction through social development
- Developing requisite levels of human and social capital
- Improving the efficiency and effectiveness of governance and other development institutions and enhancing infrastructure for economic growth and social development¹

Major strategic interventions for promoting the growth, diversification and transformation of the provincial economy include:

- Mineral beneficiation which has the potential to produce manufacturing opportunities that will contribute significantly to the provincial economy through value added manufactured products
- The manufacturing centre to support the above initiative is underway
- Agro processing is another sector in which manufacturing can originate to create greater impetus to diversification and consequently higher economic growth.
- Fishing and mariculture have potential to mitigate future socio economic impact which could result from diamond mining downscaling
- Tourism Industry has blossomed largely as a result of the opening up of SA as a long haul tourist destination for the world travelers
- Space Technology brings a lot of opportunities to the Northern Cape
- Social Accounting Matrix will be used to identify opportunities to diversify and develop sub sectors of manufacturing and agro processing².

B. Strategic Infrastructure Plan (SIP) 14³

- a. pronouncement for two new universities to be built - in Northern Cape (Kimberly) and Mpumalanga
- b. Northern Cape university expected to develop at least two postgraduate centres of excellence in;
 - i. Physical sciences – astronomy
 - ii. Applied sciences – renewable energy, low carbon energy, hydrology, water resource management and climate variability

¹ <http://www.tradeinvestsa.co.za/news/982513.htm>

² <http://www.tradeinvestsa.co.za/news/982513.htm>

³ <http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=30079&tid=81009>
<http://www.dhet.gov.za/LinkClick.aspx?fileticket=59q6cwkkDU8%3d&tabid=3>

4.2. Summary of Factors Impacting Future Demand and Supply of Skills in the Region

- i. Free State's strategic location positions the province as an ideal place for the development of a multi-modal hub for road freight.
 - o Plans to build a rail link from Bloemfontein to Maseru, setting up of the N8 Development Corridor and the Lake Gariep Initiative are expected to result in increased economic activity in the province
 - o Harrismith is the site of an inter-nodal Logistics Hub and the Free State Department of Economic Development, Tourism and Environmental Affairs (DETEA) is building a food-processing park to complement the facility. The aim is to get international companies to invest R600-million in the food-production sector
- ii. Planned future investment for a vehicle component manufacturing facility to be located in the Harrismith area.
- iii. N8 Development Corridor activity nodes
 - o Expansion of the Bloemfontein Airport (transport, tourism and light industry potential)
 - o Bloemfontein CBD (retail, office park development)
 - o The Transwerke area (potential for transport logistics, freight centre and warehousing)
 - o The Rustfontein dam (eco-tourism opportunity)
 - o The Botshabelo industrial area (industrial and warehousing potential)
 - o Botshabelo CBD (retail and trade opportunities)
 - o Thaba Nchu CBD (tourism, retail and trade opportunities)
- iv. Renewable energy sector
 - o A solar-water-heater manufacturing facility is planned for Botshabelo
 - o There are opportunities in solar-panel assembly and manufacturing in the region

5. Regional Scarce and Priority Skills

The regional scarce skills list (below) was developed through review of the merSETA national SSP (2012/2013); current chamber projects; in-depth interviews with labour representatives, employer organisations, provincial government officials and other stakeholders; and discussed through the regional committee and regional SSP task team workshops.

Regional Scarce and Priority Skills

Focus Area	Scarce skills	Priority Skills
Whole region	- Welding -Air-conditioning/refrigeration skills	-Metal workers -Air-conditioning/ refrigeration skills -Electricians -Boilermakers -Welders
Motor	-Motor mechanics -Auto mechanics -Diesel mechanics (including diesel pump mechanics) - Panel-beating	-Motor mechanics -Diesel mechanics -Panel beaters and spray painters -Auto electricians
Renewable Energy	-Electricians -Mechatronic technicians -Fitters	- Electricians - Mechatronic technicians - Fitters

6. Regional Strategic Plan

6.1. Regional Strategic Plan Linked to merSETA Priorities

The RSSP aimed at identifying interventions which the merSETA regional and national offices can implement in line with the National Skills Development Strategy III Priorities. Input was obtained from stakeholders in the region and also from the research team.

Summary of Regional Strategies

NSDS III Priorities	Regional Strategic Plan
Priority 1: develop a labour market intelligence system and facilitate sector specific research initiatives	i. Short to Medium Term Priorities – Commission the RSSP update for 2014/15 – Track all the merSETA trained people and develop a database for possible placement in the SIPs programme. – Ensure artisans who have obtained training get assistance in being deployed in regional projects and in some instances to other provinces ii. Long Term – Speed up the development of a merSETA Rural Development Strategy, which sets out the principles of Training for Rural Economic Empowerment (TREE)
Priority 2: promote artisan and sector-specific priority skills	i. Short to Medium Term Priorities – Ensure grant allocation according to identified scarce and priority skills. – Encourage employers to: ○ Take up more learners for experiential learning,

		- o Retain trained artisans to help them get experience. - o Release employees to get up-skilled with artisans standing in to reduce potential production downtime – Identify future projects in the region plus the attendant skills requirements and put in place mechanisms to ensure these requirements will be met by training institutions
Priority 3: establish and facilitate strategic partnerships	i. Short to Medium Term Priorities – Establishment of a regional industry forum aimed at engaging the provincial government on matters affecting the region's companies (e.g. enable industry to coordinate ways of countering the impact of the increasing Asian imports- focus on Local Procurement Framework) – merSETA 's role in the Provincial Skills Development Forum must transition from mainly advisory to involvement policy formulation and implementation – Increase engagement of merSETA with the Northern Cape Chamber of Commerce in order to facilitate uptake of learners by industry in the region ii. Long term – Form partnership with the planned university (to be established in Bloemfontein) and FETs in the province for the provision of green skills – merSETA in collaboration with the provincial government can use its influence to facilitate establishment of small scale manufacturing in rural areas. Further collaboration with FETs in these areas will ensure the appropriate skills are developed for these manufacturing entities	
Priority 4: increase the flow of appropriately skilled new entrants into the system	i. Short to Medium Term Priorities – Intensify career guidance, orientation and awareness in schools regarding careers in the manufacturing, engineering and related services industry – Assist in the process of FET main campus and satellite campus development i.e. rural campuses tend to lag behind their urban counterparts – Training institutions must be quick to adapt to changes in the industry requirements (e.g. welding courses to focus on a wider range of welding types including modern techniques such as laser welding, water based welding etc.) – Expose learners at GET level to manufacturing, engineering and related services in order to stimulate interest in the trades	
Priority 5: develop the skills of the existing workforce	i. Short to Medium Term Priorities – To address the lack of fundamental basics , bridging courses for unskilled, possibly through ABET programmes must be implemented – Train current workers on green skills, especially through partnership with HETs and FETs institutions – Constant up-skilling of employees in the usage of modern technologies is essential – Employment of people with technical knowledge in roles traditionally regarded as non-technical i.e. motor parts salesman	

In order for the RSSP to contribute to the skills development needs of the Western Cape, the identified regional strategic plan needs to be implemented. Although there are some specific issues raised in the regional task team and interviews with regional stakeholders, most of the inputs mirror those given in other regions.

1. INTRODUCTION AND BACKGROUND

1.1. Introduction

The Manufacturing, Engineering and Related Services Education and Training Authority (merSETA) was established through the Skills Development Act, (Act 97 of 1998). The merSETA facilitates skills development in the following five sub-sectors (or chambers); Metal, Plastics, Auto (including only the seven local assemblers of new vehicles), Motor (including automotive components manufacturers and the motor retail and service subsector), and New Tyre.

The merSETA sub-sectors are demarcated on the basis of the three-digit Standard Industrial Classification (SIC) codes that are used in capturing the data for the National Accounts, these activities cover: basic iron & steel, non-ferrous metal, and metal products manufacturing (SIC codes 351 to 355); machinery manufacture (SIC codes 356 to 357); rubber products manufacturing (SIC code 337); plastics products manufacturing (SIC code 338); motor vehicles, parts and accessories manufacturing (SIC codes 381 to 383); and sale, maintenance and repair of motor vehicles, and fuel station operations (SIC codes 631 to 635). It is important to note that the revised SETA landscape associated with NSDS III (and thus applicable from 1 April 2011 to 31 March 2016) led to the transfer of petrol retail subsector from the merSETA to the Wholesale and Retail SETA (W&RSETA)⁴, it is at this stage not possible to separate fuel station operations from the data for the rest of the group.

The merSETA National Sector Skills Plan (SSP 2012/13-2017/18) notes that geographically, the merSETA sector is clustered in four main regions: Gauteng (including sections of the North West Province, which has the most significant concentration of firms and employment); Western Cape (mostly Cape Town and surrounds); the central Eastern Cape coast including Port Elizabeth and East London; and the Durban/Pietermaritzburg region of KwaZulu-Natal. Regardless of domestic location, a key characteristic of firms in almost all of the merSETA's subsectors is their high level of global integration. This factor impacts at many levels, including the adoption of technology and growth in production volumes and, through this, on employment levels and skills needs.

⁴ Dr Blade Nzimande (2010). *Press briefing the new SETA landscape for the period April 2011 till March 2016*, 09 November 2010. Online: <http://www.dhet.gov.za/portals/0/documents/SETA%20Landscape.pdf> (Accessed on 10 January 2013).

This Regional Sector Skills Plan (RSSP) is aimed at unpacking the regional specificity of the merSETA subsectors. To the best of our knowledge, merSETA is the first SETA to develop region or provincial specific SSPs.

1.2. Background

SETAs are expected to facilitate the delivery of sector specific skills interventions that help achieve the goals of the NSDS III, address employer demand and deliver results. SETAs should be the authority on labour market intelligence and ensure that skills needs and strategies to address these needs are set out clearly in SSP. Thus, SETAs must be able to:

- coordinate the skills needs of the employers; both levy-paying and non-levy paying in their respective sectors,
- undertake sector-based initiatives, and
- Collaborate on cross-sector skills areas to enable collective impact.

Developing SSPs is core to the SETAs' mandate. The SSPs must:

- outline current and future learning and qualifications needs of workers and their employers,
- develop interventions that are agreed on with stakeholders and can improve the match between education and training supply and demand, and
- Outline the current and projected needs of the sector and sector employers.

The SSPs are also a critical instrument for building a connected labour market information system across all the sectors, which is an important evidence base for skills development and its impact.

The objective of developing a Regional Sector Skills Plan (RSSP) is to identify and map key features, trends, forecasts and legislative initiatives at the regional level regarding skills development. This RSSP provides valuable insight into regional and local developments in the sector and links to skills development planning. To achieve this, the RSSP undertakes a regional socio-economic analysis, profiles regional companies, explores the labour supply and demand imperatives and offers regional scarce and critical skills analysis.

1.3. Research Methodology

The research methodology used for this Regional Sector Skills Plan (RSSP) included both primary research and secondary research which involved both quantitative and qualitative research methods.

- Secondary (desktop) research was conducted on each region's economic, social and development status and strategies. The regional socio-economic analysis was done by doing a literature review of existing data and research papers. MerSETA has done a range of research projects; these were reviewed and helped in understanding the chambers that make up merSETA.
- Research conducted by government departments, national research institutions, industry publications and the media were used extensively in the report. Provincial governments publish annual reports such as the Provincial Economic Review and Outlook (PERO) and the Socio-Economic Review and Outlook (SERO) and these highlight the performance of the provincial economy and the social changes occurring in each province.
- The merSETA workplace skills plans (WSPs) were analysed to provide data on sector employment by chamber, demographic profile of employees, occupations by province. Although the database provided was only for 8% of the companies on merSETA's database it represents 35% of levy-paying companies. The WSPs represent the majority of the employees in the sector because there is a direct relationship between levies paid and employment. The data was assumed to be a representative sample of the merSETA sector and was analysed as is.
- Regional and municipal economic data was obtained from Quantec and this was used extensively in the report. National Accounts data is not captured according to the merSETA chambers; Quantec data that most closely resembled the merSETA chambers was used.
- National data sources and a range of statistical publications by Statistics South Africa (Stats SA), the DHET, the DoL and data from industry associations.
- The demand projections in Chapter 4 were based on the merSETA Sector Skills Plan 2012/13 – 2017/2018 national projections. The demand projections are based on new demand resulting from economic growth and economic creation – as well as for replacement demand that will occur because of mortality, emigration, and the retirement of employees. The employment growth figures used in the model were derived from econometric modelling performed by EcoQuant. The econometric modelling was based on the sectoral demarcations found in the National Accounts data. Based on the distribution of manufacturing employment per province for Quarter 1 of 2013 the projections in the national

SSP were proportioned to give a regional outlook. In essence, 35% of manufacturing employment was from Gauteng and 35% of the projected demand was assigned to Gauteng. The customisation was limited as it assumed the distribution of manufacturing employment will remain the same in the foreseeable future.

The research study was designed to be as interactive as possible with the merSETA Regional Committees which have representatives from all chambers, labour and employers. At the inception of the project the research team attended the Regional Committee meetings to introduce the project, initiate task teams and outline the objectives. The primary research aspect of the study involved in-depth interviews with employer representatives, labour union representatives, FET colleges, and provincial government representatives. Majority of interviews were conducted face-to-face and some were done telephonically. Information obtained from the primary research was used extensively to determine:

- Factors affecting the skills development in the region
- Scarce and priority skills
- Implementation strategies and recommendations to address challenges faced

A draft report was presented at the Regional Committee meeting and further discussions were done to refine the report and formulate region specific strategies. The draft report was put on the merSETA website for two weeks for stakeholder's comments and inputs.

1.3.1 Limitations and areas of further research

The research project for regional skills sector plans was initiated in the fourth quarter of 2012 with the base year being 2011. Major statistical data sources used for the report were StatsSA and Quantec. Apart from labour data which is updated quarterly, most of the data still available is up to 2011 hence some figures and tables have 2011 data instead of 2012 or 2013.

The database which was used for the analysis of company employee data for merSETA was not complete. There were 4,800 companies on the database which was provided. Although the total should be around 53,150, the companies which were on the database were said to constitute around 70% of the employment in the merSETA chambers. Analysis of the occupational breakdowns and the age, gender and race analysis must therefore be taken with the above caveat in mind.

Identification of scarce and priority skills via primary research was conducted by engaging with stakeholders from different chambers in the region. Companies within the same chamber (sector) might have different specific skills needs which might get glossed over or overemphasised depending on respondents interviewed. Assent for the final scarce and priority skills lists is given with the need to take the aforementioned into account.

Areas of further research

Research into the readiness of FET colleges in delivering the identified skills required for the region must be conducted to ensure the region is not caught unawares when the skills are required. This current study does not give exact numbers of the people required to be skilled in particular areas, further research can be conducted to determine this.

1.4. Policy Context for Skills Planning

Each SETA is required to develop a SSP within the framework of the National Skills Development Strategy (NSDS) as prescribed by the Skills Development Act of 1988, Section 10 as amended (2008). Sector skills planning in South Africa must take into account a wide range of policy imperatives that seek to support inclusive sectoral growth paths that advance economic growth and the social development and transformation agenda. These policies include those that relate directly to skills development, those that focus more directly on economic growth and social development, and those that focus on monitoring and evaluation.

These policies and are briefly discussed below.

1.1.1 Skills development legislation and strategies

Constitution of the Republic of South Africa

The Bill of Rights, contained in the Constitution of the Republic of South Africa (1996), stipulates that everyone has the right to a basic education, including adult basic education and further education, which the State, through reasonable measures, must progressively make available and accessible. The Constitution legitimises the need for quality education and training, human resources development (HRD) and human

development (HD) for all South Africa's citizens⁵. As a result, HRD and HD are critically important items on South Africa's developmental agenda to improve the quality of life for all its citizens.

Human Resources Development Strategy for South Africa (HRDSA II)

The first Human Resource Development Strategy of South Africa (HRDSA) was approved and started to be implemented in 2001. This first National Human Resource Development Strategy (herein referred to as HRDSA I) was a national strategic response to HRD challenges, led by both the National Department of Education and the Department of Labour.⁶

According to the Revised Human Resource Development Strategy of South Africa, 2010-2030 (herein referred to as HRDSA II), HRDSA provides an over-arching framework to improve and reinforce alignment, coordination, planning, management, monitoring, evaluation and reporting of all HRD imperatives in collaboration with all social partners, professional bodies and research communities⁷.

The HRDSA is a coordinated framework intended to combine key levers of the constituent parts of the HRD System into a coherent strategy⁸. Therefore, much of the implementation of the HRDSA's strategic priorities will be resourced and implemented by the constituent parts and national strategies such as the Occupational Learning System, which includes Sector Education and Training Authorities (SETAs), the Further Education and Training (FET) Sector, the HRDS (steered by the DPSA), and the Technology and Innovation System of the public service (steered by the Department of Science and Technology)⁹.

One of the HRDSA II strategic objectives is to audit and establish a policy framework on the level of planning capacity required in the Skills Development Act (SDA) institutions, namely Department of Labour (now DHET), SETAs, NSA); GET; FET and HET for the optimal implementation of their mandates.

⁵ Republic of South Africa (RSA). (1996). Constitution of the Republic of South Africa Act 108 of 1996. Pretoria: Government Printer. 1996:14.

⁶ Republic of South Africa (RSA). (2001). *Human Resource Development Strategy of South Africa*. Pretoria: Government Printer.

⁷ Revised HRDSA, 2009:30. Online. Available: <http://www.info.gov.za/view/DownloadFileAction?id=117580> (Accessed: 11 January 2013)

⁸ Republic of South Africa (RSA). (2009:31-32). *Revised Human Resource Development Strategy of South Africa 2010 - 2030*. Pretoria: Government Printer.

⁹ Republic of South Africa (RSA). (2009:31-32). *Revised Human Resource Development Strategy of South Africa 2010 - 2030*. Pretoria: Government Printer.

Skills Development Act

The Skills Development Act, 1998 (SDA) and the Skills Development Levies Act, 1999 (SDLA) created an enabling regulatory framework for developing the skills of the South African workforce. The two Acts, together with the other regulations published in terms of them (and the amendments thereof¹⁰), constitute a single regulatory structure and deals with funding of skills development and the allocation of grants by SETAs.

The SDA mandates the SETA to, among others:

- develop a SSP within the framework of the NSDS,
- implement its SSP,
- liaise with the provincial offices and labour centres of the Department and any education body established under any law regulating education in the Republic to improve information—
 - about [employment] placement opportunities; and
 - between education and [training] skills development providers and the labour market; and
- Liaise with the skills development forums established in each province in such manner and on such issues as may be prescribed;

National Skills Development Strategy (NSDS) III

The National Skills Development Strategy (NSDS) is the overarching strategic guide for skills development and provides SETAs with direction for sector skills planning and implementation that is in line with wider national goals and objectives. The new NSDS III (2011-2015) was launched in January 2011. It draws on lessons learned from NSDS I and II. The key driving force of this strategy is improving the effectiveness and efficiency of the skills development system. It represents an explicit commitment to encouraging the linking of skills development to career paths, career development and promoting sustainable employment and in-work progression.

The emphasis is particularly on those who do not have relevant technical skills or adequate reading, writing and numeracy skills to enable them to find employment.

The NSDS II emphasised that developing SSP is core to the SETAs' mandate, and that the SSP must outline current and future learning and qualifications needs of workers and

¹⁰ Skills Development Amendment Act, No. 37 of 2008.

their employers and develop interventions that are agreed on with stakeholders and can improve the match between education and training supply and demand - the current and projected needs of the sector and sector employers.¹¹

1.1.2 National growth and development strategies

The New Growth Path

The New Growth Plan (2010) is the SA government's latest macro-economic policy. Together with the National Development Plan (2011), the two documents position South Africa as a *developmental state* and give the government an important role in the development of the economy, especially employment creation. The policy focus is to increase labour-absorbing activities, promote economic growth, and equity (which is to be measured by decreasing inequality and poverty). The targeted 'job-drivers' are the labour absorbing sectors such as mining, agriculture, manufacturing and services.

The New Growth Path (NGP) emphasises improvements in education and skill levels as fundamental prerequisites for achieving many of the policy's goals. It noted that NGP requires a radical review of the training system to address shortfalls in artisanal and technical skills. Overall, NGP aims to create 5 million jobs over the next 10 years. Some of the SETA related specific targets include:

- at least 30 000 additional engineers by 2014,
- at least 50 000 additional artisans by 2015,
- improve skills in every job and target 1,2 million workers for certified on-the-job skills improvement programmes annually from 2013;
- expand enrolment at FET colleges, targeting a million students in FET colleges by 2014; and
- create 250 000 jobs a year in infrastructure (energy, transport, water, communications) and housing through 2015.

Industrial Policy Action Plan

In January 2007, Cabinet adopted the National Industrial Policy Framework (NIPF), which sets out government's broad approach to industrialisation. Guided by the NIPF, the implementation of industrial policy was set out in an Industrial Policy Action Plan (IPAP), and in August 2007, Cabinet approved the first IPAP. The current IPAP, IPAP 2011/12 – 2013/14 (IPAP 2) constitutes a consolidation of plans and programmes outlined in the previous iteration of IPAP 2.

¹¹ DHET (2011) *National Skills Development Strategy III*.

The IPAP 2 notes that in the SETAs and National Skills Fund (NSF) system, there is an extremely important role for sector-specific training programmes and skills facilities that emerge directly from industry demands in relation to detailed Customised Sector Programmes. The DTI therefore committed to working with the Department of Higher Education and Training (DHET) to introduce the necessary window within the SETA and NSF system for new Skills Centres based on the needs of IPAP sector strategies¹².

Special Economic Zones

As will be shown later in this report, South Africa's nine provinces are currently faced with disparities with regard to the level of economic development. The disparities are due to a combination of factors such as presence of natural resources, geographical location and socio-political influences such as historical legacy. For example; Gauteng, Western Cape and KwaZulu-Natal provinces, which constitute around 22% of SA land area, contribute approximately 65 % to the country's total GDP¹³.

South Africa's drive to encourage regional industrial development dates back to the 1960's and has been part of government policy initiative. "In the early 1990s, industrial policy was markedly less focused on location. However more recently the Spatial Development Initiatives (SDI) and Industrial Development Zone (IDZ) programmes have both involved the identification of industrial locations and used incentives to encourage firms to locate in these areas"¹⁴. IDZs are aimed at stimulating the local economy of the region in which they are located, by attracting investment, increasing exports and the competitiveness of South African products.

There are currently three functional IDZs in South Africa: East London Industrial Development Zone (ELIDZ) and COEGA Industrial Development Zone (COEGAIDZ) in Eastern Cape Province and Richards Bay Industrial Development Zone (RBIDZ) in KwaZulu-Natal (KZN). The Saldanha Bay IDZ (in Western Cape Province) is now at feasibility stage while OR Tambo International Airport IDZ (in Gauteng Province) was the fourth IDZ to be designated.

A Special Economic Zones (SEZs) Bill was gazetted in January 2012 by the Minister of Trade and Industry Dr Rob Davies. Under this Bill, IDZs will no longer be classified as a

¹² DTI (2011). *Industrial Policy Action Plan (IPAP 2011/12-2013-/14)*. Department of Trade and Industry. Pretoria, South Africa.

¹³ *Stats SA: P0441 (2011)*.

¹⁴ Trudi, H. (2001). *South African regional industrial policy: from border industries to spatial development initiatives*. Journal of International Development, 2001, vol. 13, issue 6, pages 767-777

separate entity but will be classified as SEZs. Previously, a key requirement for a region to qualify as an IDZ was proximity to either an international sea or airport. The Bill is expected to facilitate spatial development of other regions previously side-lined by the IDZ framework.

1.1.3 Northern Cape Provincial Growth and Development Strategy

The Northern Cape Provincial Growth and Development Strategy (NCPGDS) launched in 2005 is a guide on the developmental planning in the province. The following primary development objectives are identified by the NCPGDS:

- Promoting the growth, diversification and transformation of the provincial economy; and
- Poverty reduction through social development
- Developing requisite levels of human and social capital
- Improving the efficiency and effectiveness of governance and other development institutions and enhancing infrastructure for economic growth and social development¹⁵

Major strategic interventions for promoting the growth, diversification and transformation of the provincial economy include:

- Mineral beneficiation which has the potential to produce manufacturing opportunities that will contribute significantly to the provincial economy through value added manufactured products
- The manufacturing centre to support the above initiative is underway
- Agro processing is another sector in which manufacturing can originate to create greater impetus to diversification and consequently higher economic growth.
- Fishing and mariculture have potential to mitigate future socio economic impact which could result from diamond mining downscaling
- Tourism Industry has blossomed largely as a result of the opening up of SA as a long haul tourist destination for the world travelers
- Space Technology brings a lot of opportunities to the NC
- Social Accounting Matrix will be used to identify opportunities to diversify and develop sub sectors of manufacturing and agro processing¹⁶.

¹⁵ <http://www.tradeinvestsa.co.za/news/982513.htm>

¹⁶ <http://www.tradeinvestsa.co.za/news/982513.htm>

1.1.4 Monitoring and evaluation strategies

The need for a monitoring and evaluation (M&E) system is a constitutional requirement as per Section 195 of the Constitution of South Africa (Act 108 of 1996)¹⁷, which compels government departments (and other organs of state) to promote efficient, economic and effective use of resources and directs public administration to be developmentally oriented and accountable.

The Policy Framework for Government-Wide Monitoring and Evaluation (GWM&E) System is the overarching policy framework for monitoring and evaluation in the South African Government. It sketches the policy context for supporting frameworks, such as National Treasury's Framework for *Managing Programme Performance information* and Statistics South Africa's *South African Statistics Quality Assurance Framework*¹⁸.

¹⁷ As amended: No. 61 of 2001: Constitution of the Republic of South Africa Second Amendment Act, 2001

¹⁸ The Presidency (2007). Policy framework for the Government-wide Monitoring and Evaluation Systems. Pretoria, South Africa.

2. ECONOMIC ANALYSIS OF THE FREE STATE- NORTHERN CAPE REGION

2.1. Socio-economic profile

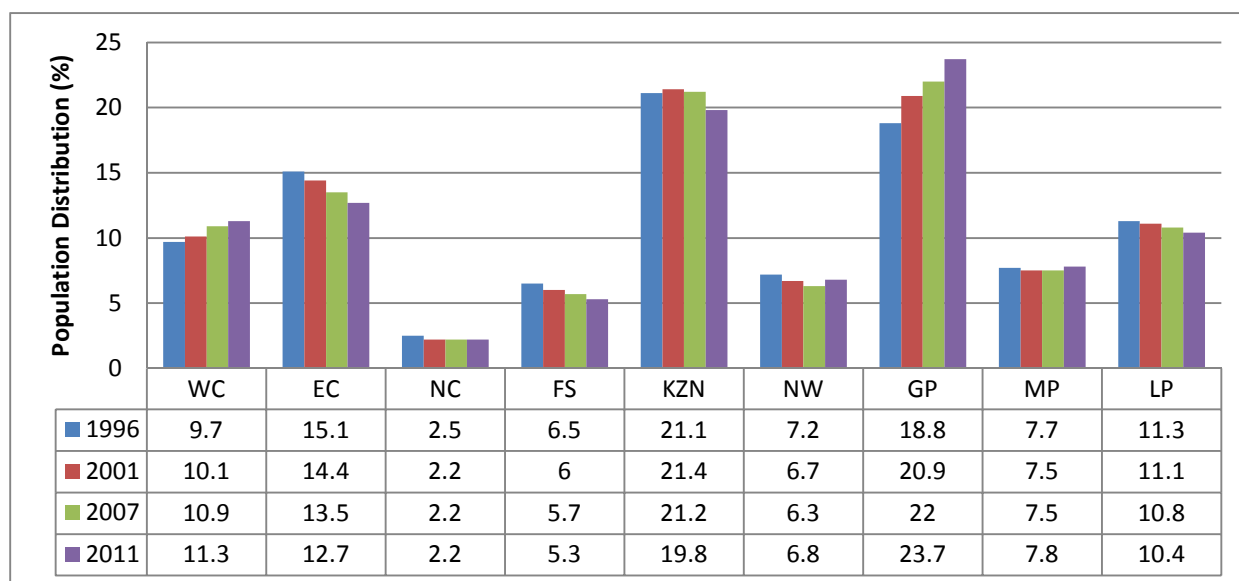
According to Census 2011 results, South Africa had a population of 51.7 million people in 2011. The provinces of Gauteng and KwaZulu-Natal account for 42% of South Africa's population. Gauteng is the most populous province with 12.3 million people.

Table 1: Population by province, 2011

Province	Population	Share of total
Eastern Cape	6 562 053	12.7%
Free State	2 745 590	5.3%
Gauteng	12 272 263	23.7%
KwaZulu-Natal	10 267 300	19.8%
Limpopo	5 404 868	10.4%
Mpumalanga	4 039 939	7.8%
Northern Cape	1 145 861	2.2%
North West	3 509 953	6.8%
Western Cape	5 822 734	11.3%
TOTAL	51 770 560	100%

Source: Stats SA

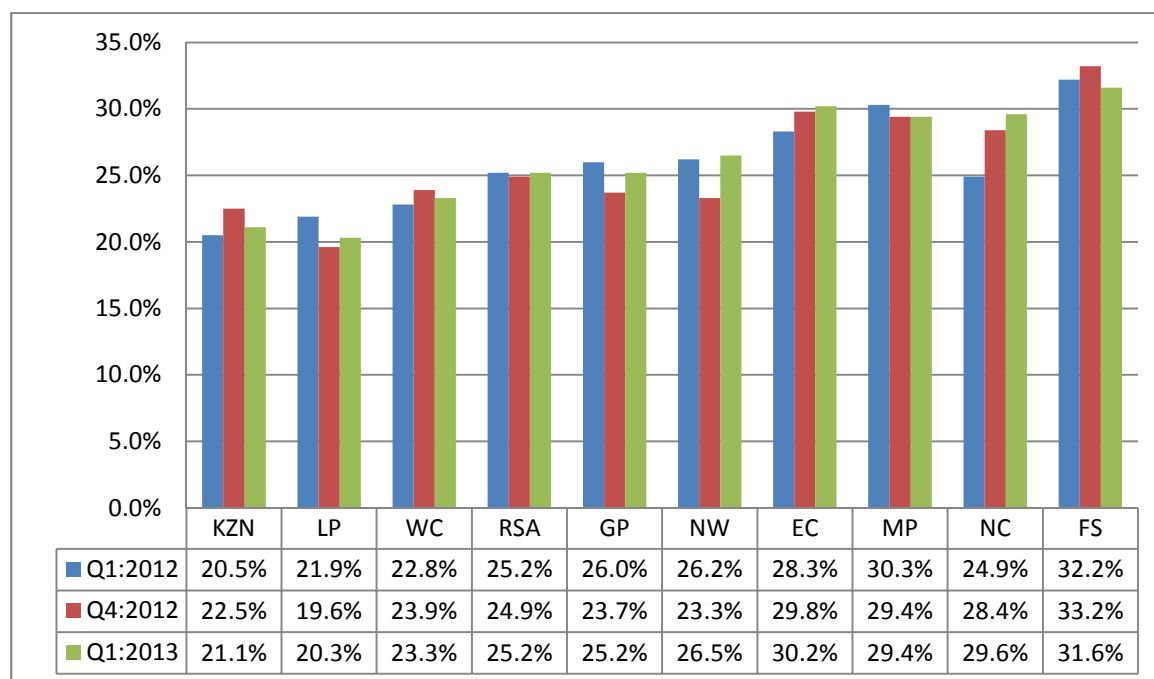
The provincial share of the total population has fallen in the Northern Cape (from 2.5% in 1996 to 2.2% in 2011). The fastest growing province is the Western Cape, growing by 29% between 2006 and 2011. Gauteng's population grew by 31% to 12.8-million people by 2011, up from 9.4 million a decade ago.

Figure 1: Percentage distribution of population by provinc2011

Source: Statistics SA

Northern Cape constituted 2.2% of the country's population in 2011 while the land area is 30.5% of the country. The population in the province is sparsely located due to the arid conditions of the Northern Cape. The main economic activity in the province is mining with iron-ore mining being the mainstay of the sector.¹⁹ Free State constituted 5.3% of the country's population in 2011 while the land area is 10.6% of the country. The share of the population in the Free State has been slowly declining over the analysed period

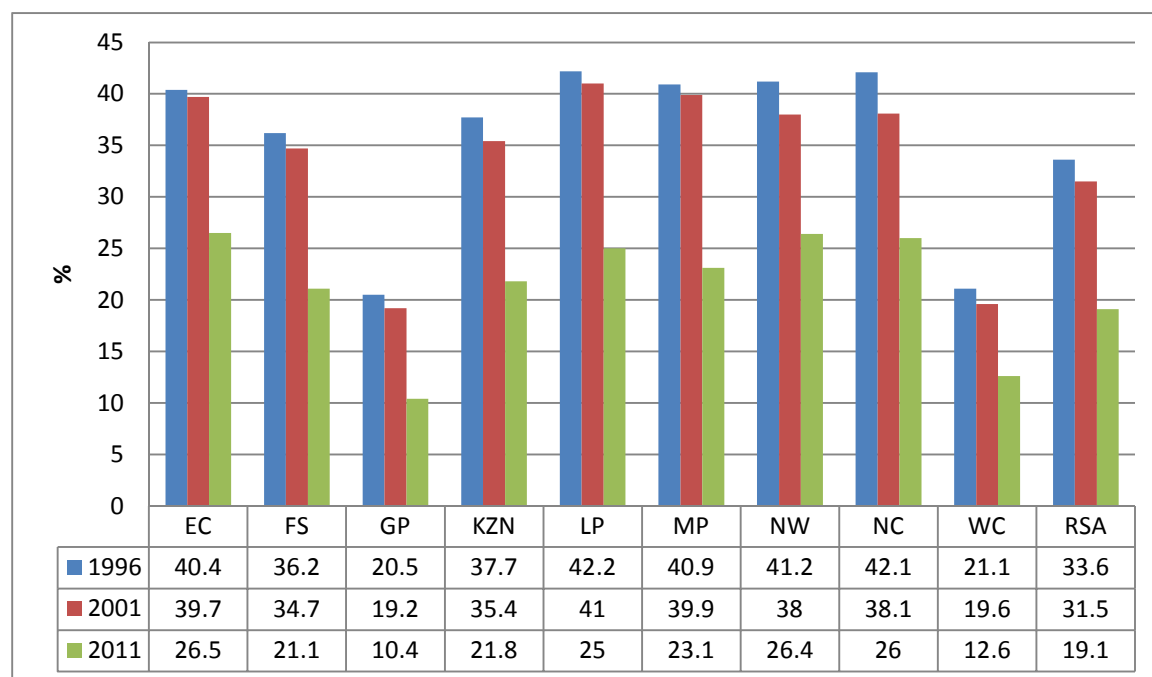
¹⁹ A regional overview of the Northern Cape Province- *South African Business 2011/12 Edition*

Figure 2: Unemployment rate by province, 2012

Source: Statistics SA

Northern Cape's unemployment rate rose from 24.9% in Quarter 1 (Q1) of 2012 to 28.4% in Q4. The province had a higher unemployment rate compared to the national rate. Free State also had a higher unemployment rate of 33.2% in Q4 of 2012.

Figure 3 shows an analysis of those aged 15 years and above with no education or highest level of education less than Grade 7. The Eastern Cape, North West, and the Northern Cape had the highest percentages.

Figure 3: Percentage of people (>15 years) with no education or less than Grade 7

Source: Stats SA, Census 2011

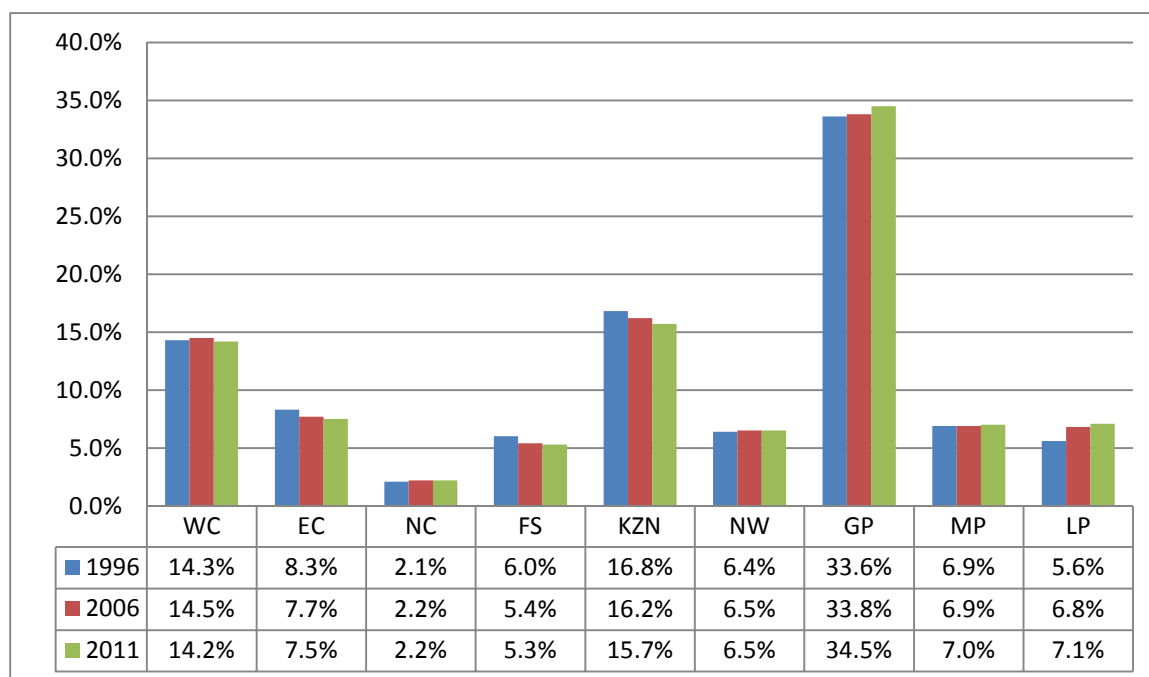
Only 10.4% of the population of Gauteng (aged 15 and above) had no education or highest level of education was less than grade 7 which is lowest of all the provinces. Western Cape was the second lowest with a share of 12.6% being in the category of people less than 15 years with no education or less than Grade 7.

Mpumalanga has recorded an impressive drop from 41% in 1996 to 23% in 2011. Nationally progress has been made with this percentage decreasing from 33.6% in 1996 to 19.1% in 2011.

2.2. The Free State and Northern Cape Economic Overview

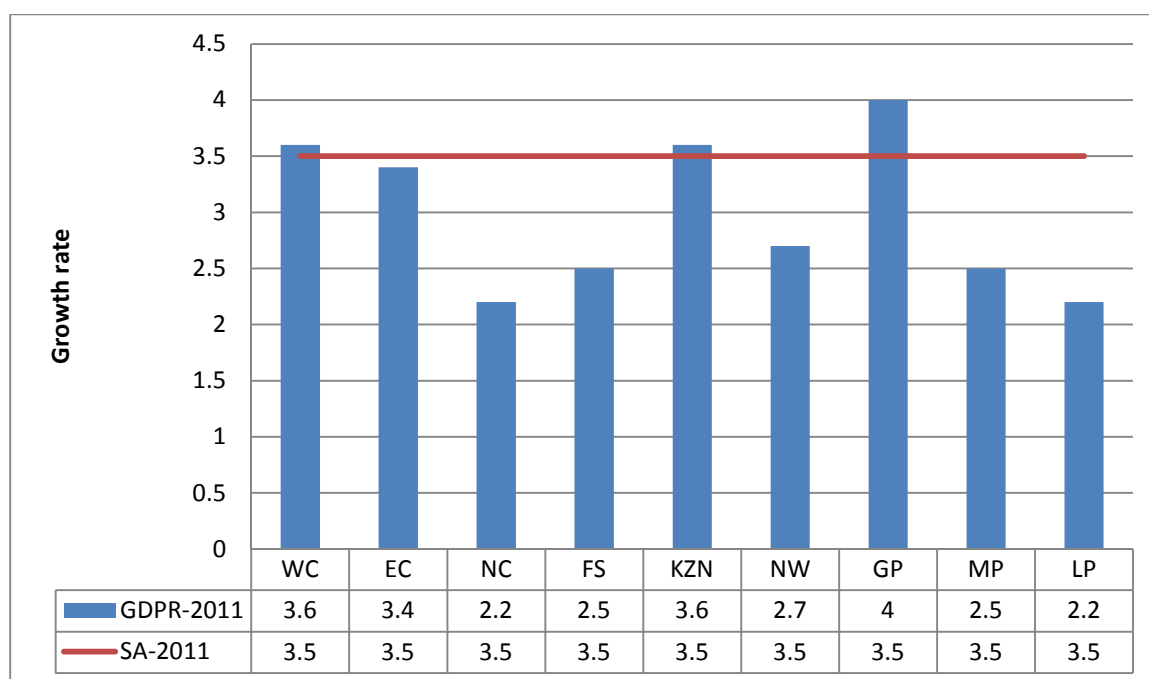
2.2.1. Broad economic overview

Northern Cape's economy is the lowest contributor to the national economy while Free State is the second lowest. Gauteng, KZN and Western Cape are the top three. The province's contribution has been maintained at 2.2% from 2006 to 2011. As shown in Figure 4 below KZN, Eastern Cape and Free State's contribution to the national economies are decreasing while that for Gauteng and Limpopo is increasing.

Figure 4: Provincial contribution to South African economy, 2011

Source: Stats SA, 2012

The Northern Cape's real annual economic growth rate for the year 2011 was 2.2%. This was lower than the national average of 3.5%. Free State recorded a higher real annual growth rate compared to the national rate.

Figure 5: Real annual economic growth rate per region, 2011

Source: StatsSA

Table 2: Regional distribution of economy activity, 2011

Industry	WC	EC	NC	FS	KZN	NW	GP	MP	LIM	SA
Agriculture, forestry and fishing	22.6	5	6.1	10.3	26.8	6.2	6	9	8.1	100
Mining and quarrying	0.4	0.2	6.8	7.9	3.4	24.8	12.8	20	23.7	100
Manufacturing	14.6	8	0.4	3.9	21.6	2.5	40.5	7.1	1.5	100
Electricity, gas and water	11.2	4.1	2.7	6.4	15.9	3.6	33	15.	8.1	100
Construction	17.9	4.7	1.1	3.1	13.	4.8	43.3	6.8	5.1	100
Wholesale ,retail and motor trade; catering and accommodation	17.4	8	1.6	4.7	17.6	4.4	35.5	5.2	5.5	100
Transport storage and communication	15.4	7.1	2.1	4.5	22.4	4.8	34.2	4.9	4.6	100
Finance, real estate and business services and business services	19.7	7.3	1.4	3.9	13.6	3.8	41.1	4	5.2	100
Personal services	13.7	12.9	3.4	10.	17.	8.5	23.5	5.7	5	100
General government services	9.8	11.2	1.9	5.2	14.2	5.3	39.7	5	7.7	100

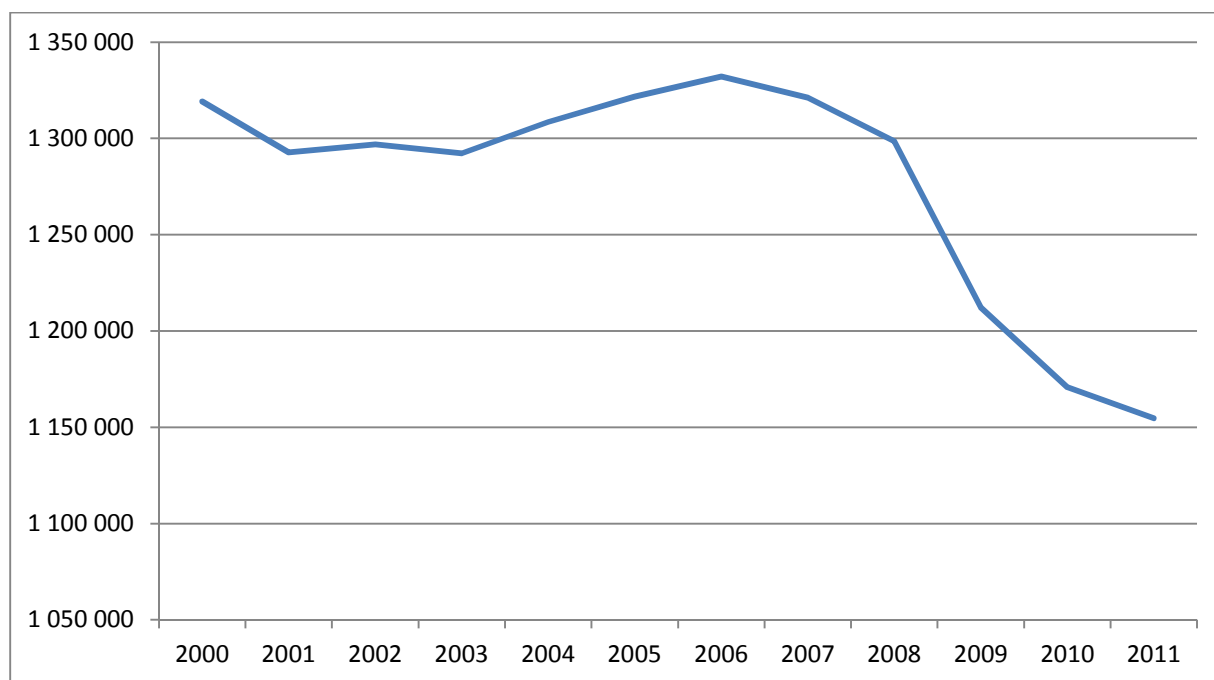
Source: Stats SA, 2012

In terms of sector contribution to the national economy, the table below shows that NC's economy is dominated by mining & quarrying and agriculture, forestry and fishing which contributed 6.8% and 6.1% respectively of the national sector output. Manufacturing in the NC province accounted for only 0.4% of the national output with FS accounting for 3.9%. Gauteng and KZN had the largest manufacturing sector contributions of 40.5% and 21.6%.

2.2.2. Manufacturing Sector South Africa

The manufacturing sector's contribution to the national GDP has been falling over the last decade, from 19.3% in 2001 to 17.5% in 2011.²⁰ As shown below, formal employment in the sector has been following the same trend.

Figure 6: Formal employment levels for the manufacturing sector, 2011

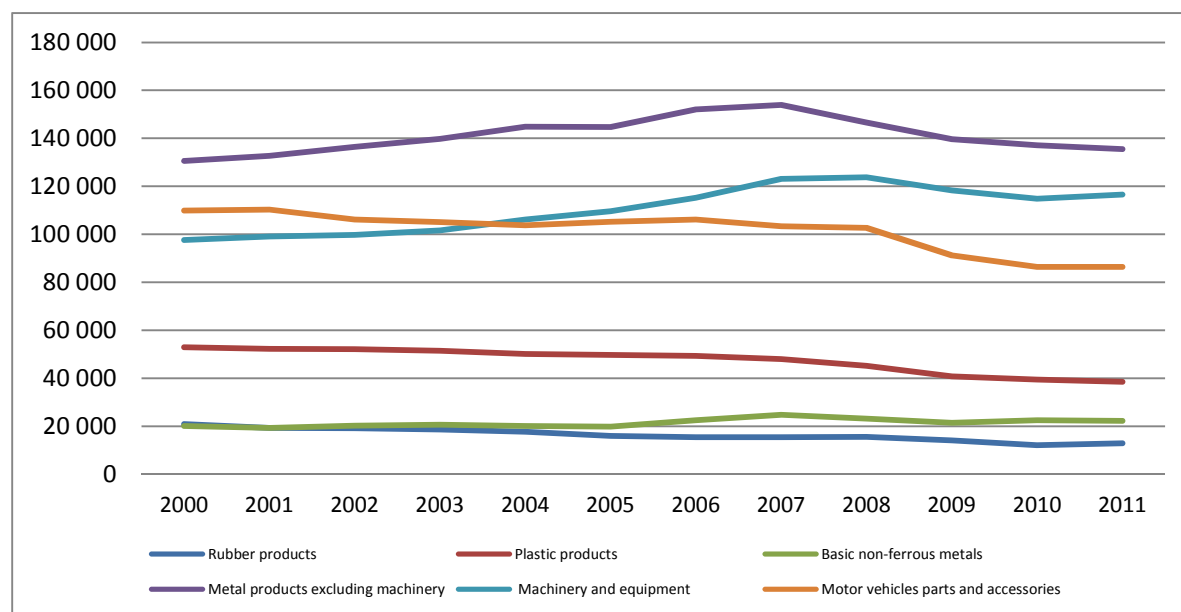


Source: Quantec, 2013

Employment in the manufacturing sector started declining in 2006 and an accelerated decline started in 2008. A lot of jobs were shed in the manufacturing sector due to subdued global demand following the setting in of the global economic downturn in 2008/2009.

The financial crisis which the Euro region experienced in 2011/2012 also put a strain on the demand for output from the South African manufacturing sector. To ensure viability, some companies downsized their employees resulting in the decline in total employment in the manufacturing sector.

²⁰ Source: Calculated from Stats SA, First Quarter 2012, P0441.

Figure 7: Employment figures by subsectors, 2011

Source: Quantec, 2013

The figure above shows that all merSETA subsectors have been shedding jobs since the global financial crises in 2008. The metal products (excluding machinery) sector is the largest employer of the merSETA chambers.

2.3. Northern Cape Economic Overview

2.3.1. Economic Sector Performance

The Northern Cape is the largest province in South Africa and occupies 30.5% of the land area with Kimberly serving as the capital city in the province. In 2011 the province had 2.2% of the country's population. Mining is the major economic sector and contributed 26.7% to the Gross Regional Domestic Product (GRDP) at basic prices.²¹ Expansion of iron ore mining activity in the province has been driven mainly by China's demand for steel.

Principal languages in the province are Afrikaans 53.8% and Setswana 33.1%.²² Northern Cape is served by airports located in Upington and in Kimberly. There is no major port in the province and the provincial government is undertaking investigations into potential establishment of a major port.

²¹ Stats SA: P0441 (Own calculations)

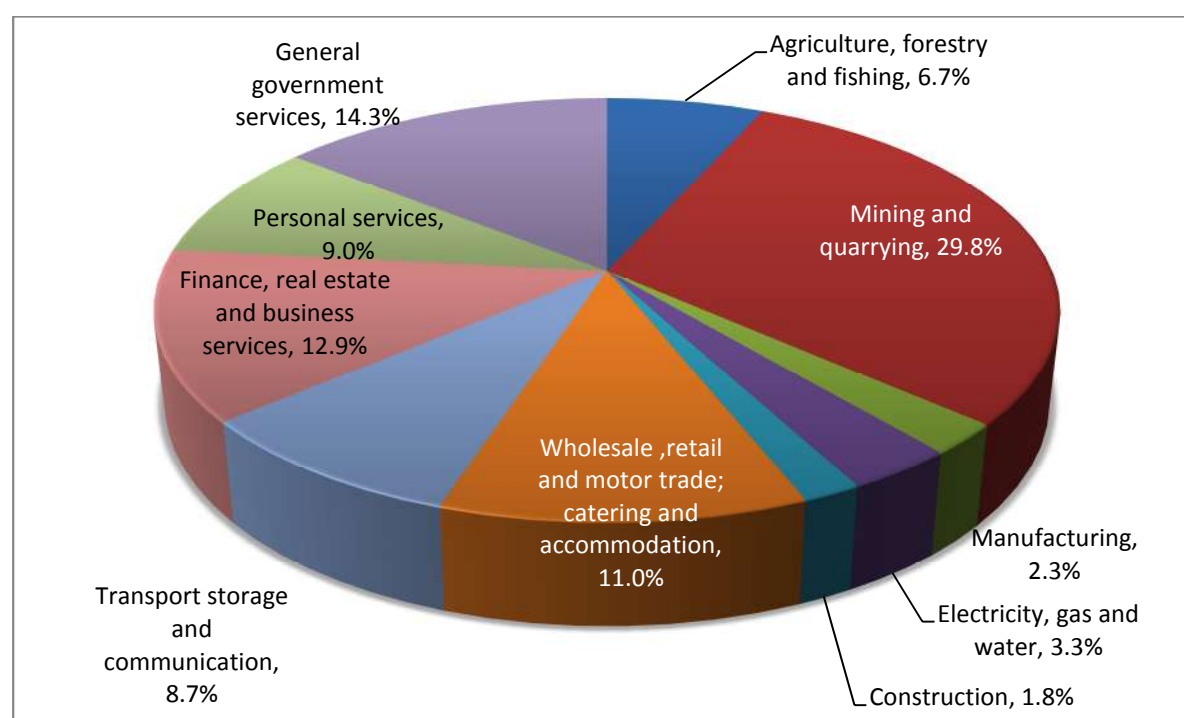
²² Northern Cape www.info.gov.za/aboutsa/provinces.htm

Plans to enable an increase in the amount of produce manufactured before export from the province are in the pipeline.²³ Iron ore mined at Sishen is transported by rail to the Saldanha Bay port in the West Coast district of the Western Cape Province.

The primary sector constituted 46.9% of the 2011 GRDP. Manufacturing contribution to the national GDP was only 0.4% due to the low manufacturing base in the province. National government plans to encourage beneficiation of minerals before they are exported is expected to result in increased processing of minerals extracted in the country. This in turn is expected to result in creation of new jobs in the country.

Investments which are being made in the Namaqua Development Corridor are expected to bolster the provincial government's plans to raise manufacturing activities in the province.²⁴

Figure 8: Northern Cape's Economic sectors at basic prices, 2011



Source: Stats SA and own calculations

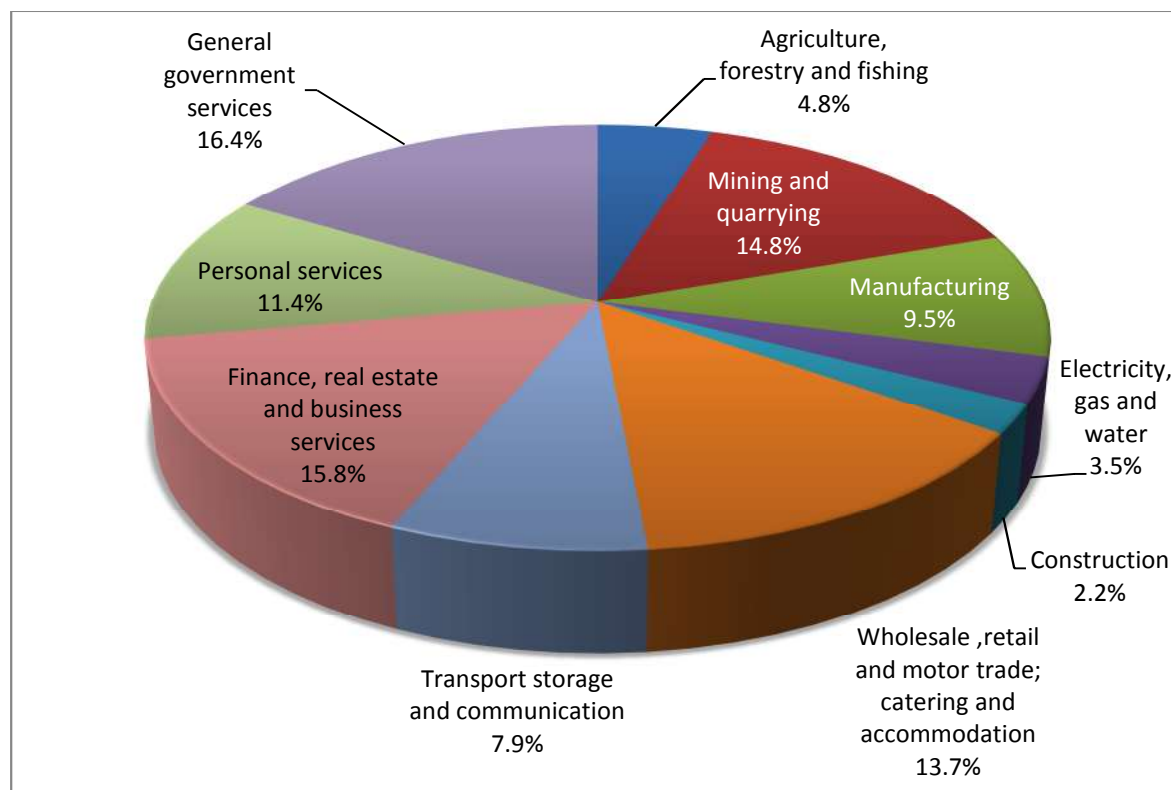
The Northern Cape's secondary sector accounted for 6.7% of the province's economic output while the primary and tertiary sectors constituted 32.8% and 50.3% respectively, of provincial output at basic prices.

²³ South African Business 2011/2012 Edition *Northern Cape Province* p223

²⁴ South African Business 2011/2012 Edition *Northern Cape Province* p223

Lack of a well-established industrial base is reflected in the low manufacturing sector's 2.1% contribution to the regional 2011 output.

Figure 9: Free State's Economic sectors at basic prices, 2011



The primary and secondary sectors accounted for 17.6% and 13.6% of the total 2011 output (at basic prices). Manufacturing in the Free State contributed 3.9% of national manufacturing output in 2011. In the province, manufacturing accounted for 9.5% of the 2011 output at basic prices.

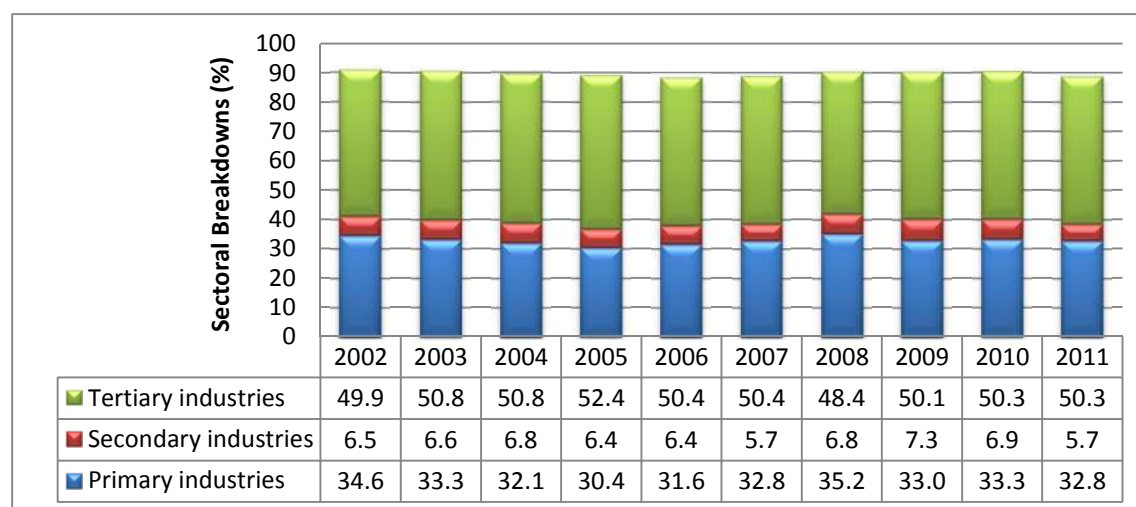
The Free State's contribution to the nation's GDP has experienced a marginal decline over the past 15 years. In 2011 the region contributed 5.3% compared to the 6.0% of 1996. The major economic activities in the province in 2011 were the general government services and the finance, real estate and business services segments. In the province the tertiary sector constituted 58.5% (at basic prices) of the total economic contribution.

Table 3: Sector Composition of the Economy GDP figures- Northern Cape, 2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Primary industries	34,6	33,3	32,1	30,4	31,6	32,8	35,2	33,0	33,3	32,8
Agriculture, forestry and fishing	5,6	8,5	8,2	6,5	6,9	7,5	7,6	7,3	6,8	6,0
Mining and quarrying	28,9	24,8	23,9	23,8	24,7	25,3	27,6	25,7	26,5	26,7
Secondary industries	6,5	6,6	6,8	6,4	6,4	5,7	6,8	7,3	6,9	6,7
Manufacturing	3,4	3,5	3,3	3,3	2,9	2,2	3,0	2,3	2,4	2,1
Electricity, gas and water	1,9	2,0	2,2	1,9	2,1	2,0	2,2	3,0	2,8	3,0
Construction	1,2	1,1	1,3	1,2	1,4	1,5	1,6	2,1	1,7	1,6
Tertiary industries	49,9	50,8	50,8	52,4	50,4	50,4	48,4	50,1	50,3	50,3
Wholesale ,retail and motor trade; catering and accommodation	9,1	10,5	10,7	10,6	11,0	10,8	9,6	10,0	10,3	9,9
Transport storage and communication	8,6	8,6	8,3	8,6	8,3	8,0	7,5	7,3	7,0	7,8
Finance, real estate and business services	11,9	10,9	12,2	12,2	12,8	13,2	12,5	12,4	12,4	11,6
Personal services	8,0	8,3	8,4	8,5	8,0	7,8	7,1	8,0	8,2	8,1
General government services	12,2	12,5	11,1	12,6	10,3	10,6	11,7	12,5	12,4	12,8
All industries at basic prices	90,9	90,7	89,6	89,2	88,5	88,9	90,3	90,5	90,4	89,8
Taxes less subsidies on products	9,1	9,3	10,4	10,8	11,5	11,1	9,7	9,5	9,6	10,2
GDPR at market prices	100	100	100	100	100	100	100	100	100	100

Source: Stats SA, P0441 2012

The secondary industry reached a peak in 2009 and has been experiencing a decline. The global economic outlook is behind this decline experienced in the sector. In 2002 the manufacturing sector contributed 3.4% and has been on a decline which saw it reaching to 2.1% in 2011. Mining and quarrying also declined over the same period from 28.9% to 26.7%.

Figure 10: Northern Cape sector breakdowns at basic prices, 2011

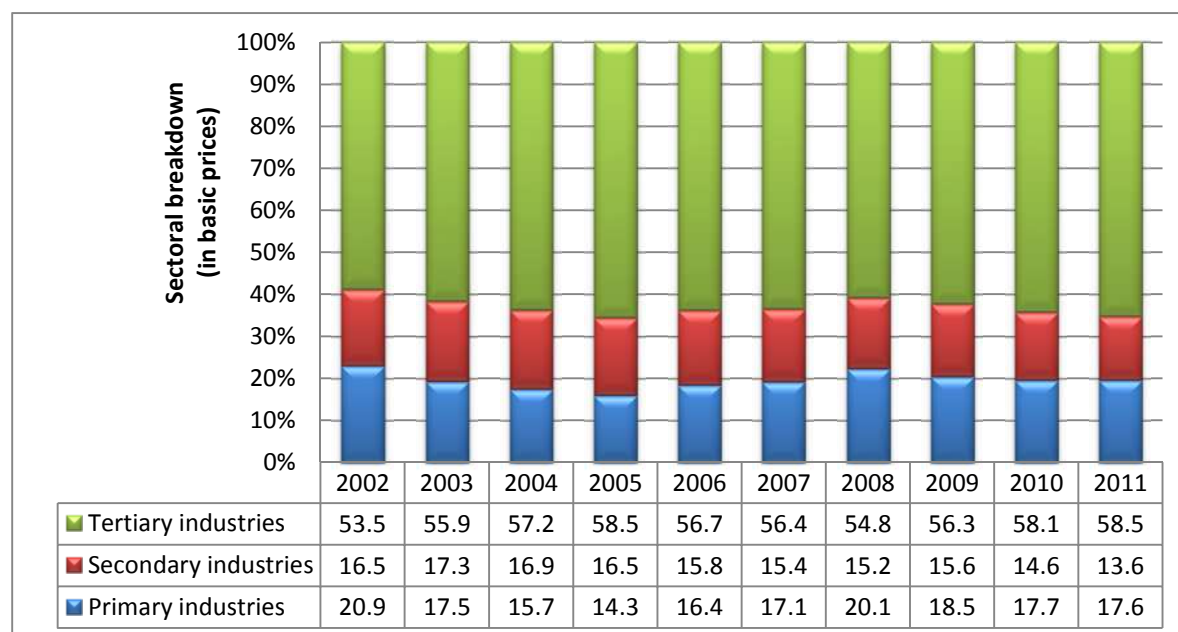
Source: Quantec

Table 4: Sector Composition of the Economy GDP figures- Free State, 2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Primary industries	20,9	17,5	15,7	14,3	16,4	17,1	20,1	18,5	17,7	17,6
Agriculture, forestry and fishing	8,4	6,4	4,8	3,6	4,5	4,6	5,5	5,4	4,4	4,3
Mining and quarrying	12,5	11,1	10,9	10,7	11,9	12,5	14,6	13,1	13,4	13,3
Secondary industries	16,5	17,3	16,9	16,5	15,8	15,4	15,2	15,6	14,6	13,6
Manufacturing	12,5	13,1	12,7	12,2	11,7	11,1	10,9	10,4	9,7	8,5
Electricity, gas and water	2,8	2,9	2,9	2,8	2,7	2,7	2,5	3,2	2,9	3,1
Construction	1,3	1,3	1,3	1,5	1,4	1,6	1,8	2,1	2,0	2,0
Tertiary industries	53,5	55,9	57,2	58,5	56,7	56,4	54,8	56,3	58,1	58,5
Wholesale ,retail and motor trade; catering and accommodation	9,7	10,3	10,6	10,4	10,6	10,3	10,2	10,9	12,3	12,3
Transport storage and communication	7,0	7,5	7,5	7,9	7,4	7,3	7,3	6,9	6,9	7,1
Finance, real estate and business services	14,3	14,5	14,8	15,8	15,3	15,5	14,8	14,5	14,4	14,2
Personal services	10,0	10,7	10,8	11,2	10,5	10,2	10,0	10,6	10,6	10,2
General government services	12,5	12,9	13,5	13,2	12,9	13,0	12,4	13,4	13,9	14,7
All industries at basic prices	91,0	90,7	89,8	89,3	88,9	88,9	90,1	90,5	90,5	89,7
Taxes less subsidies on products	9,0	9,3	10,2	10,7	11,1	11,1	9,9	9,5	9,5	10,3
GDPR at market prices	100	100	100	100	100	100	100	100	100	100

Source: Stats SA, P0441 2012

Free State's secondary industry reached a peak in 2003 and has been experiencing a decline over the period of analysis. Manufacturing's contribution decreased from 12.5% in 2002 to 8.5% in 2011. Mining and quarrying reached a peak of 14.6% in 2008, experienced a decline in 2009 due to the global economic slowdown and started recovering in 2010.

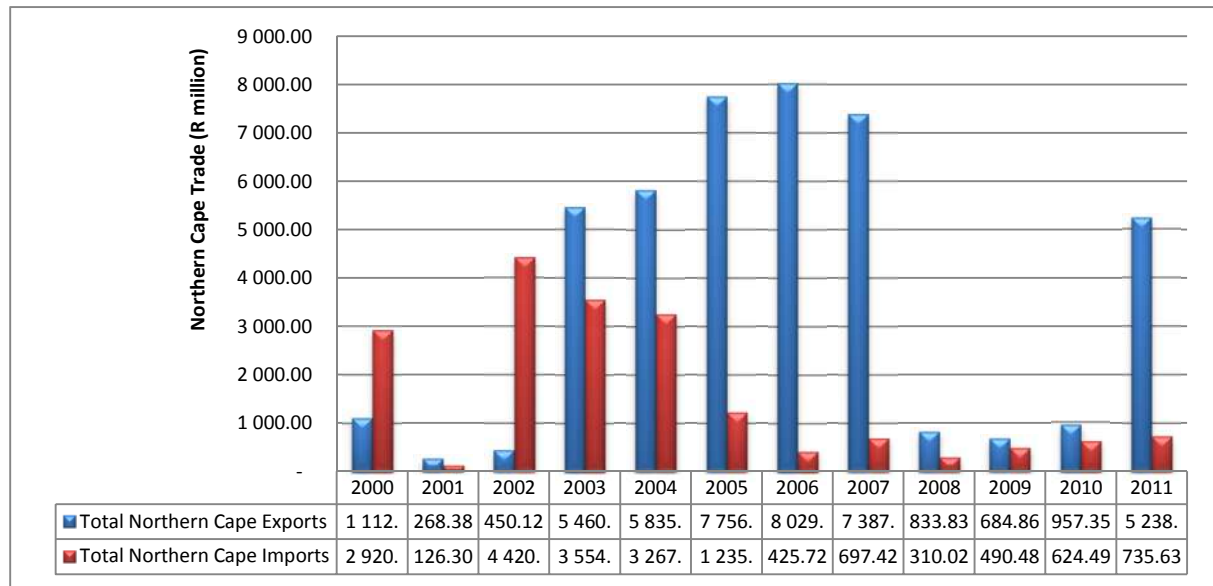
Figure 11: Free State sector breakdowns at basic prices, 2011

Source: Stats SA, P0441 2012

2.3.2 Imports and Exports

Mining and quarrying is Northern Cape's main economic sector and the minerals are mainly for the export market. Fluctuations in global commodity prices have a significant impact on the economic prospects of the province. Lack of mineral value addition is reflected by the low contribution of the manufacturing sector to the region's gross domestic output.

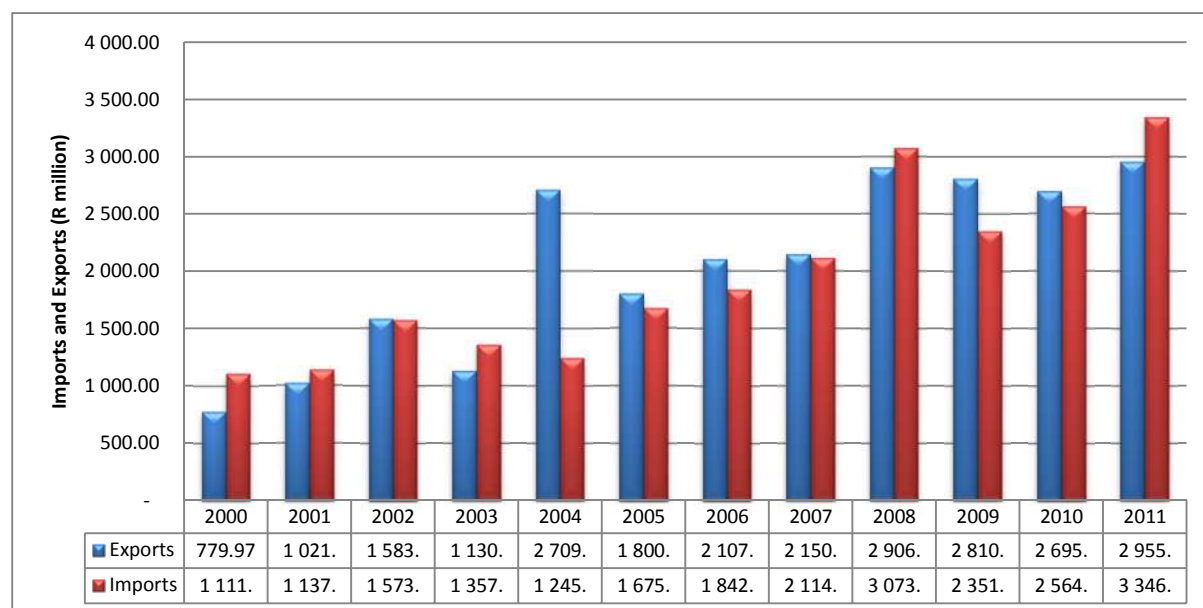
Over the 2000 to 2011 period, the Northern Cape had a negative trade balance in 2000 and 2002. Since 2002, the region has been experiencing a decline in the level of imports. In 2011 imports into the region were R735.63 million compared to the 2002 peak of R4.42 billion.

Figure 12: Northern Cape Imports and Exports, 2011

Source: Quantec, 2013

Exports from the region experienced a significant increase from a low level in 2002 of R450.12 million to a peak in 2006 of R8.03 billion. The setting in of the global economic slowdown in 2008/2009 resulted in developed countries reducing their manufacturing and other economic activities. Northern Cape was highly impacted by the decline in demand for metal and other minerals in the global market. This is reflected in the 978% drop in exports from R7.39 billion in 2007 to R684.86 million in 2009.

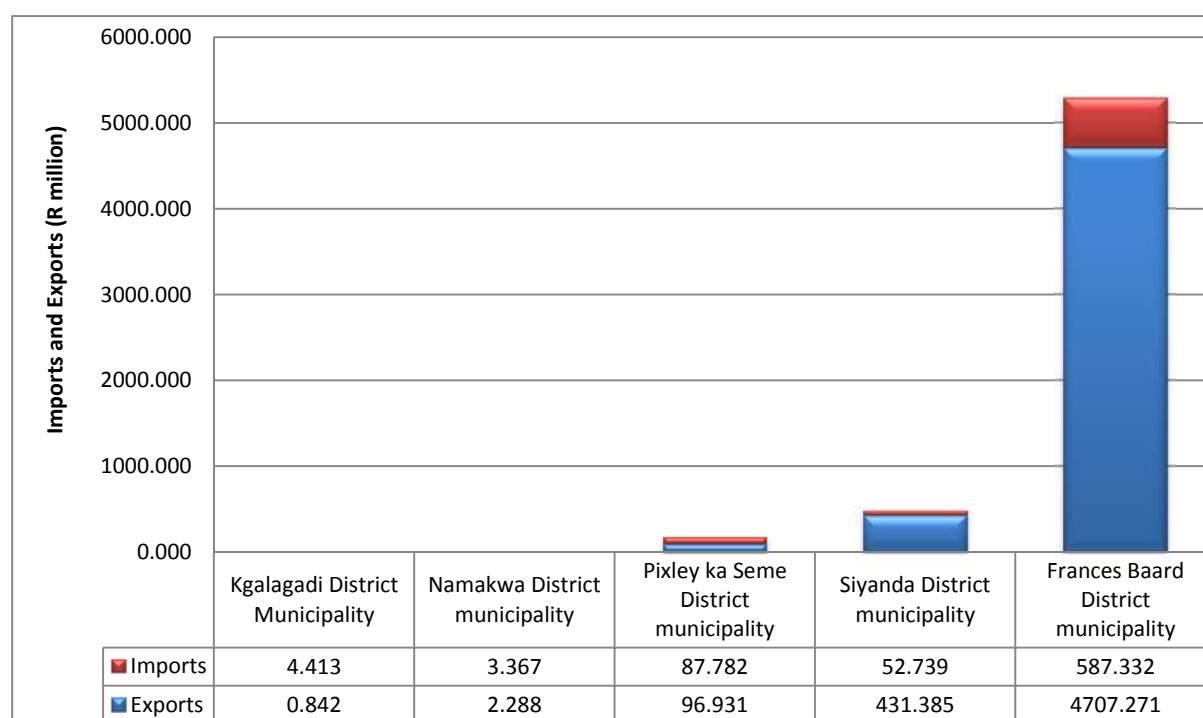
Improving global sentiment saw exports receiving a boost and commencing movement in an upward trajectory from 2010 to 2011, registering an 81.7% growth.

Figure 13: Free State Imports and Exports, 2011

Source: Quantec, 2013

Free State had a negative trade balance in 2000, 2001 and 2003; from 2004 to 2007 the province had a positive trade balance. The level of imports and exports experienced an increase from 2000 and peaked in 2008. A decline in the level of imports was experienced after the 2008/2009 economic downturn. In 2011, the Free State recorded its highest imports to date.

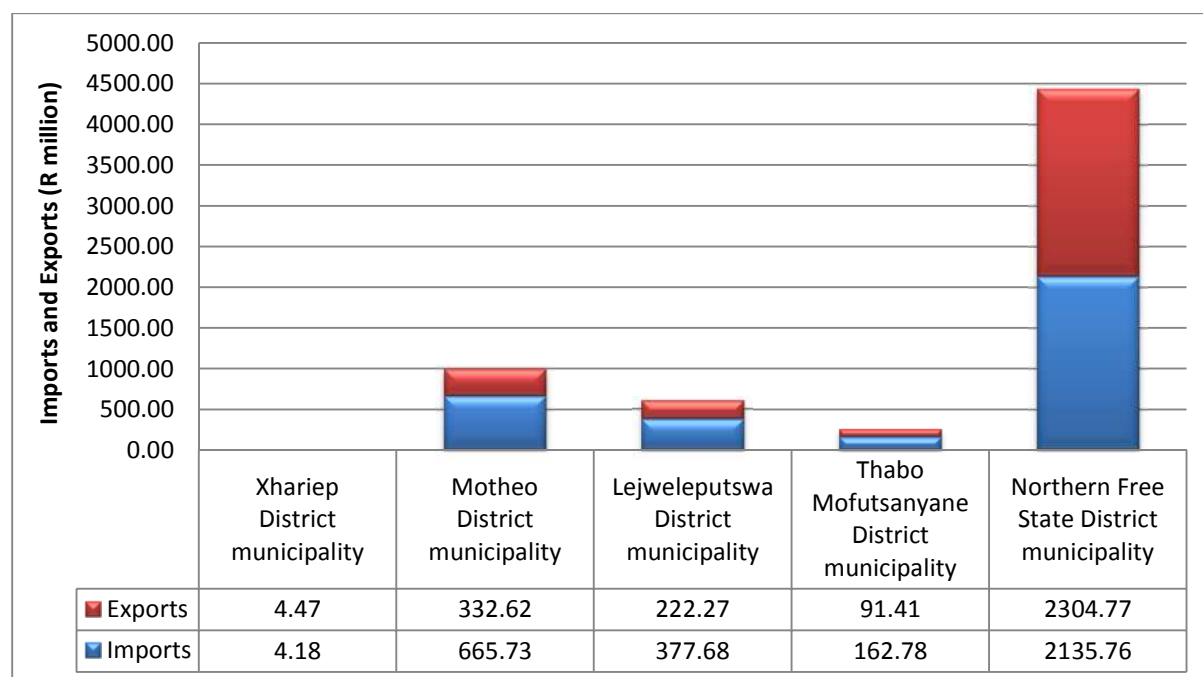
Overall, the province has experienced a rise in the level of trade with imports and exports rising from R779 million and R1.1 billion (respectively) in 2000 to R2.9 billion and R3.3 billion in 2011 (respectively).

Figure 14: Northern Cape Imports and Exports by District, 2011

Source: Quantec, 2013

The Frances Baard District Municipality recorded the highest imports and exports in the Northern Cape province in 2011. The municipality covers the local municipalities of Dikgatlong, Magareng, Phokwane and Sol Plaatje. Kimberley, which is the seat of the District Municipality and of the Northern Cape legislature, is located in Sol Plaatje Municipality the largest of the four municipalities.²⁵

²⁵ <http://www.francesbaard.gov.za/ourregion.html>

Figure 15: Free State Imports and Exports by District, 2011

Source: Quantec

The Northern Free State District Municipality recorded the highest imports and exports in the Northern Cape province in 2011. Most of the province's economic activities are concentrated in this municipality. Xhariep District Municipality recorded the lowest imports and exports for 2011 which did not exceed R5 million.

2.4 Economic Outlook – Opportunities and Challenges

2.4.1 Northern Cape Outlook

Northern Cape is well served with regards to transport and communications. The presence of airports at Kimberly and Upington are able to cater for the province's needs. The provincial government has plans to increase value addition on goods before they are exported out of the province. Once these plans have been fully developed there are a number of potential opportunities for investors in the region.

A need to bolster the region's infrastructure has led to plans for a revamping of the provincial rail network, with particular focus on De Aar which already serves as an important national rail junction. Investigations into the possibility of establishing a major port in the province are currently underway as well.²⁶

²⁶ A regional overview of the Northern Cape- *South African Business 2011/12 Edition*

Opportunities

Agriculture and agro-processing

Opportunities are present for investing in the expansion of agro-processing, wine-making and dried vine fruit industries, along with development of grapes supporting industries such as packaging plants. Kimberley farmers utilise an estimated 12-million cartons and 10-million fibre bags annually. Establishment of factories to produce these items offers profitable possibilities for investors.²⁷

Mining and mineral processing

Mining is expected to remain the province's main economic activity for the foreseeable future. Major mining companies which are currently located in the province include Samancor, Iscor, Goldfields, PPC Lime, Alpha Assmang and Anglo American. Opportunities exist along the mining value chain from extraction, processing to shipping. Beneficiation of minerals such as diamonds, copper, lead, zinc and manganese are some of the potential investment areas in the sector.²⁸

Manufacturing

Currently manufacturing in the province is dominated by the food and beverage industry in Upington and by the food and beverage, clothing, textiles and metal industries in Kimberley. Approximately half of Northern Cape's gross output in the manufacturing sector comes from foods and beverages.²⁹

Niche markets which have been identified as offering potential opportunities for investment include water bottling, fresh produce packaging, processing of meat, leather and leather products and small jewellery manufacturing.

Challenges

Northern Cape has many roads but maintaining them is difficult and costly for the provincial government. Given a lot of goods are transported via road to different destinations or other transport modes, there is need to ensure that roads are kept in good condition.

Although the province has Port Nolloth harbour which is used as fishing port, in order for the province to experience a boost in value added exports- there is need for a larger port. Currently iron mined at Sishen is shipped by rail to the Port of Saldanha. Viability

²⁷ http://www.tradeinvestsa.co.za/investment_opportunities/180106.htm

²⁸ http://www.tradeinvestsa.co.za/investment_opportunities/324107.htm

²⁹ http://www.tradeinvestsa.co.za/investment_opportunities/941458.htm

of a port in the Northern Cape would require large volumes of cargo to pass through the port. However, it is highly unlikely that the iron and manganese currently transported to Saldanha would be diverted to a new port.

2.4.2 Free State Outlook

The Free State province does not have a very diversified manufacturing sector. Sasol's complex at Sasolburg is the major hub of manufacturing sector activities in the region. The complex is highly industrialised and is a major source of employment, albeit a lot of highly skilled workers are required. A number of opportunities related to the chemicals industry and other activities are present in the region.

Opportunities

Tyre recycling plant

In a bid to increase job creation, plans to establish a tyre recycling plant in Sasolburg were announced in 2011.³⁰ The Free State Development Corporation is in a process of "seeking a private investor to deploy a complete tyre recycling system to recover steel, nylon and crumb rubber from waste tyre shedding at Welkom."³¹

Chemicals

Chemicals subsector is the largest manufacturing subsector in the Free State and accounts for 70.0 percent of the province's total manufacturing output. Sasolburg serves as the chemical hub in the province and provides raw materials used which are used in manufacturing plastics. Production of packaging material is the major end user subsector for plastics constituting approximately 55.0 percent of usage.³²

Food and beverage manufacturing

Food and beverage manufacturing is estimated to occupy nearly 20.0 percent of the province's manufacturing sites with operations including soft drink, milk and fruit juice bottling. Recently Boxmore Plastics, South Africa's biggest convertor of PET resin to bottles, established its main operations in Harrismith.³³ Safripol is another major plastics manufacturer based in the Sasolburg manufacturing hub.

Current conversion of polypropylene for packaging and automotive applications offers growth opportunity in the South African industry. Plastics and plastic composites are

³⁰ South Africa's provinces *Free State* www.info.gov.za/aboutsa/provinces.htm

³¹ Tyre recycling plant- Welkom www.tradeinvestsa.co.za/investment_opportunities/1123481.htm

³² Plastics Federation of South Africa: *Interview with chairman*, 2009 www.essentialmag.co.za

³³ *Free State Business: Manufacturing* www.freestatebusiness.co.za

gradually replacing conventional materials traditionally used in the transport industry such as steel, wood and aluminium. A growth area which has been noted for the plastics sector is the recycling and re-use of plastics, in line with the Department of Trade and Industry's National Industry Policy Framework.³⁴

Logistics

The province has potential to be turned into a logistics hub, with Bloemfontein being situated in the middle of the N8 road route linking Kimberly in Northern Cape with Maseru in Lesotho. Bloemfontein Airport and Botshabelo industrial area have been earmarked for development.³⁵ The Harrismith Logistical Hub (HLH) is expected to be developed as a multi-modal hub at the intersection of the N3 and N5 highways in order to ease congestion and to stimulate economic activity.

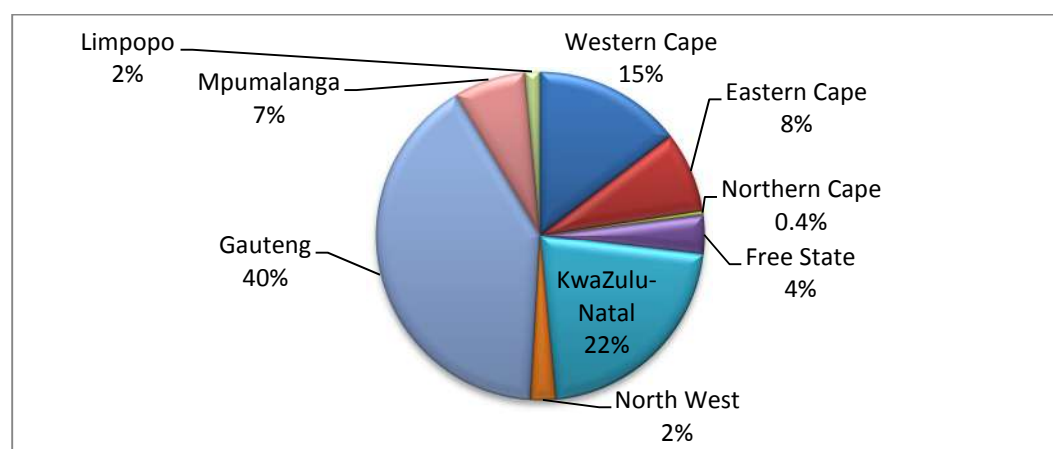
Challenges

Free State has many opportunities which can be harnessed to assist the province's economic development. However, a key hurdle which the provincial and national government needs to address has to do with ensuring availability of adequate infrastructure. Although plans have been formulated for the expansion of infrastructure such as building of a rail link from Bloemfontein to Maseru and development of the N8 corridor, the region can only stand to benefit if these plans get to be executed on time.

2.4. Manufacturing Sector

Northern Cape and Free State's manufacturing sector contributed 4.4% of the 2011 national manufacturing output.

Figure 16: Regional distribution of Manufacturing Sector activity, 2011



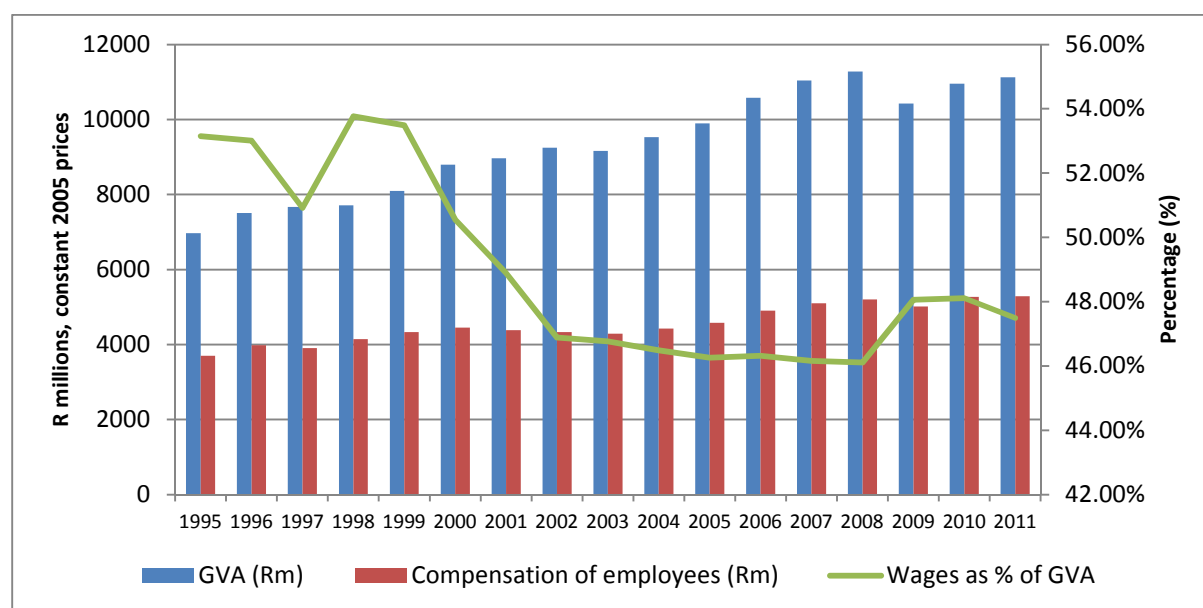
³⁴ Plastics Federation of South Africa: *Interview with chairman, 2009* www.essentialmag.co.za

³⁵ Free State Regional Overview *South African Business 2011/2012*

Source: Quantec, 2013

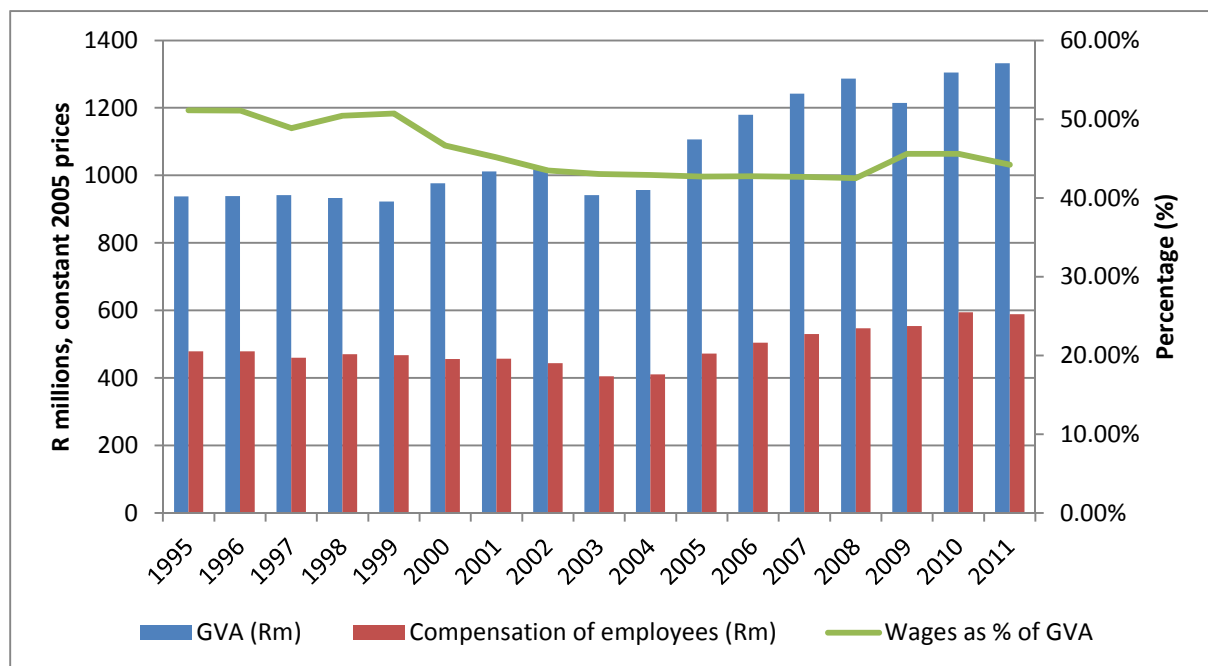
Government's increased focus on job creation and economic growth is expected to result in increased emphasis on support programs for manufacturing subsectors, mainly due to their relatively higher labour intensity compared to other economic sectors.

Figure 17: Manufacturing output and labour cost- Free State, 2011



Source: Quantec, 2013

Growth in the gross value added (GVA) in the Free State has been consistent over the period of analysis. Compensation of employees has risen albeit at a slower pace compared to the growth in the GVA as seen by the downward trend in the ratio of wages to the GVA.

Figure 18: Manufacturing output and labour cost- Northern Cape, 2011

Source: Quantec, 2013

The Northern Cape has experienced a rise in the gross value added (GVA) in the region over the period of analysis. Compensation of employees has also followed the same growth trajectory as the GVA. Northern Cape experienced a decline in the GVA in the 2008/2009 period as the global economy was in a period of downturn.

2.5. Overview of the merSETA Sectors

The definition of the manufacturing sector from the National Accounts includes sub-sectors that do not fall under the merSETA jurisdiction. MerSETA companies are grouped into five chambers. The table below is a conceptual map of the sub-sectors and their relation to merSETA chambers.

	merSETA						SECTORS / INDUSTRIES
SERVICES			MANUFACTURING				
OTHER	RETAIL	AUTOMOTIVE	METAL	PLASTICS	OTHER		
		Automotive Assembly	Capital Equipment	Polymer Producer		SUBSECTORS	
		New Tyre	Transport Equipment	Plastics Convertors			
	Motor Retail Motor	Components	Metal Fabrication	Plastic Fabrication			

	Repair		Other	Other		
Colour Key	merSETA Chambers					
	Metal Chamber					
	Plastics Chamber					
	Auto Chamber					
	New Tyre Chamber					
	Motor Chamber					

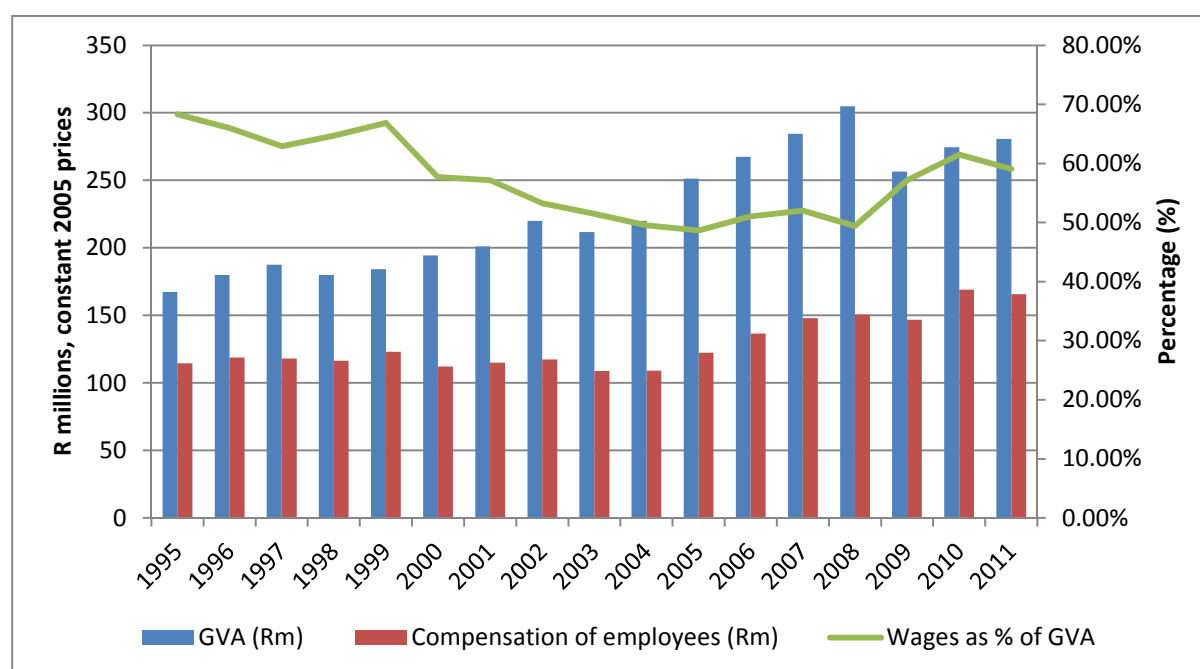
Source: merSETA SSP Update 2012/13-2016/2017

2.5.1. The Metal sector

The Metal Chamber comprises firms involved in the manufacturing and servicing of capital equipment including transport equipment. The metal sector, including the capital equipment, transport equipment, metal fabrication (CETEMF) and related subsectors, forms a substantial part of SA's manufacturing.

This sector is at the centre of economic development, as what they produce is used across entire economy: infrastructure programmes, construction, general engineering, mining, automotive production, furniture manufacture, transport, home appliance manufacture, defence and packaging³⁶.

Figure 19: Metal products and labour cost- Northern Cape, 2011



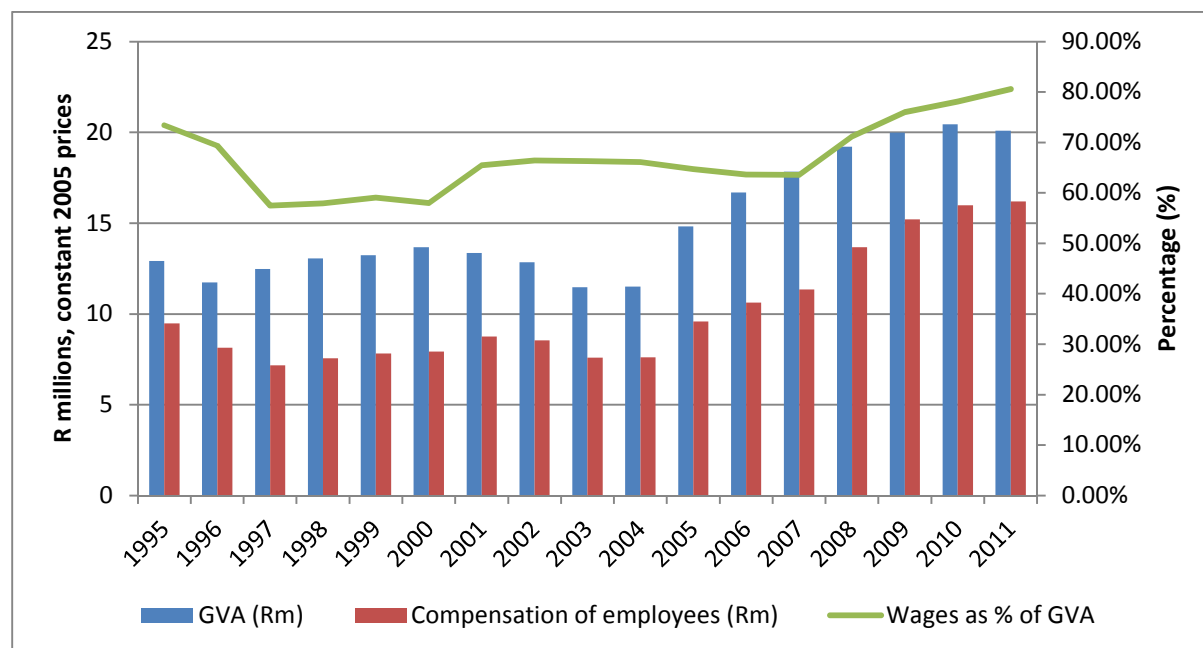
Source: Quantec, 2013

The metal products sector is the largest employer amongst the merSETA chambers in the Northern Cape. Gross Value Added (GVA) has been on a steady increase over the 1995-2011 periods. The global economic downturn in 2008 resulted in a slump in the

³⁶ MerSETA SSP 2010/2011-2015/2016

GVA in 2009. From 2010 the sector experienced recovery in the face of improving economic conditions. Compensation of employees has grown in line with GVA growth.

Figure 20: Machinery & equipment and labour cost- Northern Cape, 2011



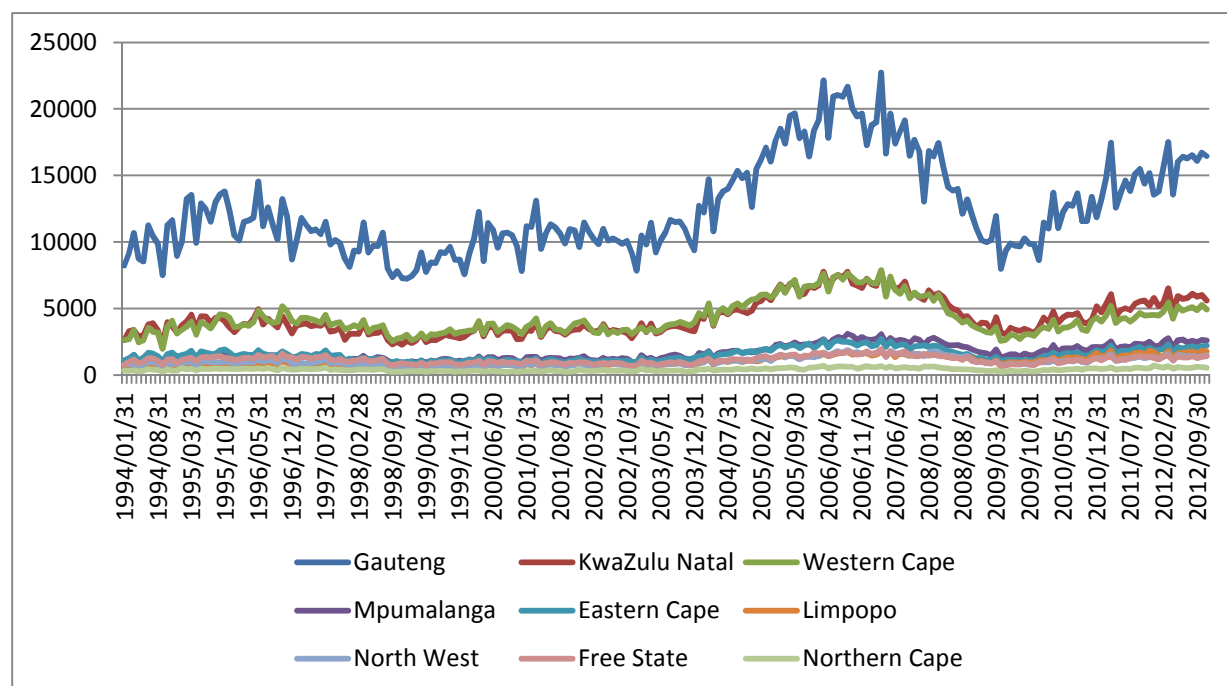
Source: Quantec, 2013

The lack of an established manufacturing base in Northern Cape is reflected by the low GVA in the machinery and equipment sector.

2.5.2. The Auto sector

The automotive industry, broadly defined includes vehicle retail, distribution and servicing, auto parts production and vehicle production. The Automotive covers South Africa's seven large automotive assemblers, also known as original equipment manufacturers (OEMs); a number of smaller, specialist medium and heavy commercial vehicle assemblers and approximately 400 automotive component manufacturers which are then tiered according to their position in relation to OEM supply.

Of the seven locally based (multinationals) vehicle assembly operations (OEMs), three are located in northern Gauteng namely BMW South Africa, Nissan South Africa and Ford Motor Company South Africa. General Motors South Africa and Volkswagen South Africa are based in Port Elizabeth; the Mercedes-Benz South Africa plant is in East London, while Toyota South Africa is situated in Durban. merSETA's Auto Chamber comprises the seven OEMs.

Figure 21: Total car sales by region, 2012

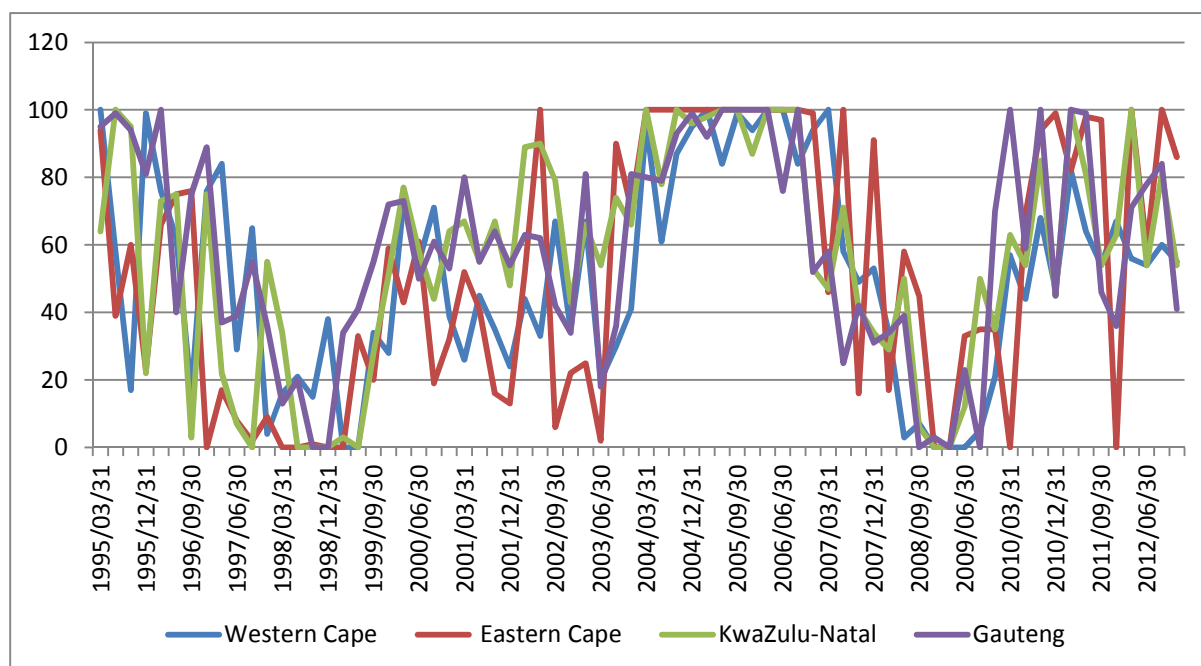
Source: Quantec, 2013

The trends for demand of vehicles in the different South African provinces follow the same trajectory. Gauteng, KZN and the Western Cape are the major markets for vehicle sales. Although the automotive industry is concentrated in the Eastern Cape province, sales in this province are number 3 or 4 of national sales. Northern Cape recorded the lowest sales over the period of analysis, which can be mainly attributed to the province's low population (2.2% of national 2011 population).

2.5.3. The Motor sector

The Motor Chamber includes firms involved in the motor retail and service industries, as well as in the manufacture of automotive components. The motor retail and components sector is closely linked to the automotive sector, since the supply of components for motor vehicle assembly and after sales market is a prime source of trade.

Figure 22: Motor trade business confidence index, 2012



Source: Quantec, 2013

2.5.4. The New Tyre manufacturing sector

The New Tyre Chamber consists of firms involved in the manufacture of new tyres for OEMs and aftermarket supply. The South African tyre manufacturing industry comprises four companies, operating six factories, all of which are controlled by international groups. Many other companies also import other international brands of tyres into South Africa.

Northern Cape does not have any tyre manufacturing taking place in the region. There is demand for tyres by the mining and agriculture sector in the region. Opportunities could be explored to establish tyre recycling facilities in the region.

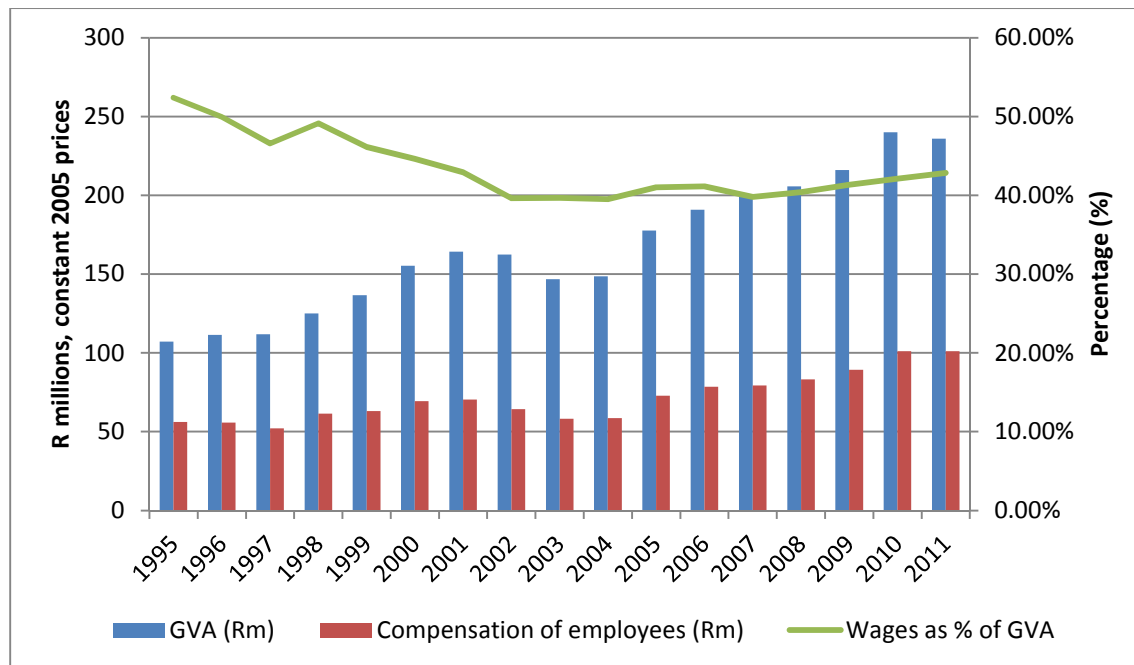
2.5.5. The Plastics sector

The Plastics Chamber includes firms involved in the manufacture of plastics products from locally manufactured and imported polymers. The plastics manufacturing sub-sector is part of a supply chain from the polymer manufacturing industry (chemical companies) through to a variety of end-use markets, and is characterised by ease of entry because of its low economies of scale and high degree of mechanisation. This means the sector is characterised by the following:

- Many micro and small companies and a few medium sized plants
- Is not a large scale employer

- Plastics manufacturing cells can be found within manufacturing plants of other manufacturing industries

Figure 23: Petroleum products output (including rubber and plastics) - Northern Cape, 2011

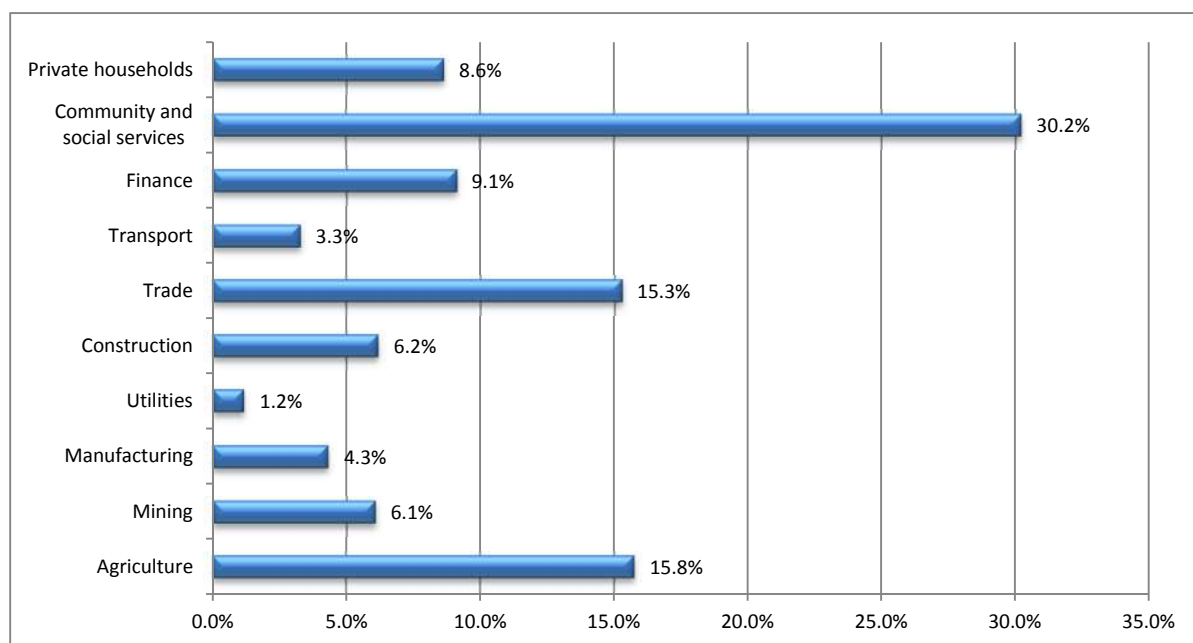


Source: Quantec, 2013

There has been a steady rise in the GVA in the petroleum sector in the Northern Cape. Compensation of employees has been rising, albeit at a slower pace relative to the growth in GVA.

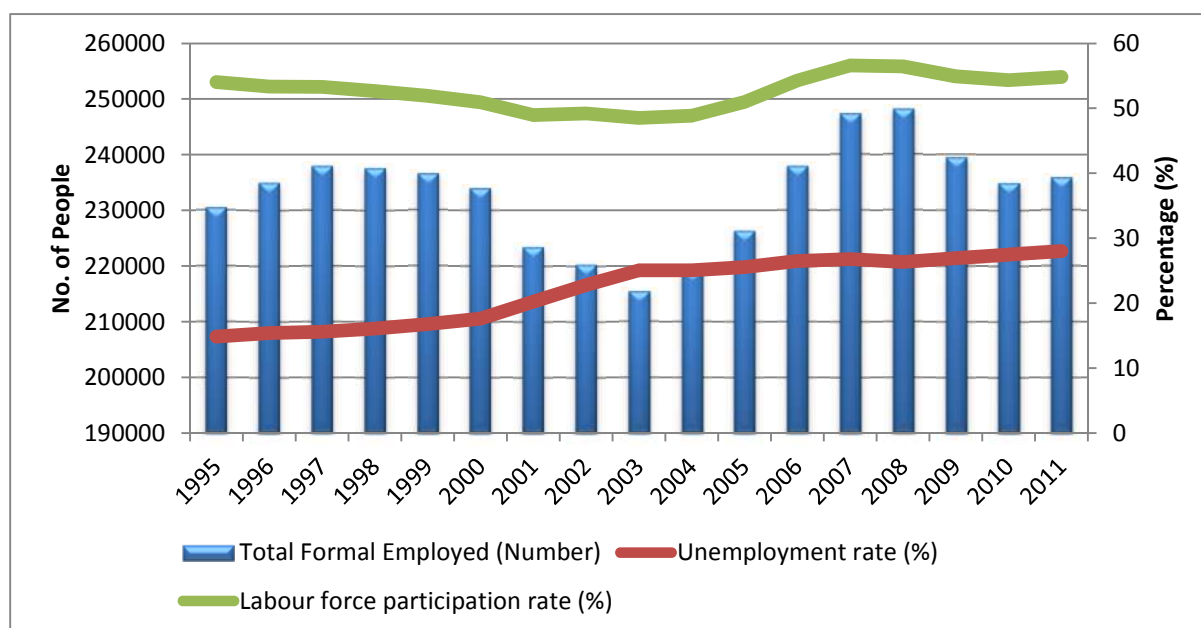
2.6. Employment Trends in the Sector

For the period January to September 2012, the Northern Cape had the lowest share of employment for the country which was 2.1% of the total. Gauteng 31%, KwaZulu-Natal 18% and the Western Cape 13.5% were the top 3.

Figure 24: Employment share by industry- Northern Cape, 2012

Source: Stats SA, P0211 2012 and Own calculations

According to StatsSA, the number of people employed in the Northern Cape as of September 2012 stood at 857,000. Manufacturing constituted only 4.3% of the total employment in the region. Community and social services along with agriculture were the largest employers in the province with a 30.2% and 15.8% contribution respectively.

Figure 25: Employment and Unemployment in Northern Cape, 2011

Source: Quantec, 2013

2.5 Conclusion

The Free State province is mainly focused on farming while Northern Cape on mining. There is minimal manufacturing taking place in the Free State and Northern Cape. In 2011 the region accounted for a combined 4.4% of the country's manufacturing output.

A global economic downturn in the 2008/2009 period resulted in jobs being shed in the manufacturing sector due to subdued global demand. The metal products sector is the largest employer amongst the merSETA chambers in the Northern Cape.

3. POLICIES AND STRATEGIES THAT IMPACT ON SKILLS DEVELOPMENT IN THE REGION

3.1. National Economic Growth and Development Strategies

3.1.1. The New Growth Path and National Development Plan

The New Growth Plan (2010) is the SA government's latest macro-economic policy. Together with the National Development Plan (2011), the two documents position SA as a 'developmental state' and give the government an important role in the development of the economy, especially employment creation. The policy focus is to increase labour-absorbing activities, promote economic growth, and equity (which is to be measured by decreasing inequality and poverty). The targeted 'job-drivers' are the labour absorbing sectors such as mining, agriculture, manufacturing and services.

New Growth Path (NGP) emphasised that improvements in education and skill levels are a fundamental prerequisite for achieving many of its goals. It noted that NGP requires a radical review of the training system to address shortfalls in artisanal and technical skills. Overall, NGP aims to create 5 million jobs over the next 10 years. Some of the SETA related specific targets include:

- at least 30 000 additional engineers by 2014,
- at least 50 000 additional artisans by 2015,
- improve skills in every job and target 1,2 million workers for certified on-the-job skills improvement programmes annually from 2013;
- expand enrolment at FET colleges, targeting a million students in FET colleges by 2014; and
- Create 250 000 jobs a year in infrastructure (energy, transport, water, communications) and housing through 2015.

3.1.2. Industrial Policy Action Plan

In January 2007, Cabinet adopted the National Industrial Policy Framework (NIPF), which sets out government's broad approach to industrialisation. Guided by the NIPF, the implementation of industrial policy was set out in an Industrial Policy Action Plan (IPAP), and in August 2007, Cabinet approved the first IPAP. The current IPAP, IPAP 2011/12 – 2013/14 (IPAP 2) constitutes a consolidation of plans and programmes outlined in the previous iteration of IPAP 2.

The IPAP 2 notes that the SETAs and National Skills Fund (NSF) system have an extremely important role for sector-specific training programmes and skills facilitation that emerge directly from industry demands in relation to detailed Customised Sector Programmes. The DTI therefore committed to working with the Department of Higher Education and Training (DHET) to introduce the necessary window within the SETA and NSF system for new Skills Centres based on the needs of IPAP sector strategies³⁷.

3.1.3. Metal Customised Sector Plan (CSP)

The CSP for the priority sector metal was published by the dti in 2005. The strategic vision of the plan is that “by 2014, SA will have a globally competitive metal sector, optimally utilising the comparative advantages of abundant mineral resources, skilled labour force and world-class technologies to produce and market high value-added products in the prioritised industries.” Programmes in the plan include the promotion of local metal beneficiation, maximising local content through backward linkages, and upgrading production capabilities in downstream industries.³⁸

3.1.4. Industrial Development Corporation (IDC) Jobs Scheme

In 2011 the IDC launched a R10 billion scheme to tackle the country’s chronic unemployment problem. The scheme was aligned with the government’s New Growth Path and the Industrial Policy Action Plan (IPAP2). Funding would be available to entrepreneurs across the IDC’s mandated sectors over a five year period. The scheme aims to create an additional 40 000 to 50 000 employment opportunities. The sectors geared to benefit include the green economy, manufacturing, the mining value chain, agriculture and infrastructure.

3.1.5. National Foundry Technology Network (NFTN)

NFTN is the culmination of a significant government and industry association-led effort to develop a globally competitive South African foundry industry through appropriate skills training, technology transfer, and diffusion of state-of-the-art technologies. Its main outcome is to reduce import leakage, increase investments in key manufacturing processes and activities, employment and exportability.

³⁷DTI (2011). *Industrial Policy Action Plan (IPAP 2011/12-2013-/14)*. Department of Trade and Industry. Pretoria, South Africa.

³⁸dti (2006) Metal Sector Development Strategy: Trade and Investment South Africa – Customised Sector Programme – Metal.

3.1.6. Automotive Production and Development Programme (APDP)

The APDP replaced the Motor Industry Development Programme and is in line with World Trade Organisation (WTO) regulations. The APDP design has evolved from an export based incentive to a local manufacturing incentive, regardless of whether the motor vehicles are sold locally or abroad. The programme aims to increase local production to 1.2 million vehicles by 2020. The APDP will extend support to the South African automotive industry until 2020. The objectives of the APDP include:

- improving the international competitiveness of the South African automotive industry
- stabilize and potentially increase employment levels
- and encourage the rationalization of platforms to achieve economies of scale in assembly
- Continue to encourage growth, particularly through exports and thereby improve industry's current trade balance

The focus under the APDP is to provide assistance to the component manufacturers so that they can provide cost competitive components to the Original Equipment Manufacturers (OEMs) and to international markets via exports. The APDP offers an incentive to up-skill employees and to invest in technology, research and development.

3.1.7. Industrial Development Zones and Special Economic Zones

South Africa's drive to encourage regional industrial development dates back to the 1960's and has been part of government policy initiative. "In the early 1990s, industrial policy was markedly less focused on location. However more recently the Spatial Development Initiatives (SDI) and Industrial Development Zone (IDZ) programmes have both involved the identification of industrial locations and used incentives to encourage firms to locate in these areas"³⁹. IDZs are aimed at stimulating the local economy of the region in which they are located, by attracting investment, increase exports and the competitiveness of South African products.

There are four designated IDZs in South Africa: East London Industrial Development Zone (ELIDZ) and Coega Industrial Development Zone (Coega IDZ) in Eastern Cape Province, Richards Bay Industrial Development Zone (RBIDZ) in KwaZulu-Natal (KZN) and OR Tambo International Airport IDZ (in Gauteng Province). Only 3 are currently

39 Trudi, H. (2001). *South African regional industrial policy: from border industries to spatial development initiatives*. Journal of International Development, 2001, vol. 13, issue 6, pages 767-777

functional namely, Coega, East London and Richards Bay⁴⁰. Plans are underway for the Saldanha Bay IDZ (in Western Cape Province) to obtain designation by the end of 2013.

A Special Economic Zones (SEZs) Bill was gazetted in January 2012 by the Minister of Trade and Industry Dr Rob Davies. Under this Bill, IDZs will no longer be classified as a separate entity but will be classified as SEZs⁴¹. Previously, a key requirement for a region to qualify as an IDZ was proximity to either an international sea or airport. The Bill is expected to facilitate spatial development of other regions previously side-lined by the IDZ framework.

Saldanha Bay is set to be the first SEZ to be established under the new bill. The merSETA has a Memorandum of Understanding with the dti which includes skills planning for the Saldanha SEZ. Saldanha Bay SEZ is planned to be an offshore oil and gas and marine supply cluster (an engineering and logistics services complex) serving the needs of the upstream exploration and production service companies operating in oil and gas fields in sub-Saharan Africa.⁴² According to Barry Standish (UCT Graduate School of Business (GSB) economist), "Saldanha Bay IDZ will have created 2 600 direct jobs by the end of its first year, and 14 702 total (direct and indirect) jobs will be created within 18 years of business."

The DTI (2013) argues that the IDZ programme has delivered good results, particularly the ELIDZ whose private sector investment rose from R600-million in 2009 to R4-billion in 2012/13.

Table 5: DTI Funding and Employment Creation by IDZs 2002/3 - 2012/13

IDZ	Number of investors	Value of investment (R'000)	Funding transfers by the dti (R'000)	Direct employment	Construction & indirect jobs	Total employment
Coega	20	1,131,750	4,364,680	3,778	37,156	40,934
ELIDZ	21	1,082,700	1,394,983	1,179	6,379	7,558
RBIDZ	1	650,000	331,123	126	54	180
Total	42	2,864,450	6,090,786	5,169	43,589	48,758

Source: The DTI, 2013

⁴⁰ The DTI (2013) *Special Economic Zones Bill, 2013*; Presentation to Portfolio Committee On Trade And Industry, 26 April 2013. Available at: <http://www.thedti.gov.za/parliament/SEZ-Bill.pdf> (Accessed 11 July 2013).

⁴¹ The DTI (2013) *10 Potential Special Economic Zones Have Been Identified*, Media Statement. Available at: <http://www.thedti.gov.za/editmedia.jsp?id=2685> (Accessed 11 July 2013)

⁴² <http://www.shopwestcoast.co.za/idz-west-coast-opportunity-in-saldanha-bay/>

As shown above, the Eastern Cape IDZs have received the highest amount of funding, have the greatest number of investors and have in turn created a total of 48 492 jobs. The IDZs hold great potential for contributing to economic growth and job creation, the major focus points of the government's New Growth Path.

3.1.8. National Infrastructure Plan and Strategic Integrated Projects

The Government adopted a National Infrastructure Plan (NIP) in 2012, which is aimed at transforming the economic landscape, creating significant numbers of new jobs, and strengthening the delivery of basic services in South Africa. The plan also supports the integration of African economies. The costs of the 18 strategic projects identified are estimated at about R4-trillion over the next 15 years⁴³. The government pledged to invest R827 billion in building new and upgrading existing infrastructure over the three years from 2013/14 financial year⁴⁴. State owned enterprises (SOEs) such as Eskom, Transnet and others are also expected to fund a further R400 billion of projects next three years, supported by National Treasury guarantees⁴⁵. Some of this investment is earmarked for the construction of ports, roads, railway systems, electricity plants, hospitals, schools and dams with the ultimate aim of contributing to faster economic growth.

In order to coordinate, integrate and accelerate the implementation of this massive infrastructure development drive, Cabinet established the Presidential Infrastructure Coordinating Committee (PICC). The PICC has already identified, developed and approved 18 strategic integrated projects (SIPs), which cover 150 social and economic infrastructure across all nine provinces (with an emphasis on lagging regions). Each SIP comprises a large number of specific infrastructure components and programmes⁴⁶. The SIPs comprise of:

- Five geographically-focussed SIPs,
- Three spatial SIPs,
- Three energy SIPs,
- Three social infrastructure SIPs,
- Two knowledge SIPs,
- One regional integration SIP, and

⁴³ Business Day (2012) *Infrastructure projects will 'not come cheap'*. Available at: <http://www.bdlive.co.za/economy/2012/10/21/infrastructure-projects-will-not-come-cheap> (Accessed 11 July 2013)

⁴⁴ National Treasury (2013) *2013 Budget Speech* by Minister of Finance.

⁴⁵ National Treasury (2013) *2013 Budget Speech* by Minister of Finance.

⁴⁶ Presidential Infrastructure Coordinating Commission (PICC) (2012) *A Summary of the South African National Infrastructure Plan*. Pretoria, South Africa.

- One water and sanitation SIP.

Though it might be too early to review the impact of the NIP to date, the Draft Infrastructure Development Bill (2013) estimate that around R24 billion spent to date has resulted in the creation of 145 000 jobs⁴⁷.

Strategic Integrated Project (SIP) 14⁴⁸

- Two new universities to be built; in Northern Cape (Kimberly) and Mpumalanga
- Northern Cape university expected to develop at least two postgraduate centres of excellence in
 - Physical sciences – astronomy
 - Applied sciences – renewable energy, low carbon energy, hydrology, water resource management and climate variability

The different projects hold potential for stimulation of economic growth and job creation within the region. Companies in the merSETA sectors are set to benefit from the growth emanating from the roll out of the SIPs in Northern Cape and Free State.

3.2. Regional Economic Growth and Development Strategies

3.2.1 Free State

Tourism Development

Over half the tourism products in the Free State are concentrated in Bloemfontein (mainly business visitors), and Clarens and Parys (which attract mainly Gauteng week-enders). The Free State's revised Tourism Marketing Plan is in the process of being finalised. "A promising initiative is the Lake Gariep Tourism Route. The Diamond-and-Wine Route in the Letsemeng-Kopanong area is funded by the Free State Department of Tourism".⁴⁹

SMME support

A SEDA (Small Enterprise Development Agency) office was established in Trompsburg, to serve the Xhariep District. The Department of Tourism, Environment and Economic

⁴⁷ Department of Economic Development (2013) *Draft Infrastructure Development Bill (2013)*

⁴⁸ <http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=30079&tid=81009>

<http://www.dhet.gov.za/LinkClick.aspx?fileticket=59q6cwkkDU8%3d&tabid=36>

⁴⁹ Provincial Development Policies and Plans

Affairs recognised the need for Xhariep to receive economic development assistance. Potential development areas identified in the district are the development of abattoirs and tanneries and water sports linked to the Xhariep Dam. The Free State Development Corporation (FSDC) promotes SMMEs, by means of business linkages, business associations and sector development programmes.

Agriculture support

The Department of Agriculture (DoA) is responsible for the post-occupancy support of land reform programmes to ensure the new farmers have access to the necessary support which ensures they are geared for success. Water rights secured by the DoA in the Xhariep area have enabled emerging farmers to undertake irrigation farming in the Oppermansgronde area. Such an initiative has potential to bring development in the district and similar programmes can be rolled out into other areas.

Transport hub

Free State's strategic location positions the province as an ideal place for the development of a multi-modal hub for road freight. Plans to build a rail link from Bloemfontein to Maseru, setting up of the N8 Development Corridor and the Lake Gariep Initiative are expected to result in increased economic activity in the province.

Harrismith is the site of an inter-nodal Logistics Hub and the Free State Department of Economic Development, Tourism and Environmental Affairs (DETEA) is building a food-processing park to complement the facility. The aim is to get international companies to invest R600-million in the food-production sector

Planned future investment for a vehicle component manufacturing facility to be located in the Harrismith area is expected to stimulate growth in the region.⁵⁰

- N8 Development Corridor activity nodes
 - Expansion of the Bloemfontein Airport (transport, tourism and light industry potential)
 - Bloemfontein CBD (retail, office park development)
 - The Transwerke area (potential for transport logistics, freight centre and warehousing)
 - The Rustfontein dam (eco-tourism opportunity)

⁵⁰ South African Business 2011/2012 Edition *Free State on rapid growth path p184,8*
http://www.freestatebusiness.co.za/pls/cms/ti_secout.secout_prov?p_sid=40&p_site_id=169

- The Botshabelo industrial area (industrial and warehousing potential)
- Botshabelo CBD (retail and trade opportunities)
- Thaba Nchu CBD (tourism, retail and trade opportunities)
- Renewable energy sector
 - A solar-water-heater manufacturing facility is planned for Botshabelo
 - There are opportunities in solar-panel assembly and manufacturing in the region

Northern Cape

Northern Cape Provincial Growth and Development Strategy (NCPGDS)

The NCPGDS launched in 2005 is a guide on the developmental planning in the province. The following primary development objectives are identified by the NCPGDS:

- Promoting the growth, diversification and transformation of the provincial economy; and
- Poverty reduction through social development
- Developing requisite levels of human and social capital
- Improving the efficiency and effectiveness of governance and other development institutions and enhancing infrastructure for economic growth and social development⁵¹

Major strategic interventions for promoting the growth, diversification and transformation of the provincial economy include:

- Mineral beneficiation which has the potential to produce manufacturing opportunities that will contribute significantly to the provincial economy through value added manufactured products
- The manufacturing centre to support the above initiative is underway
- Agro processing is another sector in which manufacturing can originate to create greater impetus to diversification and consequently higher economic growth.
- Fishing and mariculture have potential to mitigate future socio economic impact which could result from diamond mining downscaling
- Tourism Industry has blossomed largely as a result of the opening up of SA as a long haul tourist destination for the world travelers
- Space Technology brings a lot of opportunities to the NC
- Social Accounting Matrix will be used to identify opportunities to diversify and develop sub sectors of manufacturing and agro processing⁵²
- Agriculture and agro-processing

⁵¹ <http://www.tradeinvestsa.co.za/news/982513.htm>

⁵² <http://www.tradeinvestsa.co.za/news/982513.htm>

- Opportunities for investing in the expansion of agro-processing, wine-making and dried vine fruit industries, along with development of grapes supporting industries such as packaging plants.
- Mining and mineral processing
 - Mining is expected to remain the province's main economic activity for the foreseeable future. Major mining companies which are currently located in the province include Samancor, Iscor, Goldfields, PPC Lime, Alpha Assmang and Anglo American.
 - Opportunities exist along the mining value chain from extraction, processing to shipping. Beneficiation of minerals such as diamonds, copper, lead, zinc and manganese are some of the potential investment areas in the sector.

3.3 Conclusion

The South African government has a number of strategies and policies in place to stimulate growth and address challenges faced by the nation. The strategies and policies are geared to ensure global competitiveness of industry and also encourage employment creation.

South Africa's National Infrastructure Plan aims to create a significant number of new jobs and also strengthen the delivery of basic services in South Africa. One of the SIPs that will have a great impact on the Northern Cape and Free State region is *SIP 14: Higher Education Infrastructure*.

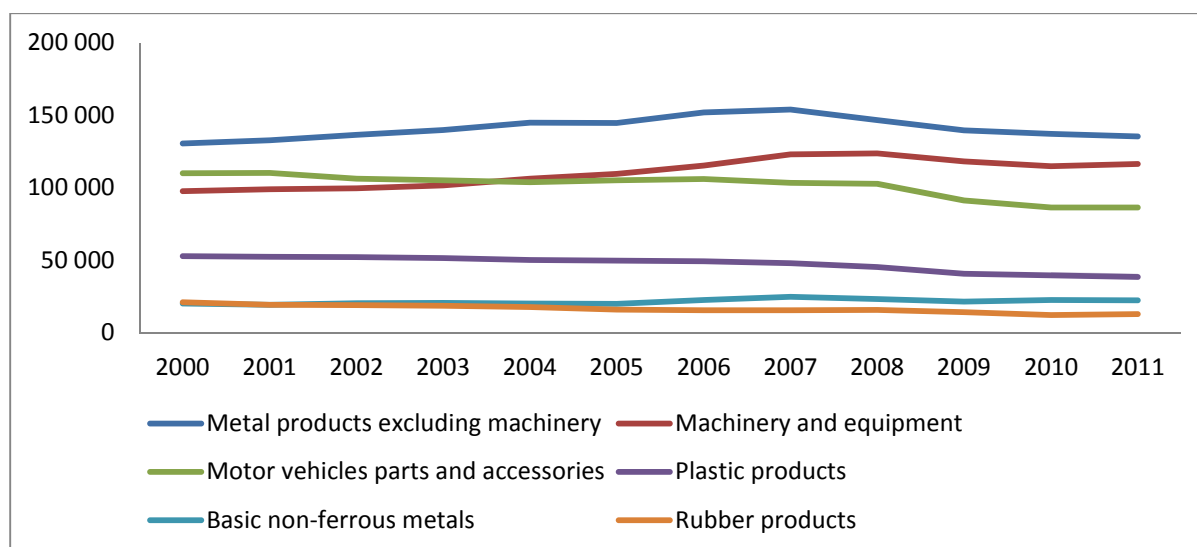
Both provinces have a number of strategies and policies in place to address the social, economic and development needs of the region. The *Northern Cape Provincial Growth and Development Strategy (NCPGDS)* is used in shaping the growth trajectory of the province's economy. Free State is expected to experience growth in the province with the mooted establishment of N8 Development Corridor.

4. THE DEMAND FOR LABOUR

4.1. Introduction

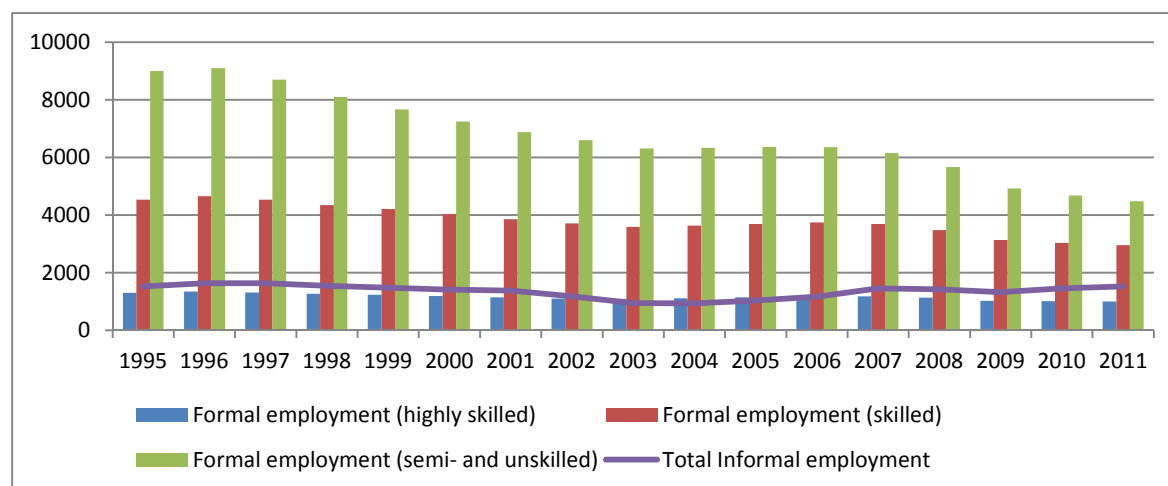
An analysis of the employment trends (at a national level) of the subsectors that make-up the merSETA cluster show that employment numbers have gradually decreased over the period 2000-2011. The graph below shows the subsectors that fall under Manufacturing in the National Accounts and does not include the subsector: Sale, maintenance and repair of motor vehicles and motor cycles; retail trade in automotive fuel which falls under the Wholesale and Retail sector.

Figure 26: Employment figures by subsectors - South Africa, 2011



Source: Quantec, 2013

The metal products excluding machinery subsector employs greater numbers than all the other sectors. Rubber products subsector has the lowest number of employees in the merSETA chambers.

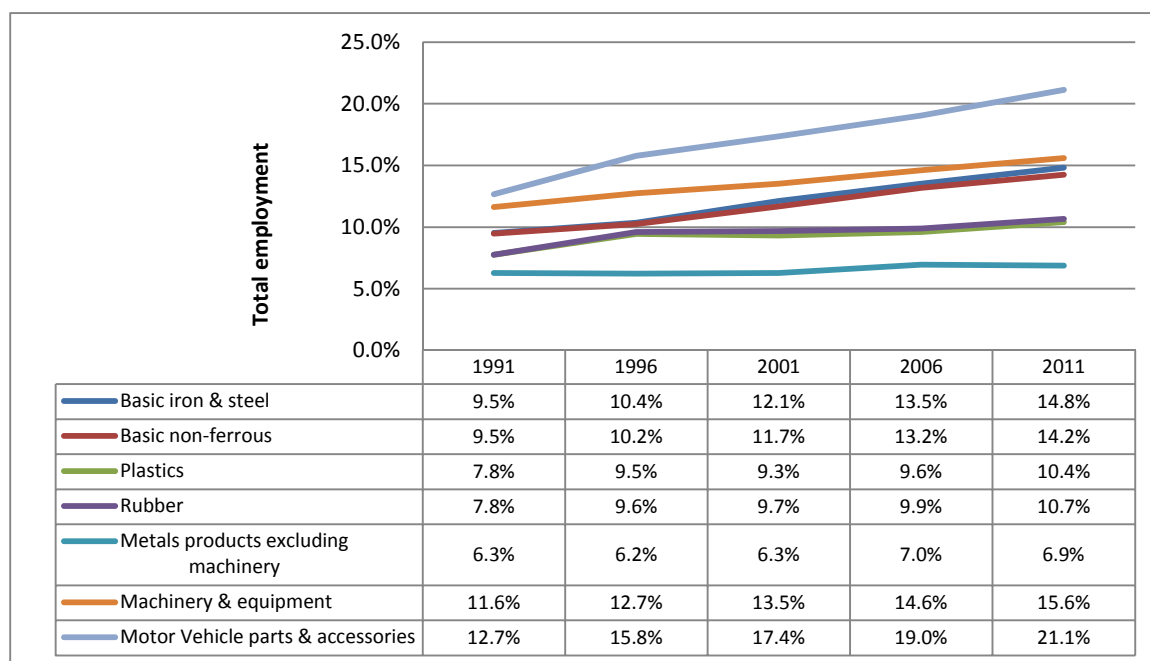
Figure 27: Manufacturing employment in the Northern Cape, 2011

Source: Quantec, 2013

An analysis of employment by skill (see the figure above) shows that the greatest loss of jobs has been formal employees who are unskilled, semi-skilled and skilled. The skilled and informal employees maintained their jobs over the period of analysis.

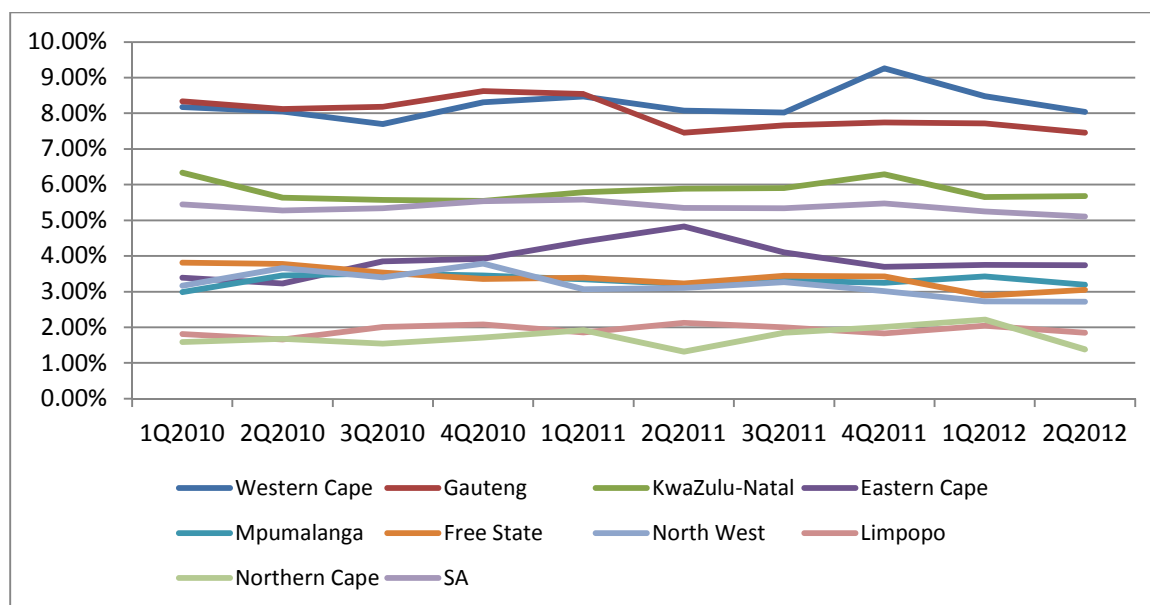
As shown in our discussions on national manufacturing overview, the sectors that have the greatest proportions of unskilled and semi-skilled workers are the plastics and rubber products sectors according to 2011 statistics. The motor vehicle parts & accessories subsector had the highest proportion of skilled workers of all the subsectors.

The portion of high-level skills has been increasing for the decade 1991 to 2011 but still constitute a minority in the profile of employees. Semi-skilled, unskilled and mid-level skilled employees still constitute the majority of employees in all subsectors of the merSETA clusters.

Figure 28: Trends in high-level skills per subsector, 2011

Source: Quantec, 2013

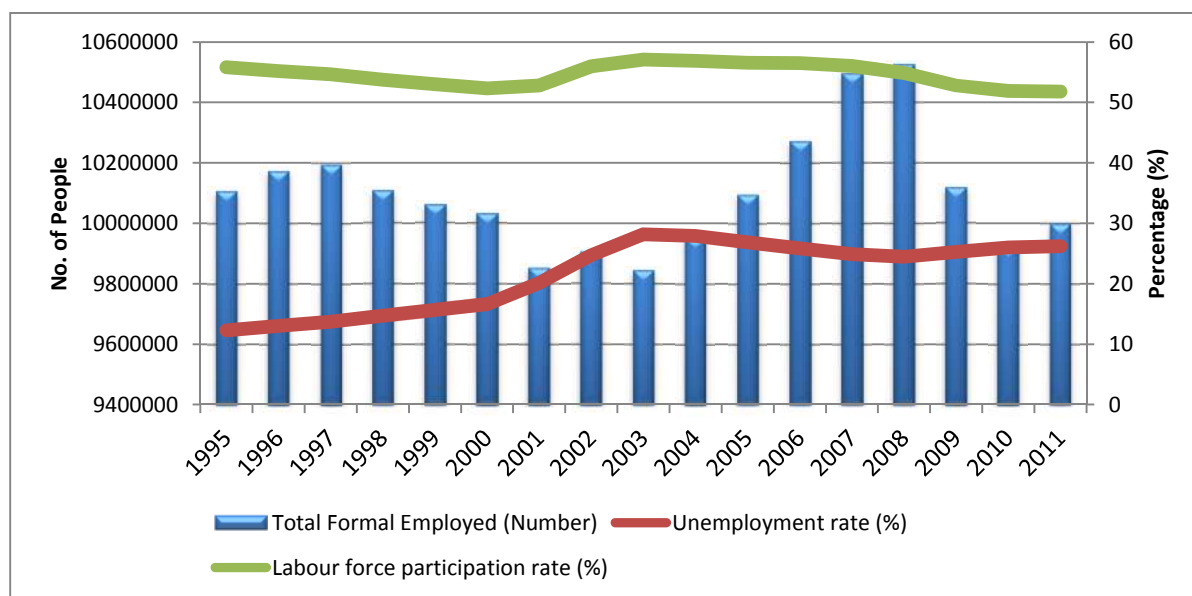
The portion of high-level skills has been increasing for the decade 1991 to 2011 but still constitute a minority in the profile of employees. Semi-skilled, unskilled and mid-level skilled employees still constitute the majority of employees in all subsectors of the merSETA clusters.

Figure 29: Manufacturing contribution to provincial employment in South Africa, 2012

Source: StatsSA Labour Force Survey, own calculations

NC manufacturing employment contributes around 2% to the province's total employment. At a national level manufacturing contributes around 5% to total employment. The other provinces whose manufacturing employment contribution is higher than the national average are KZN and Gauteng. The demand for labour in the manufacturing sector is therefore not important for the creation of employment in NC.

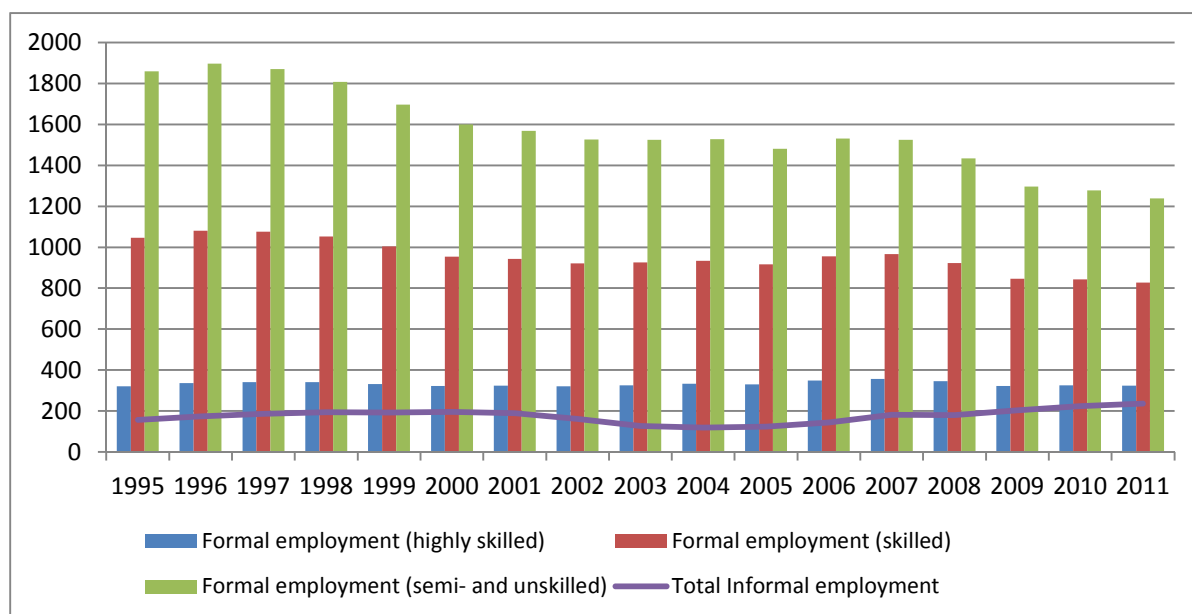
Figure 30: Employment and unemployment in South Africa, 2011



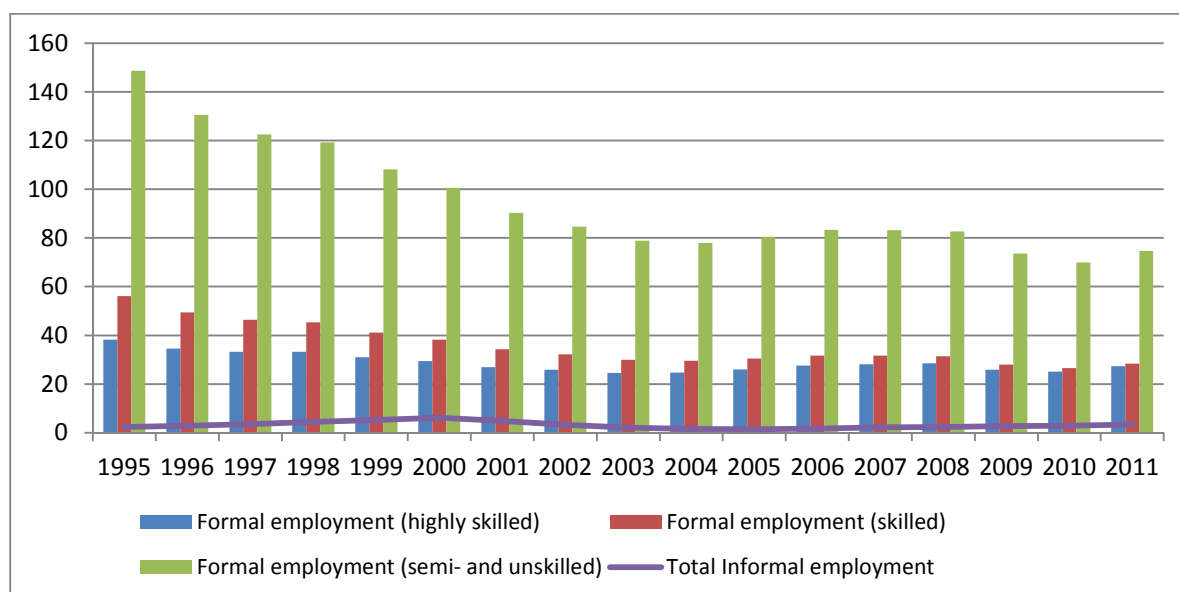
Source: Quantec, 2013

The formal employment in South Africa rose from 1995 and reached a peak in 1997. From 1997 the total employed declined until 2001. The dip from 2000 to 2001 is likely related to the rand currency crisis which led to a decline in economic activity and in turn a decline in the employment levels.

The number of employed people started increasing from 2004 and reached a peak in 2008. A decline set in from 2008 and this is attributed to the global economic downturn which impacted demand for commodities, reduced manufacturing activity and in turn resulted in a lowering of the employment levels.

Figure 31: Employment in Metal sub-sector in Northern Cape, 2011

Source: Quantec, 2013

Figure 32: Employment in Machinery and equipment sector in Northern Cape, 2011

Source: Quantec, 2013

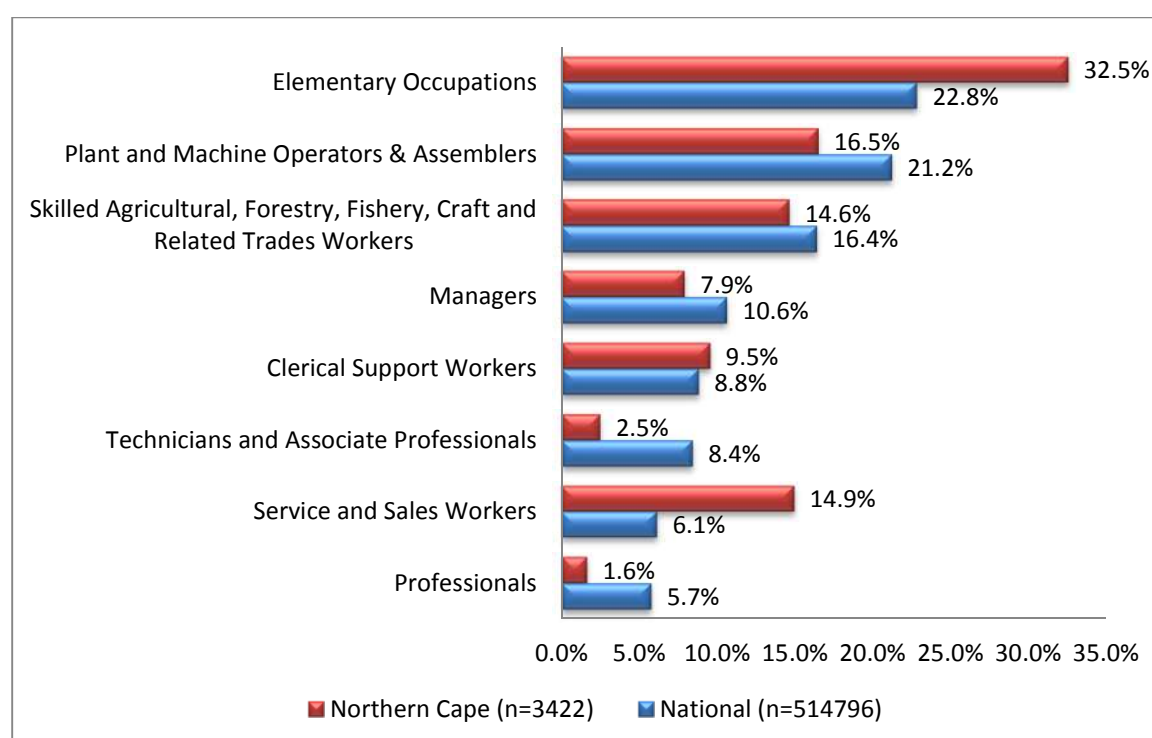
Semi and unskilled workers who are formally employed constituted the bulk of the employment in the metal, machinery and equipment subsectors. The large decline shown in employment levels from 1995 to 2011 can be attributed to increased mechanisation and also de-industrialisation in these sectors over the period.

Highly skilled employees constitute the smallest category of workers for the manufacturing sub-sectors shown above. The figure below shows an analysis of the

national and Northern Cape occupational profile. Elementary Occupations, and Plant & Machine Operators and Assemblers constitute the largest group at 32.5% and 16.5% respectively.

The occupational profile and the skill level profile can be used to infer the educational profile of the merSETA cluster employees. Elementary workers generally have only entry-level qualifications. Managers (7.9%) and Professionals (1.6%) mainly have higher levels of formal education. Northern Cape only exceeds the national proportions for the elementary occupations and for service and sales workers.

Figure 33: merSETA employment by major occupational groups Northern Cape, 2012



Source: merSETA database, 2013

The Plastics Chamber Report (April, 2012) from its sample found that the majority (48.8%) of employees had Grade 12 (Matric) and 32% ABET 2-4 (Grade 1-9) as their highest qualifications.

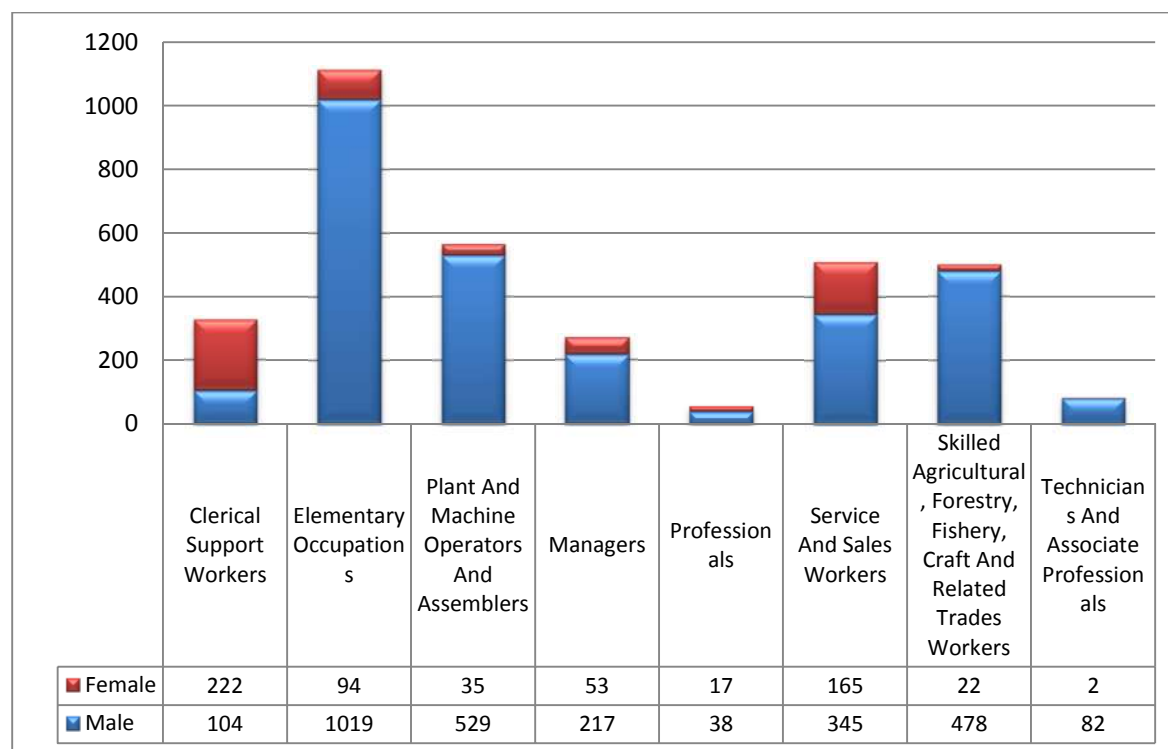
The findings from the New Tyre Chamber Report showed that the majority of employees categorised as artisans/craft workers have a Grade 12 or equivalent as their highest qualification. This report found very few artisans/craft employees with N4-6 (8%), or National Diplomas (7%) as their highest qualifications. Similar findings were found in the other occupational categories namely; professionals, associate professionals and even

executives/senior management. The chamber report concluded that the tyre industry has relatively low-level qualifications relative to the positions they hold.

4.2. Gender and race distribution of employees

The merSETA sector is dominated by male employees; the national database shows that 80% of employees are male and 20% are female. Western Cape has a dominance of males (82%) relative to females (18%) in merSETA occupations. The only occupational group where the female proportion exceeds men in the province is in the clerical support workers category with females constituting 68%, nationally this stands at 54%.

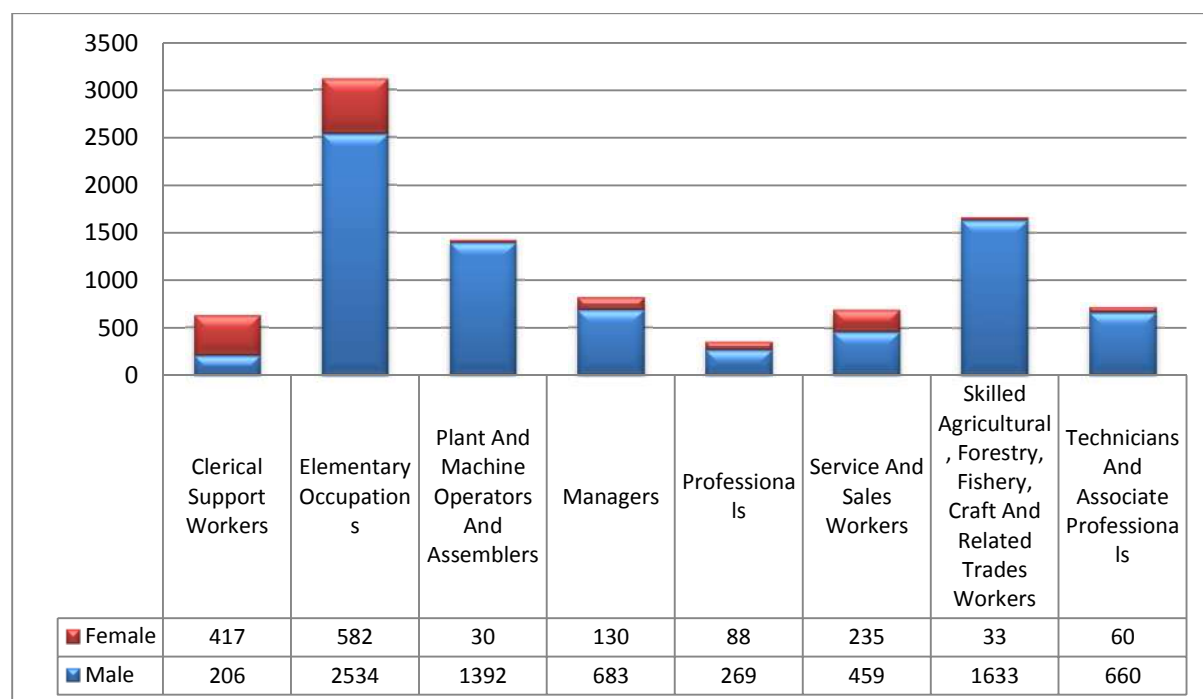
Figure 34: Gender distribution of employees in the sector according to occupational group Northern Cape, 2012



Source: merSETA database, 2013

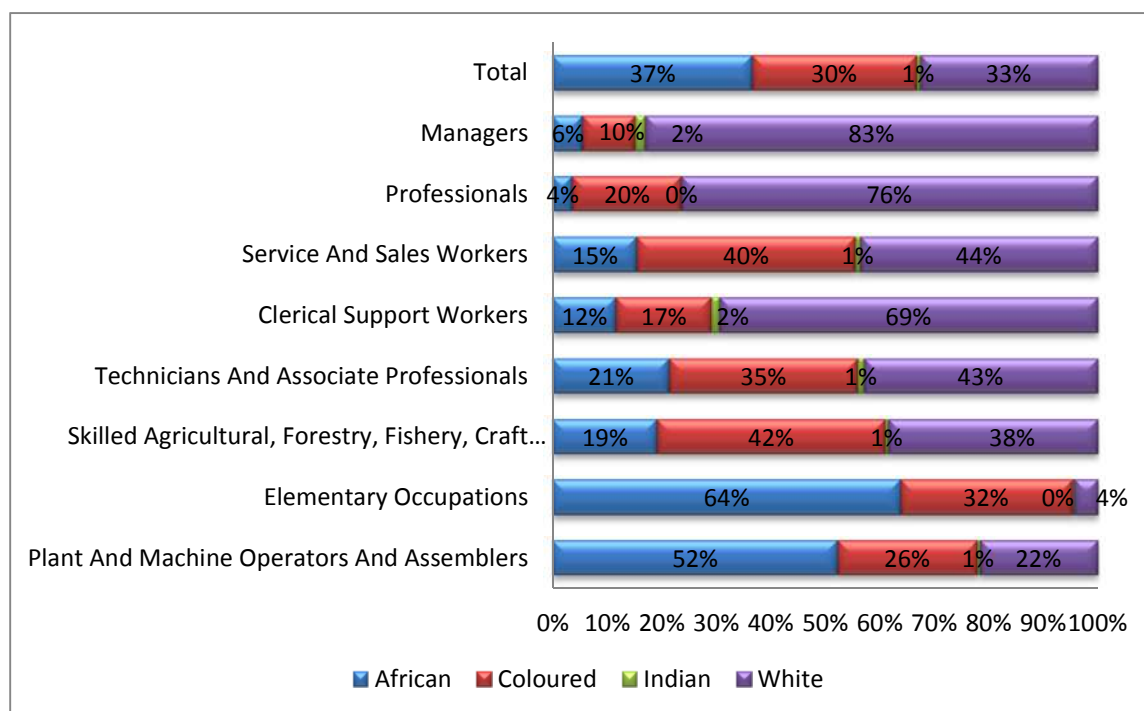
Males constituted 98% of the technicians and associate professionals category and 96% of the Skilled Agriculture, Forestry, Fishery, Craft & related trades category. Females constitute a significant portion (45%) of the sales and service Workers category nationally and 32% in the Northern Cape.

Africans constituted the largest racial group (36.6%) employed in the merSETA related occupations with Indians being the smallest racial group at 0.7% of total employment. Nationally Africans constituted 55%, Whites 27%, Coloureds 12% and Indians 6%.

Figure 35: Gender distribution of employees in the sector according to occupational group Free State, 2012

Females constitute a significant portion (45%) of the sales and service workers category nationally and 34% in the Free State. As shown in the graph below the proportion of women is generally very low in the rest of the occupations. For the Plant & Machine Operators and Skilled Agriculture, Forestry, Fishery Craft & related trades categories the percentage of female employees is 2% respectively.

Africans constituted the largest racial group (56.6%) employed in the merSETA related occupations in the Free State with Indians being the smallest racial group at 0.3% of total employment. Nationally Africans constituted 55%, Whites 27%, Coloureds 12% and Indians 6%.

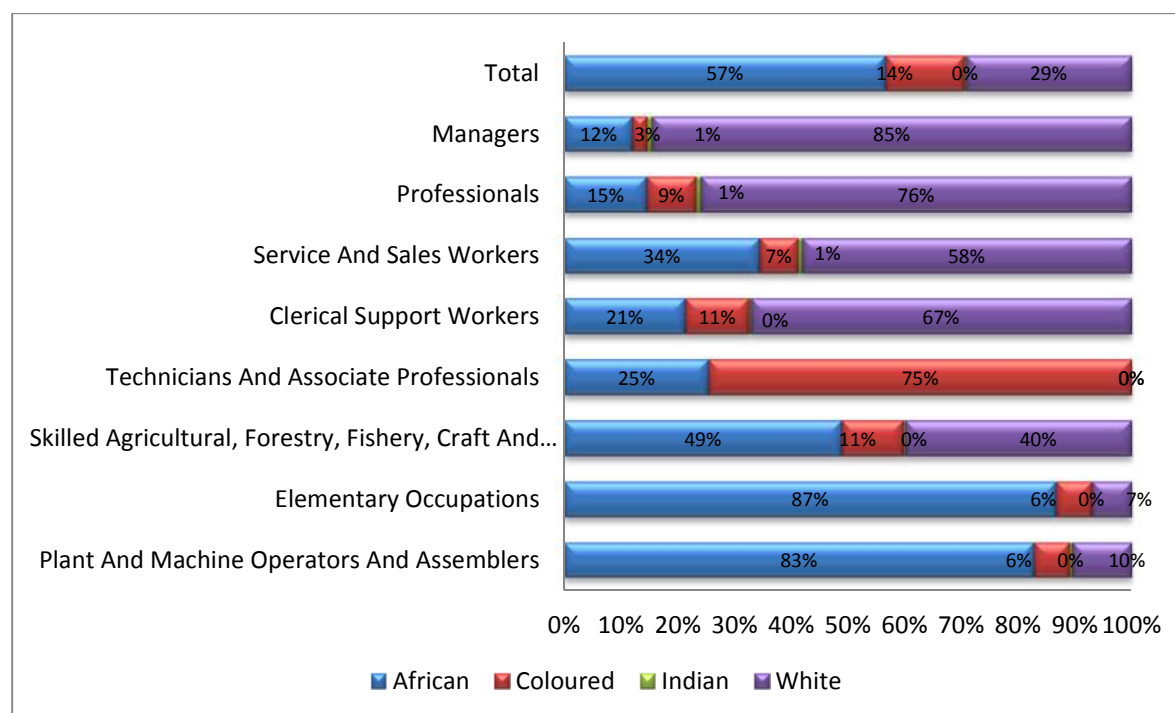
Figure 36: Racial distribution of Northern Cape employees in the sector, 2012

Source: merSETA database, 2013

The Northern Cape is one of the few provinces in South Africa where the proportion of Africans, Coloureds and Whites employed in the merSETA sectors is similar. Africans are dominant in the elementary occupations and in the plant and machine operators & assemblers category.

Whites are mostly dominant in the following occupations; managers 83%, professionals 76.4% and clerical support workers 69.3%. Africans and Coloureds occupied 95.5% of the elementary occupations and nationally these groups were 92% of the total merSETA employment in 2012 (Africans 79% and Coloureds 13%).

In Gauteng Whites make up the majority of managers (68%) and professionals (61%). In the Northern Cape whites constitute 83% of managers and 76% of professionals, Free State 85% managers and 76% professionals and in the Eastern Cape 61% of managers.

Figure 37: Racial distribution of Free State employees, 2012

Source: merSETA database, 2013

Coloureds constituted the highest proportions for most of the region's occupations except for Clerical support work and for technicians and associate professionals which were dominated by whites. Africans and Coloureds occupied 95% of the elementary occupations, nationally this was 92% in 2012 (Africans 79% and Coloureds 13%).

The Western Cape has a unique occupational profile relative to other provinces in South Africa. As a comparison, in Gauteng whites make up the majority of managers (68%) and professionals (61%). In the Northern Cape whites constitute 83% of managers and 76% of professionals, Free State 85% managers and 76% professionals and in the Eastern Cape 61% of managers.

4.3 Age distribution of employees

According to the 2012 merSETA database 37.8% of employees in the Northern Cape are younger than 35 years whilst 55.5% are between 35 and 49 years and 6.7% are between 49 and 64 years. People occupying management positions generally have to be highly qualified and have work experience. This is reflected by only 17% of employees, less than 35 being in manager occupations, while 67% of managers are between 35 and 49. The majority (51%) of skilled agricultural, forestry, fishery, craft and related trades

workers are in the 35-49 age group and a considerable portion (45%) is younger than 35 years.

Table 6: Age distribution of merSETA employees by major occupational category Northern Cape, 2012

Occupational Group	Age group		
	<35	35-49	50-64
Managers	16.7%	65.9%	17.4%
Plant And Machine Operators And Assemblers	26.1%	64.0%	9.9%
Clerical Support Workers	41.4%	52.5%	6.1%
Professionals	36.4%	52.7%	10.9%
Technicians And Associate Professionals	22.6%	70.2%	7.1%
Service And Sales Workers	40.4%	53.5%	6.1%
Skilled Agricultural, Forestry, Fishery, Craft And Related Trades Workers	45.2%	50.8%	4.0%
Elementary Occupations	22.6%	70.2%	7.1%
Total	37.8%	55.5%	6.7%

Source: merSETA database, 2013

A majority of Technicians and Associate Professionals (70%) and the Plant and machine operators and assemblers (64%) in the 35-49 age group. These employees constitute a substantial portion which might be looking at retirement in 15 to 20 years or promotion to managerial positions. During primary interviews, a number of respondents pointed out the waning interest amongst younger people in getting into the manufacturing industry.

Table 7: Age distribution of merSETA employees by major occupational category Free State, 2012

Occupational Group	Age group		
	<35	35-49	50-64
Managers	25%	55%	20%
Plant And Machine Operators And Assemblers	32%	55%	13%
Clerical Support Workers	47%	44%	9%
Professionals	63%	30%	7%
Technicians And Associate Professionals	38%	50%	12%
Service And Sales Workers	41%	49%	9%
Skilled Agricultural, Forestry, Fishery, Craft And Related Trades Workers	47%	45%	8%
Elementary Occupations	53%	41%	6%
Total	44%	46%	9%

Source: merSETA database, 2013

A majority of Technicians and Associate Professionals (51%) and skilled agricultural, forestry, fishery, craft and related trades works (52%) in the 35-49 age group. These employees constitute a substantial portion which might be looking at retirement in 15 to 20 years or promotion to managerial positions. During primary interviews, a number of respondents pointed out the waning interest amongst younger people in getting into the manufacturing industry.

Table 8: Age distribution of merSETA employees by chamber category National, 2012

Chamber	Age group		
	<35	35-49	50-64
Metal	38%	50%	11%
Auto	36%	53%	11%
Motor	34%	55%	11%
New Tyre	37%	54%	10%
Plastics	42%	48%	9%
Unknown	43%	47%	9%
Total	40%	49%	10%

Source: merSETA database, 2013

The age distribution amongst chamber employees is shown in table 8 above. The plastic sector has the largest proportion (42%) of employees younger than 35 years. The recent Plastics Chamber report found that 62% of the employees from the companies profiled were between 18 and 39 years which indicate a relatively young workforce.

4.4. Future Demand

To determine the future demand required for the merSETA sector in the Northern Cape it is important to consider the current economic conditions as well as economic growth forecasts. Replacement demand due to mortality, emigration, and retirement of employees should also be factored in.

The previous section detailed and profiled the current merSETA workforce in the Northern Cape highlighting the occupational figures and the age profile of the employees. The manufacturing sector has been characterised, on the one hand, by declining employment due to the use of labour saving technology and economic challenges whilst on the other hand creating an increased demand for skilled employees who can operate increasingly sophisticated machinery.

Estimates of demand are usually derived from econometric forecasting models which use historical data along with assumptions about the future to predict output and employment patterns over time. The researchers used the data and findings found in the merSETA SSP Update for 2012/2013 – 2016/2017. The data from that study was then disintegrated to give a regional outlook based on the current employment figures and distribution of manufacturing activity

The economic growth rates, the associated employment growth rates, and the final employment growth rates used in the merSETA's labour demand model can be seen in the table below.

Table 9: Average GVA and employment growth figures, 2012

Subsector	Low growth		Baseline		High Growth	
	GVA growth (%)	Employment growth (%)	GVA growth (%)	Employment growth (%)	GVA growth (%)	Employment growth (%)
Rubber products	-0.2	-1.0	1.5	-0.6	3.5	0.7
Plastic products	2.0	2.6	2.5	3.2	3.0	3.8
Basic iron & steel	-3.6	-0.9	4.0	0.6	10.4	2.6
Basic non-ferrous metal	1.1	0.6	3.5	2.1	6.3	3.7
Machinery & equipment	1.5	0.9	3.2	1.9	5.1	3.0
Motor vehicles, parts & accessories	-1.1	-0.7	3.3	2.2	8.7	5.2
Sales & repair of vehicles; fuel stations	2.6	0.9	5.4	1.9	8.5	2.9
Total economy	1.9	0.8	3.8	1.7	6.2	2.6

Source: merSETA SSP Update 2012/13-2017/18

Table 10: Employment growth figures used in merSETA's labour demand projection, 2012

merSETA sectors	Low growth	Baseline	High growth
	%	%	%
Auto	0.5	2.0	3.5
Metal	0.4	1.6	3.0
Motor	0.5	2.0	3.5
New Tyre	-1.0	-0.6	0.7
Plastics	2.6	3.2	3.8
Unknown	0.4	1.6	3.0

Source: merSETA SSP Update 2012/13-2017/18

Based on the analysis and the projections of the merSETA SSP Update 2012/2013-2017/18 the demand projections for the Northern Cape region for the baseline, negative and positive scenarios would be as shown below.

Table 11: Demand Projections 2014 to 2018: baseline scenario Northern Cape

New Positions to be Created in Period					
Occupational Group	2014	2015	2016	2017	2018
Managers	13	13	14	14	14
Professionals	9	10	10	10	10
Technicians and Associate Professionals	18	19	19	20	20
Clerical Support Workers	6	6	6	6	7
Service and Sales Workers	15	15	15	15	16
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	4	5	5	5	5
Plant and Machine Operators and Assemblers	32	33	33	34	35
Elementary Occupations	27	27	28	29	29
Total	125	127	130	132	135
Replacement Demand					
Occupational Group	2014	2015	2016	2017	2018
Managers	24	25	25	26	26
Professionals	15	15	15	15	16
Technicians and Associate Professionals	22	23	23	24	24
Clerical Support Workers	7	8	8	8	8
Service and Sales Workers	17	17	17	18	18
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	5	5	5	6	6
Plant and Machine Operators and Assemblers	38	39	39	40	41

Elementary Occupations	28	29	29	30	31
Total	157	160	162	165	168
Total Positions That Need to be Filled					
Occupational Group	2014	2015	2016	2017	2018
Managers	37	38	39	40	40
Professionals	24	24	25	25	26
Technicians and Associate Professionals	41	42	42	43	44
Clerical Support Workers	13	14	14	14	14
Service and Sales Workers	31	32	32	33	34
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	10	10	10	10	10
Plant and Machine Operators and Assemblers	70	71	73	74	75
Elementary Occupations	55	56	57	58	60
Total	282	287	292	297	303

Source: merSETA SSP Update 2012/13-2017/18

According to the demand projections for the baseline scenario, the Northern Cape region will need 282 people to fill new positions and 157 for replacement demand positions in 2014. The total demand for the four year period is 2,273 (812 replacement and 1,461 new), most of these would be from new positions and not replacement demand.

Table 12: Demand Projections 2014 to 2018: negative scenario Northern Cape

New Positions to be Created in Period					
Occupational Group	2014	2015	2016	2017	2018
Managers	4	4	4	4	4
Professionals	3	3	3	3	3
Technicians and Associate Professionals	6	6	6	6	6
Clerical Support Workers	2	2	2	2	2
Service and Sales Workers	4	4	4	4	4
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	1	1	1	1	1
Plant and Machine Operators and Assemblers	11	11	11	11	11
Elementary Occupations	9	9	9	9	9
Total	38	38	39	39	40
Replacement Demand					
Occupational Group	2014	2015	2016	2017	2018
Managers	23	24	24	24	24
Professionals	14	14	14	14	14
Technicians and Associate Professionals	22	22	22	22	22

Clerical Support Workers	7	7	7	7	7
Service and Sales Workers	16	16	16	16	16
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	5	5	5	5	5
Plant and Machine Operators and Assemblers	36	37	37	37	37
Elementary Occupations	27	28	28	28	28
Total	151	152	153	154	155
Total Positions That Need to be Filled					
Occupational Group	2014	2015	2016	2017	2018
Managers	27	28	28	28	28
Professionals	17	17	17	17	17
Technicians and Associate Professionals	27	27	27	28	28
Clerical Support Workers	9	9	9	9	9
Service and Sales Workers	20	20	20	20	20
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	6	6	6	6	6
Plant and Machine Operators and Assemblers	47	48	48	48	49
Elementary Occupations	36	36	37	37	37
Total	189	190	192	193	194

Source: merSETA SSP Update 2012/13-2017/18

According to the demand projections for the negative scenario, the Northern Cape region will need 189 people to fill new positions and 151 for replacement demand positions in 2014.

Table 13: Demand Projections 2014 to 2018: positive scenario Northern Cape

New Positions to be Created in Period					
Occupational Group	2014	2015	2016	2017	2018
Managers	24	25	26	27	27
Professionals	18	18	19	19	20
Technicians and Associate Professionals	34	35	36	37	39
Clerical Support Workers	11	12	12	12	13
Service and Sales Workers	28	28	29	30	31
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	8	8	9	9	9
Plant and Machine Operators and Assemblers	58	60	62	64	66
Elementary Occupations	49	50	52	54	55
Total	229	236	244	252	260
Replacement Demand					
Occupational Group	2014	2015	2016	2017	2018
Managers	25	26	27	28	29
Professionals	15	16	16	17	17

Technicians and Associate Professionals	23	24	25	26	26
Clerical Support Workers	8	8	8	8	9
Service and Sales Workers	17	18	19	19	20
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	5	6	6	6	6
Plant and Machine Operators and Assemblers	39	41	42	43	45
Elementary Occupations	30	31	31	32	34
Total	163	168	174	179	185
Total Positions That Need to be Filled					
Occupational Group	2014	2015	2016	2017	2018
Managers	49	51	53	54	56
Professionals	33	34	35	36	37
Technicians and Associate Professionals	57	59	61	63	65
Clerical Support Workers	19	20	20	21	21
Service and Sales Workers	45	46	48	49	51
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	14	14	15	15	15
Plant and Machine Operators and Assemblers	97	100	103	107	110
Elementary Occupations	78	81	83	86	89
Total	392	404	417	431	445

Source: merSETA SSP Update 2012/13-2017/18

According to the demand projections for the positive scenario, the Northern Cape region will need 392 people to fill new positions and 163 for replacement demand positions in 2014.

Based on the analysis and the projections of the merSETA SSP Update 2012/2013-2017/18 the demand projections for the Free State region for the baseline, negative and positive scenarios would be as shown below.

Table 14: Demand Projections 2014 to 2018: baseline scenario Free State

New Positions to be Created in Period					
Occupational Group	2014	2015	2016	2017	2018
Managers	52	54	54	56	57
Professionals	37	38	39	40	40
Technicians and Associate Professionals	74	75	76	78	80
Clerical Support Workers	24	25	25	26	26
Service and Sales Workers	58	59	60	62	63
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	18	18	18	18	19
Plant and Machine Operators and Assemblers	128	131	134	136	139
Elementary Occupations	107	110	112	114	116

Total	499	510	518	529	540
Replacement Demand					
Occupational Group	2014	2015	2016	2017	2018
Managers	97	99	101	103	104
Professionals	58	59	60	61	62
Technicians and Associate Professionals	90	91	93	94	96
Clerical Support Workers	29	30	30	31	32
Service and Sales Workers	67	68	69	70	72
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	21	21	22	22	22
Plant and Machine Operators and Assemblers	151	154	157	160	162
Elementary Occupations	114	116	118	120	122
Total	626	638	650	661	673
Total Positions That Need to be Filled					
Occupational Group	2014	2015	2016	2017	2018
Managers	150	152	155	158	161
Professionals	96	97	99	101	102
Technicians and Associate Professionals	163	166	169	172	176
Clerical Support Workers	54	54	56	56	58
Service and Sales Workers	125	127	130	132	134
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	38	39	40	40	41
Plant and Machine Operators and Assemblers	280	285	290	296	302
Elementary Occupations	221	225	229	234	238
Total	1126	1146	1168	1190	1212

Source: merSETA SSP Update 2012/13-2017/18

According to the demand projections for the baseline scenario, the Free State region will need 1126 people to fill new positions and 626 people for replacement demand positions in 2014.

Table 15: Demand Projections 2014 to 2018: negative scenario Free State

New Positions to be Created in Period					
Occupational Group	2014	2015	2016	2017	2018
Managers	16	16	16	16	16
Professionals	10	10	11	11	11
Technicians and Associate Professionals	22	22	22	22	23
Clerical Support Workers	7	7	7	7	7

Service and Sales Workers	15	15	16	16	16
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	5	5	5	5	5
Plant and Machine Operators and Assemblers	43	44	44	45	46
Elementary Occupations	34	35	35	36	36
Total	152	154	156	158	159
Replacement Demand					
Occupational Group	2014	2015	2016	2017	2018
Managers	94	94	95	95	96
Professionals	56	56	57	57	57
Technicians and Associate Professionals	86	87	87	88	88
Clerical Support Workers	28	28	28	29	29
Service and Sales Workers	64	64	65	65	66
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	20	20	20	20	20
Plant and Machine Operators and Assemblers	146	147	148	148	150
Elementary Occupations	110	110	111	112	112
Total	604	607	611	614	618
Total Positions That Need to be Filled					
Occupational Group	2014	2015	2016	2017	2018
Managers	109	110	111	112	112
Professionals	66	67	68	68	68
Technicians and Associate Professionals	108	109	110	110	111
Clerical Support Workers	35	35	35	36	36
Service and Sales Workers	80	80	80	81	81
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	25	25	25	26	26
Plant and Machine Operators and Assemblers	188	190	192	193	195
Elementary Occupations	144	145	146	147	148
Total	756	761	767	772	777

Source: merSETA SSP Update 2012/13-2017/18

According to the demand projections for the negative scenario, the Free State region will need 756 people to fill new positions and 604 for replacement demand positions in 2014. Most of the demand for the four year period will be from new positions and not replacement demand.

Table 16: Demand Projections 2014 to 2018: positive scenario Free State

New Positions to be Created in Period					
Occupational Group	2014	2015	2016	2017	2018
Managers	96	100	103	106	110
Professionals	70	72	74	77	79
Technicians and Associate Professionals	136	140	144	149	154
Clerical Support Workers	45	46	48	49	51
Service and Sales Workers	110	113	117	121	124
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	33	34	35	36	37
Plant and Machine Operators and Assemblers	231	239	246	254	263
Elementary Occupations	195	201	208	214	221
Total	916	944	975	1 006	1 039
Replacement Demand					
Occupational Group	2014	2015	2016	2017	2018
Managers	101	104	108	111	115
Professionals	60	62	64	66	68
Technicians and Associate Professionals	93	96	99	102	106
Clerical Support Workers	30	32	32	34	35
Service and Sales Workers	70	72	74	76	79
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	22	22	23	24	24
Plant and Machine Operators and Assemblers	157	162	167	172	178
Elementary Occupations	118	122	126	130	134
Total	652	673	694	716	739
Total Positions That Need to be Filled					
Occupational Group	2014	2015	2016	2017	2018
Managers	198	204	211	217	224
Professionals	130	134	139	143	148
Technicians and Associate Professionals	229	236	244	252	260
Clerical Support Workers	75	78	80	83	86
Service and Sales Workers	180	185	191	197	203
Skilled Agricultural, Forestry, Fishery, Craft and related Trades Workers	54	56	58	60	62
Plant and Machine Operators and Assemblers	388	401	414	427	441
Elementary Occupations	313	323	333	344	355
Total	1 567	1 617	1 669	1 722	1 778

Source: merSETA SSP Update 2012/13-2017/18

According to the demand projections for the positive scenario, the Free State region will need 1567 people to fill new positions and 652 for replacement demand positions in 2014.

4.4 Conclusion

The manufacturing sector is the fourth largest employer in the nation and its continued growth would contribute to lowering the unemployment rate. The period 1991-2011 saw an increase in the portion of high-level skills in the industry and this is likely to continue as technological innovations are implemented in the coming years. This means the current workforce has to be up-skilled to meet the demands of the industry and new entrants also need the adequate skills to meet the changes in the industry.

In 2012, 44% of employees on the merSETA database in the Free State are younger than 35 years whilst 46% are between 35 and 49 years and 10% are between 49 and 64 years. People occupying management positions generally have to be highly qualified and have work experience. This is reflected by 25% of employees less than 35 being in manager occupations, while 67% of managers are between 35 and 49. The majority (55%) of plant and machine operators and assemblers are in the 35-49 age groups. Professionals younger than 35 were 63% of the category while only 7% were in the 49-64 age range.

According to the 2012 merSETA database 37.8% of employees in the Northern Cape are younger than 35 years whilst 55.5% are between 35 and 49 years and 6.7% are between 49 and 64 years. People occupying management positions generally have to be highly qualified and have work experience. This is reflected by only 17% of employees less than 35 being in manager occupations, while 67% of managers are between 35 and 49. The majority (51%) of skilled agricultural, forestry, fishery, craft and related trades workers are in the 35-49 age group and a considerable portion (45%) is younger than 35 years.

A majority of Technicians and Associate Professionals (70%) and the Plant and machine operators and assemblers (64%) are in the 35-49 age group. These employees constitute a substantial portion which might be looking at retirement in 15 to 20 years or promotion to managerial positions. During primary interviews, a number of respondents pointed out the waning interest amongst younger people in getting into the manufacturing industry.

5 LABOUR SUPPLY

5.1 Introduction

The main sources of new skills into the South African labour market are institutions such as universities, universities of technology, FET colleges and high schools. Programs such as learnerships and apprenticeships go a long way in ensuring a steady inflow of skills into the market. Supply of highly skilled individuals is usually from tertiary institutions. Although some people might not have tertiary level qualifications, their work experience enables them to have a skills set which might be higher than someone with a university degree.

South Africa is faced with a large labour pool of unskilled people due to a lack of formal education and training of these people. Another source of skills is people who have been retrenched and those who might have been operating in sectors of the economy with transferable skills.

5.2 Supply of new skills to the sector

5.2.1 Higher education and training (HET)

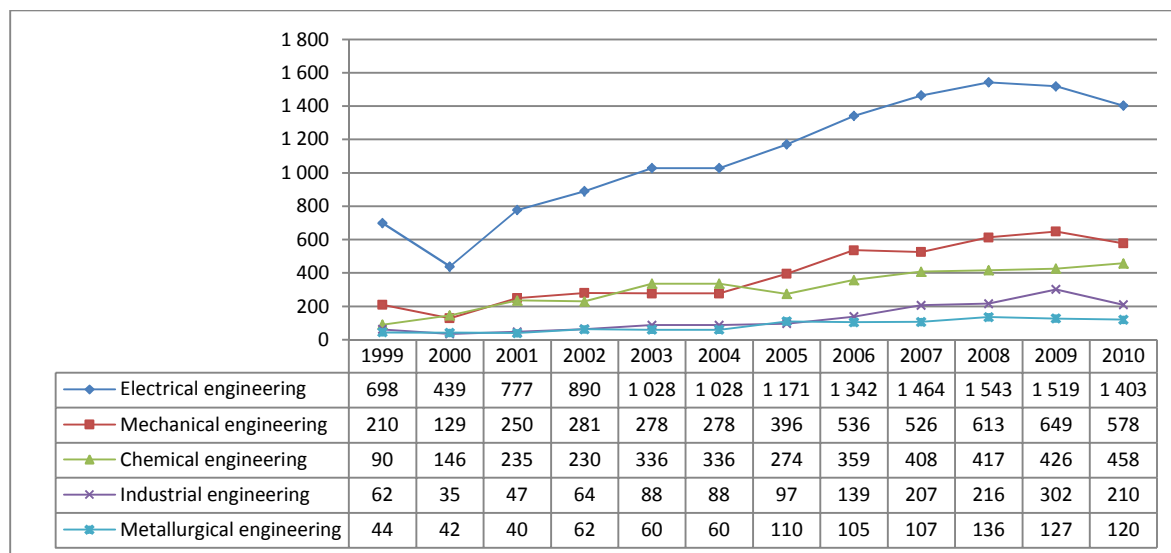
While a range of general qualifications from the HET sector in the areas of finance, accounting, human resources and ICT are utilised in the merSETA sector, of most relevance is the output of engineers and, in particular, electrical engineers, mechanical engineers, chemical engineers, industrial engineers, and metallurgical engineers.

The graph below shows the graduations with national diplomas in selected engineering fields between 1999 and 2010. These graduates become available to the national economy as engineering technicians in the relevant engineering disciplines. Electrical engineering has the highest output (1 403 in 2010), followed by mechanical engineering (578 in 2010) and chemical engineering (458 in 2010).

Output from all fields has increased substantially over the eleven-year period, although a slight drop in output was reported in all fields except chemical engineering in 2010. The average annual increase was greatest in chemical engineering (15.9%), followed

by industrial engineering (11.8%), mechanical engineering (9.7%), metallurgical engineering (9.5%), and electrical engineering (6.5%).

Figure 38: Number of national diplomas awarded in selected engineering fields South Africa, 2010

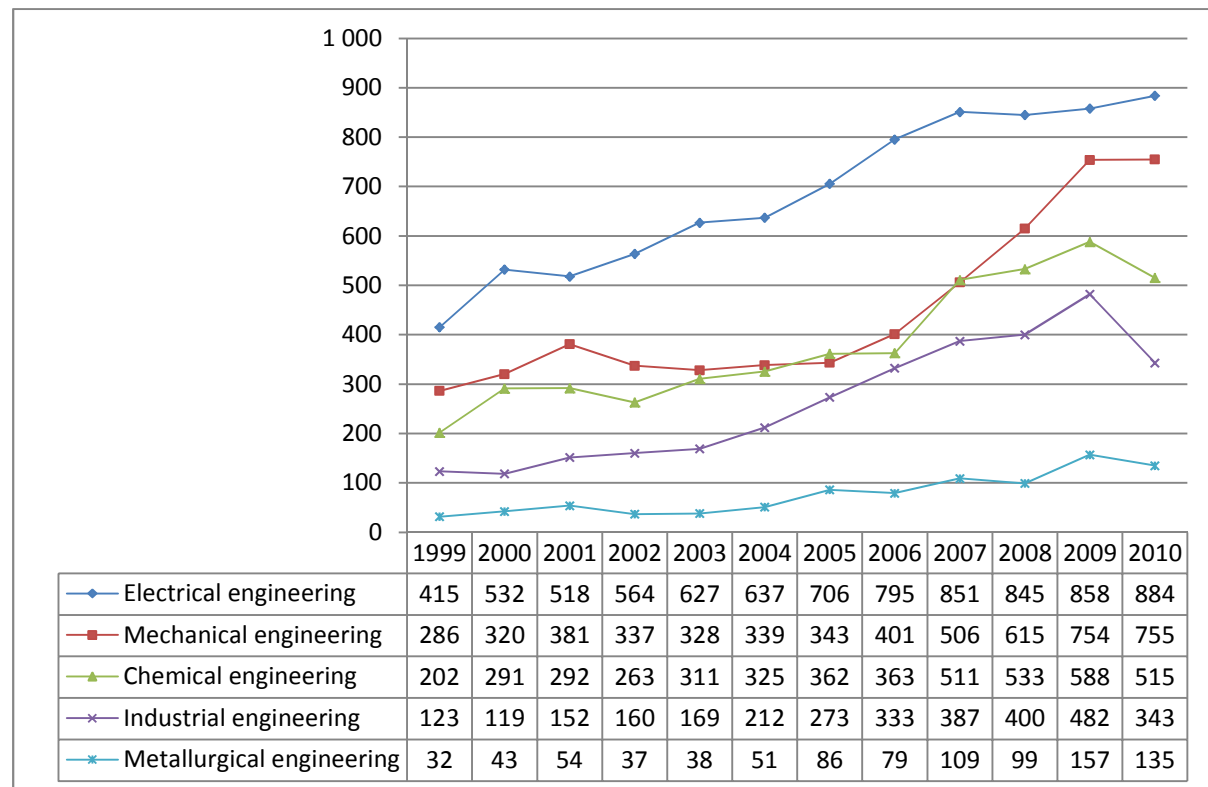


Source: merSETA SSP

The figure below shows the number of first degrees awarded in selected engineering fields. These graduates become available to the national economy as engineers or engineering technologists and can, after a minimum of three years' work experience (during which certain criteria must be met), register as professional engineers or engineering technologists in their respective fields.

In 2010 a slight drop in output (7% in total) was reported in the fields of chemical-, industrial- and metallurgical engineering. Output in 2010 was the greatest in electrical engineering (884), followed by mechanical engineering (755), and chemical engineering (515).

The fields that have demonstrated the highest average annual growth over the period are metallurgical engineering (14.1%) and industrial engineering (9.8%). The average annual growth noted over the period for chemical engineering was 8.9%, for mechanical engineering 9.2%, and for electrical engineering 7.1%.

Figure 39: First degrees awarded in selected engineering fields South Africa, 2010

Source: merSETA SSP

The Northern Cape does not have any universities or universities of technology.

5.2.2 Learnerships and apprenticeships

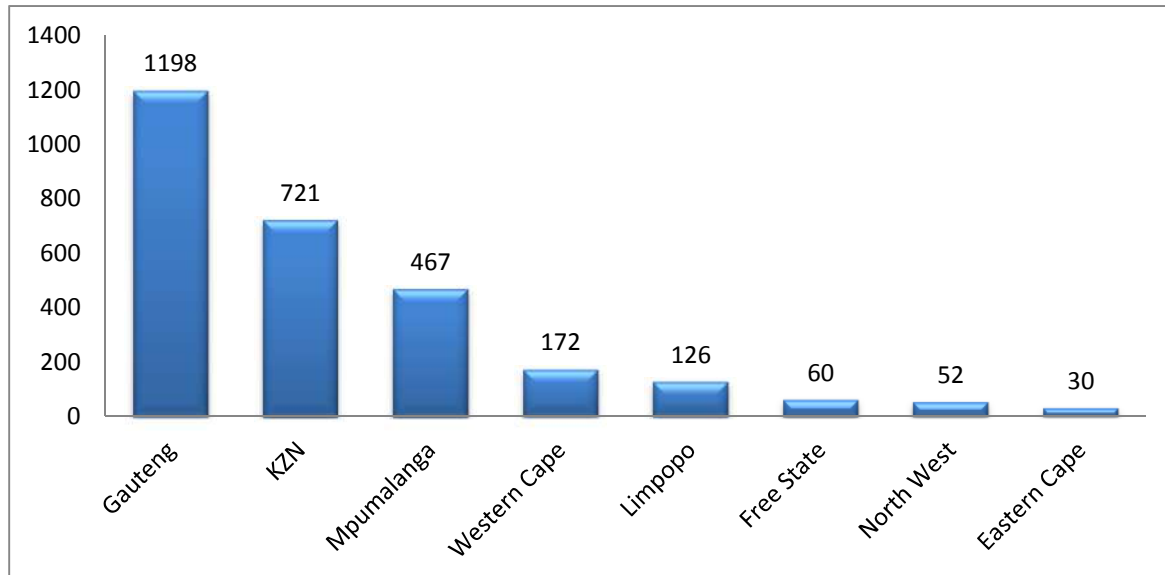
Since its inception in November 2001 the merSETA has registered 6,900 apprentices on apprenticeships and more than 45,000 learners on learnerships. In the same period a total of 43 000 apprentices qualified as artisans in the sector and another 24 000 learners successfully completed their learnerships.

According to the merSETA's 2011/12 Annual report, 3775 learnerships and 2559 skills programme were completed and the organisation exceeded its targets. 6051 learnerships and 5808 learners entered into skills programmes in the 2011/12 financial year. 5168 apprenticeship contracts were registered in the 2011/12 period.

The Accelerated Artisan Training Programme (AATP) is about pacing and structuring the development of competent apprentices over a period of two to three years. The programme was initiated to address the scarce skills needs of the merSETA sector. The structure and exposure to the curriculum is highly regulated, structured and monitored. An analysis of the merSETA (database accessed in August 2012) for phases 1 to 4 of the

programme indicates the majority of the recipients are from Gauteng, KZN and Mpumalanga.

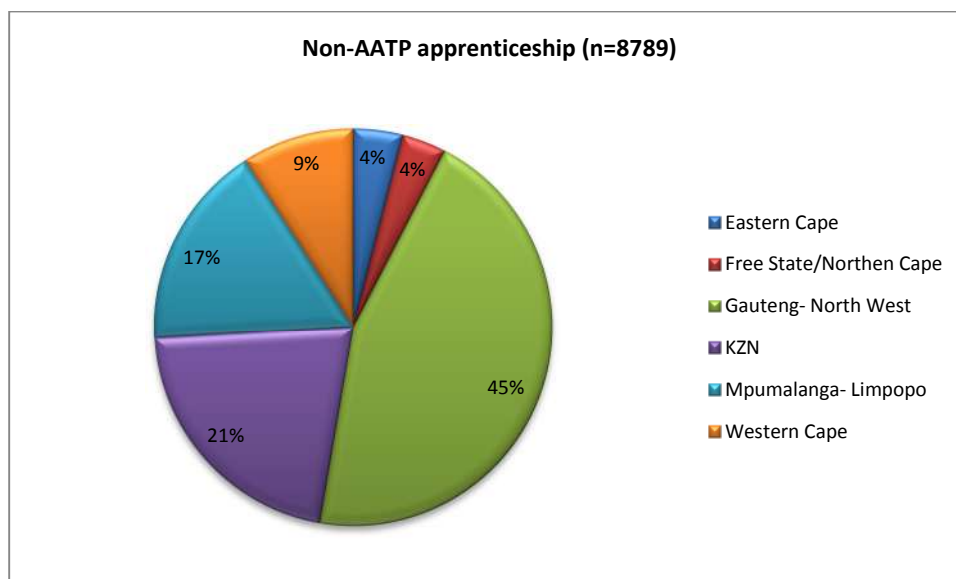
Figure 40: Distribution of registered AATP candidates for Phase 1 to 4



Source: merSETA Database, August 2012

The non-AATP apprenticeship training is also heavily skewed towards Gauteng and KZN and this is not surprising as the merSETA companies are similarly geographically represented.

Figure 41: Distribution of non-AATP apprenticeship by region



Source: merSETA Database, August 2012

As shown in Figure 41 above 45% of non-AATP apprentices were from the Gauteng-North West region and 21% were from the KZN region. The Mpumalanga-Limpopo region is the third biggest beneficiary of non-AATP training. The apprenticeship programmes implemented by the merSETA has helped the sector and provided employment opportunities to the previously unemployed.

5.2.3 FET colleges

The Northern Cape has 2 government FET Colleges; Northern Cape Rural FET College and the Northern Cape Urban FET College. There are no private FET colleges currently registered and listed with the Department of Education which are located in the Northern Cape.

Free State has 4 government FET Colleges; Flavius Mareka FET College, Goldfields FET College, Maluti FET College and Motheo FET College.

Table 17: Private FET Colleges in the Free State Province

FET	Location
Central Business Academy	Bloemfontein
Ntataise	Ramulotsi Viljoenskroon
Sasol Chemiese Nywerhede	Sasolburg
TADI- Training and Development Institute	Bloemfontein

Table 18: FET enrolment figures by region, 2013

Province	Sum of NCV	Sum of Eng_N1_N3	Sum of Eng_N4_N6	Sum of Bus_N4_N6	Sum of Total
Eastern Cape	19,656	4,016	1,454	9,742	34868
Free State	7,074	5,896	1,695	1,2405	27070
Gauteng	31,671	17,700	9,804	22,487	81662
Kwa-Zulu Natal	31,487	9,800	5,435	23,213	69935
Limpopo	22,684	4,157	5,517	10,149	42,507
Mpumalanga	10,079	5,384	2,049	3,433	20,945
North West	10,044	4,906	1,087	5,003	21,040
Northern Cape	2,950	1,156	114	3,356	7,576
Western Cape	16,872	5,002	1,502	10,776	34,152
Grand Total	152,517	58,017	28,657	100,564	339,755

Source: DHET, The State of FET Colleges in South Africa

The targeted national certification rate for N1-N3 part-qualifications in Engineering Studies was 33% for the 2012 academic year. Twenty public FET Colleges and 12 private FET Colleges achieved the targeted certification rate of 33% and higher on N1, 18 public FET Colleges, 32 public FET Colleges on N3⁵³. The targeted national certification rate for N4-N6 part-qualifications in Engineering Studies was 40% for the 2012 academic year. Twenty-five public FET Colleges achieved a certification rate of 40% and higher on N4, 12 public FET on N5 and 13 public FET Colleges on N6. The table below shows the national certification rates for FET colleges for the November 2012 examinations cycle.

Table 19: Certification rate of FET colleges, 2012

Qualification/Programme	Certification Rate
1. Report 190/1 Engineering Studies	
National N3 Certificate	37.5%
National N6 Certificate	36.2%
2. Report 190/1 Business Studies	
National N6 Certificate	31.9%
3. National Certificate (Vocational)	
Level 4	39.3%

Source: DHET, *The State of FET Colleges in South Africa*

Different stakeholders in industry who were interviewed indicated their willingness to assist FETs in equipping learners and enabling experiential learning. A problem noted by the stakeholders is the seeming focus of FETs on quantity rather than quality of students.

Although learners would be seconded to industry in order to get experiential learning, they need to have obtained a proper foundation of theory and practical experience. Quality of the learners from FETs is impacted by the quality of the lecturers and facilitators. Industry stakeholders indicated a concern regarding some lecturers not being drawn from industry and thus they lack the relevant knowledge required to equip learners to be industry ready.

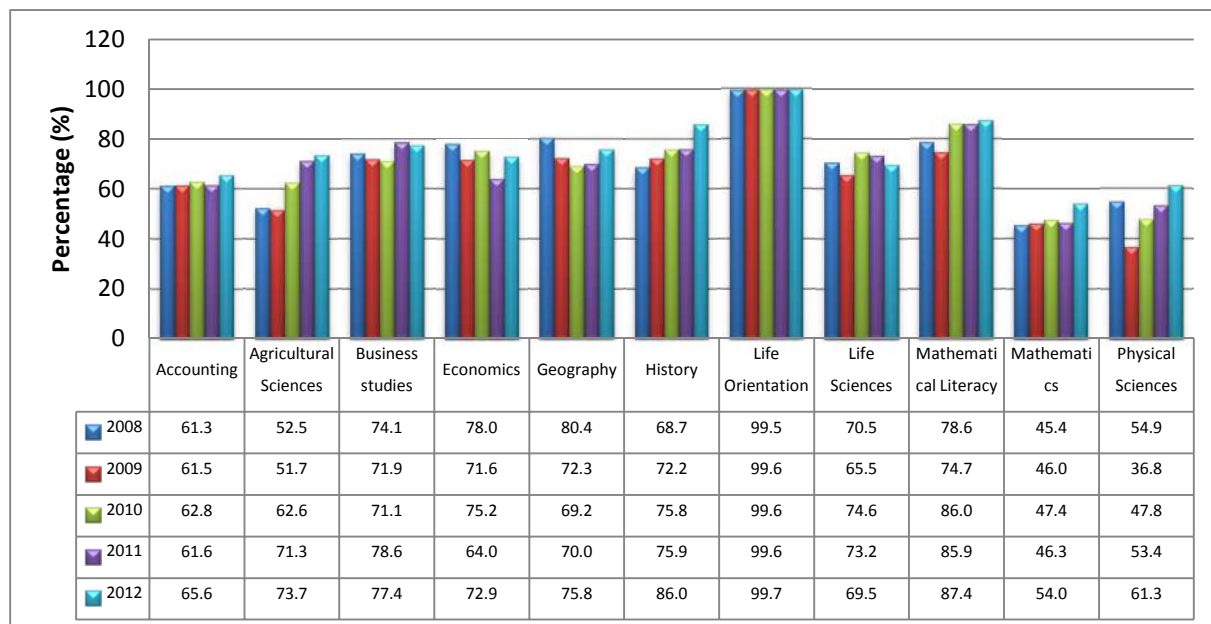
5.2.4 General education and training

The output of the general education and training (GET) sector is important to the supply of skills to merSETA sector because the number of learners graduating with maths and physical science at grades that support entry and success at higher

⁵³ DHET, *The State of FET Colleges in South Africa*; Presentation at HRD FET College Indaba; 7 March 2013

education level in qualifications such as engineering has a direct impact on the ultimate availability of these high-level skills for the national economy and the merSETA sector.

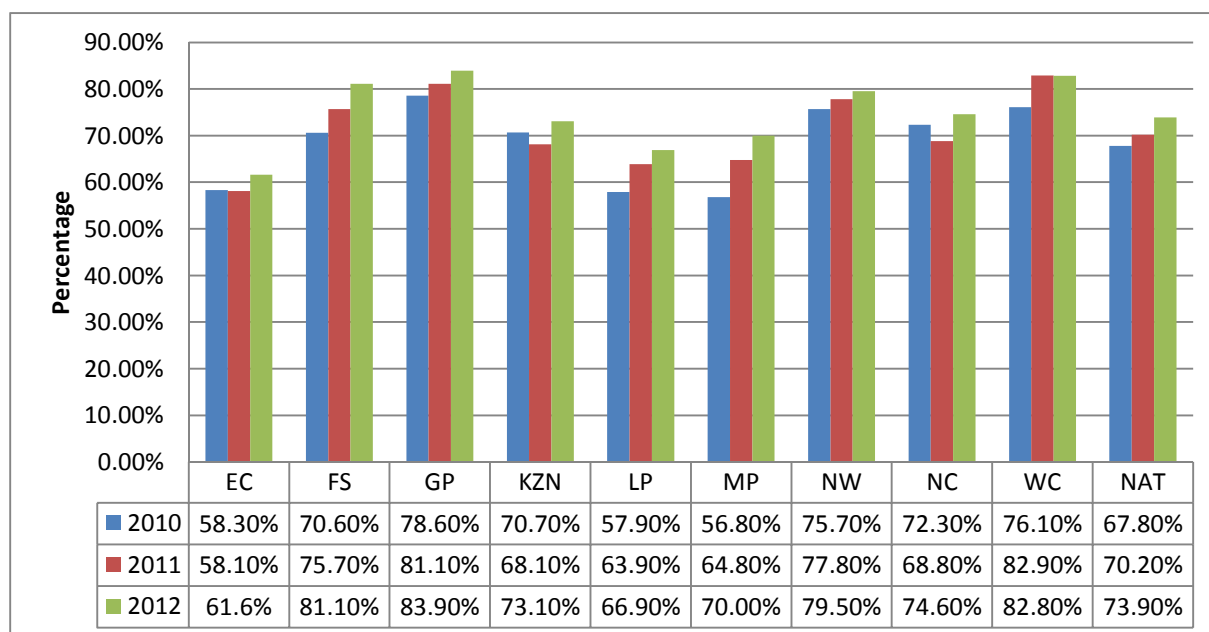
Figure 42: Candidates' performance at 30% and above in selected subjects, 2012



Source: Department of Basic Education⁵⁴

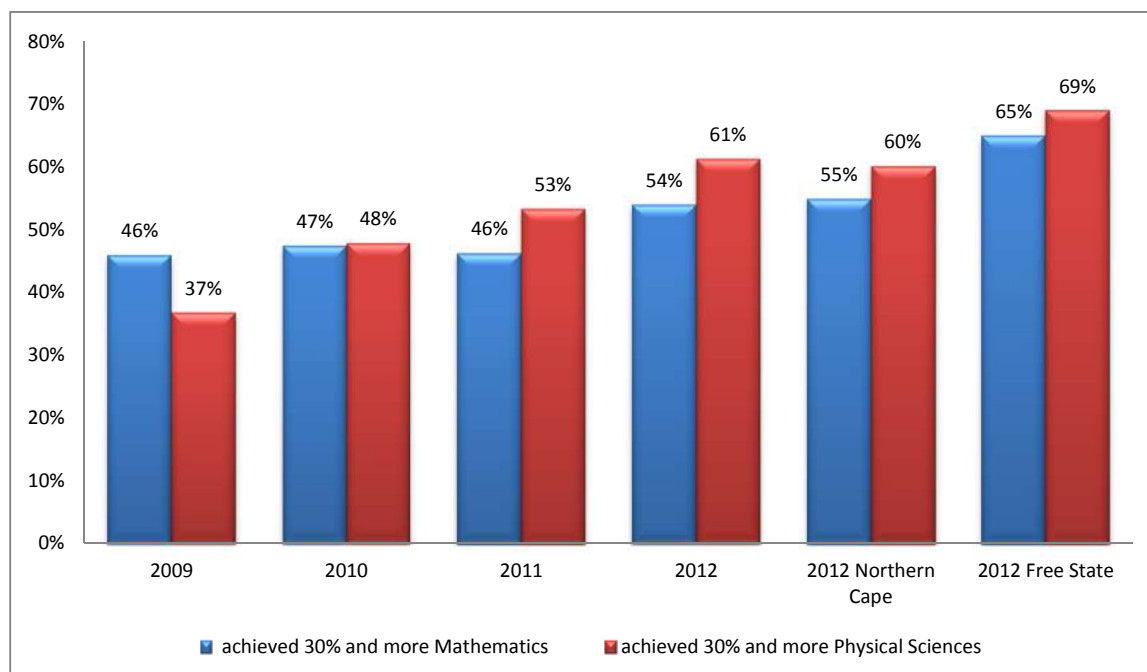
Life Orientation has consistently recorded the highest passes over the 2008-2012 period. Mathematics and Physical Sciences have registered the lowest passes over the same period. The low passes for Maths and Science have an impact on the numbers of potential learners which can enter into engineering and technical trades.

⁵⁴ Department of Basic Education National Senior Certificate Results 2012

Figure 43: Comparison of National Senior Certificate (NSC) passes by province, 2012

Source: Department of Basic Education⁵⁵

Gauteng and Western Cape were the top performing provinces in the country in 2012 with the Free State recording the third highest pass rate. Northern Cape and Free State managed to perform above the national pass rate in 2010 and 2012.

Figure 44: Percentage of students who achieved 30% and more nationally in Mathematics and Physical Sciences, 2012

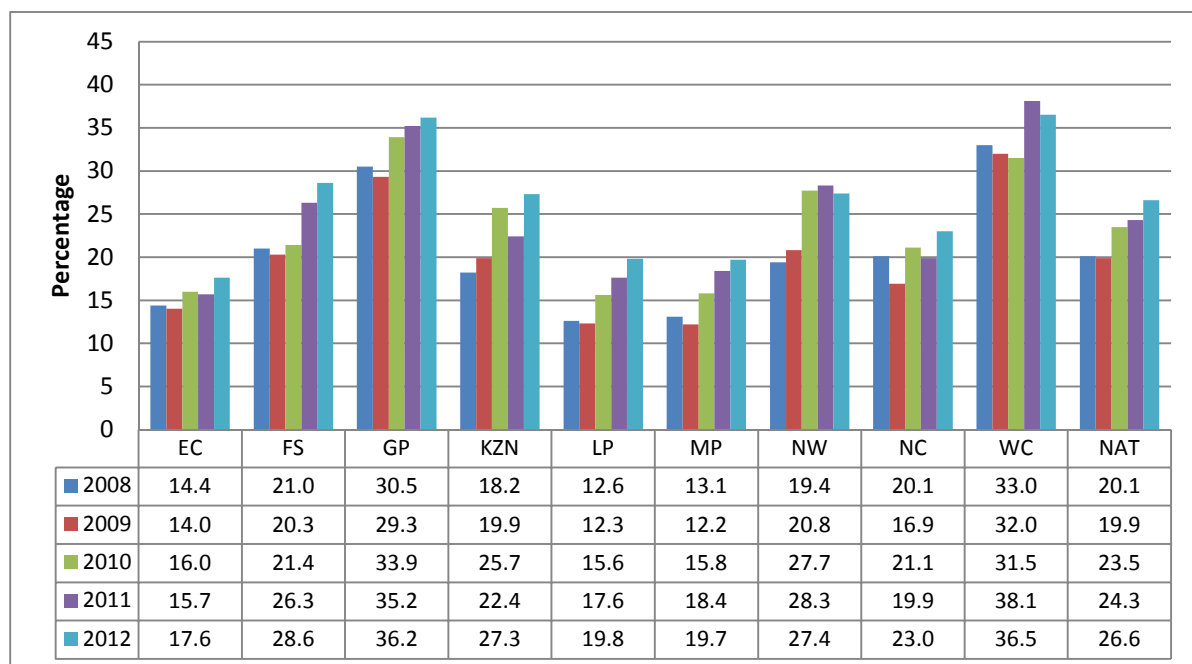
Source: Department of Basic Education, NSCE School Subject Report

⁵⁵ Department of Basic Education National Senior Certificate Results 2012

Northern Cape's performance in Mathematics and Physical Science was in line with the national performance in 2012. Nationally the performance in physical science has been improving.

Those who attained a 30%+ mark for Mathematics and Physical Sciences stood at 55% and 60% respectively in the Northern Cape. Free State recorded a pass rate of 65% and 69% in Mathematics and Physical Sciences respectively.

Figure 45: Comparison of Bachelor's passes by province, 2012

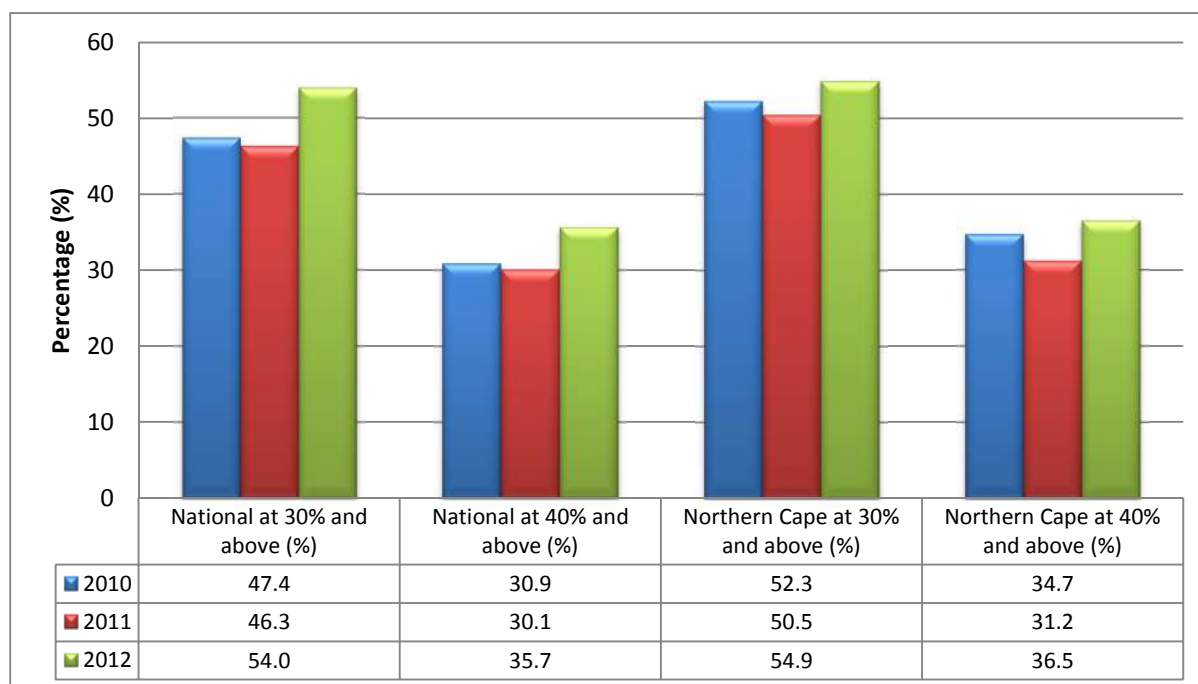


Source: Department of Basic Education, NSCE School Subject Report

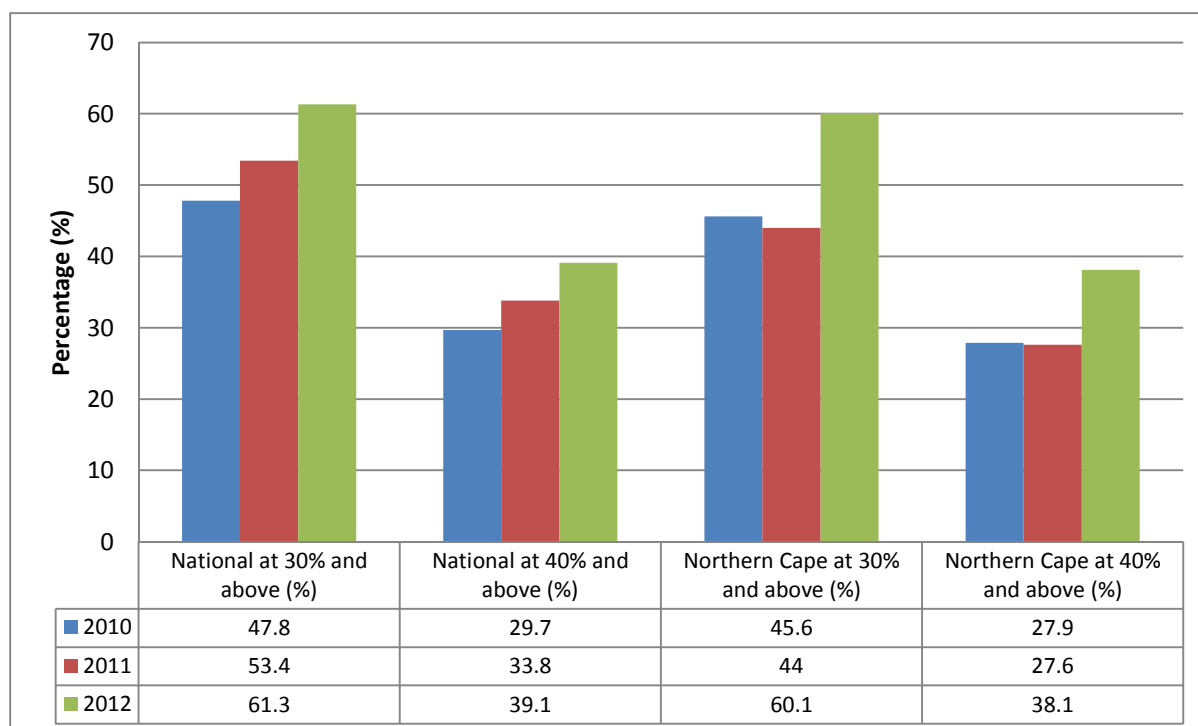
The analysis of passes which were sufficient to qualify students to proceed to tertiary institutions to do a Bachelor's degree shows a significant drop from the share of those who achieved 30% and above.

In 2012 those who attained 30% and above for all subjects stood at 73.9%, however those whose passes qualified them for a bachelor's degree stood at 26.6%.

A challenge besetting the South African education system is the low pass marks which engender a culture of mediocrity amongst the students who are leaving the high school system. Inability to achieve high marks in Maths and Physical Sciences places the country at a disadvantage as it limits the potential number of students entering into the science and engineering sector.

Figure 46: Comparison of National and Northern Cape Mathematics pass grades, 2012

Source: Department of Basic Education, NSCE School Subject Report

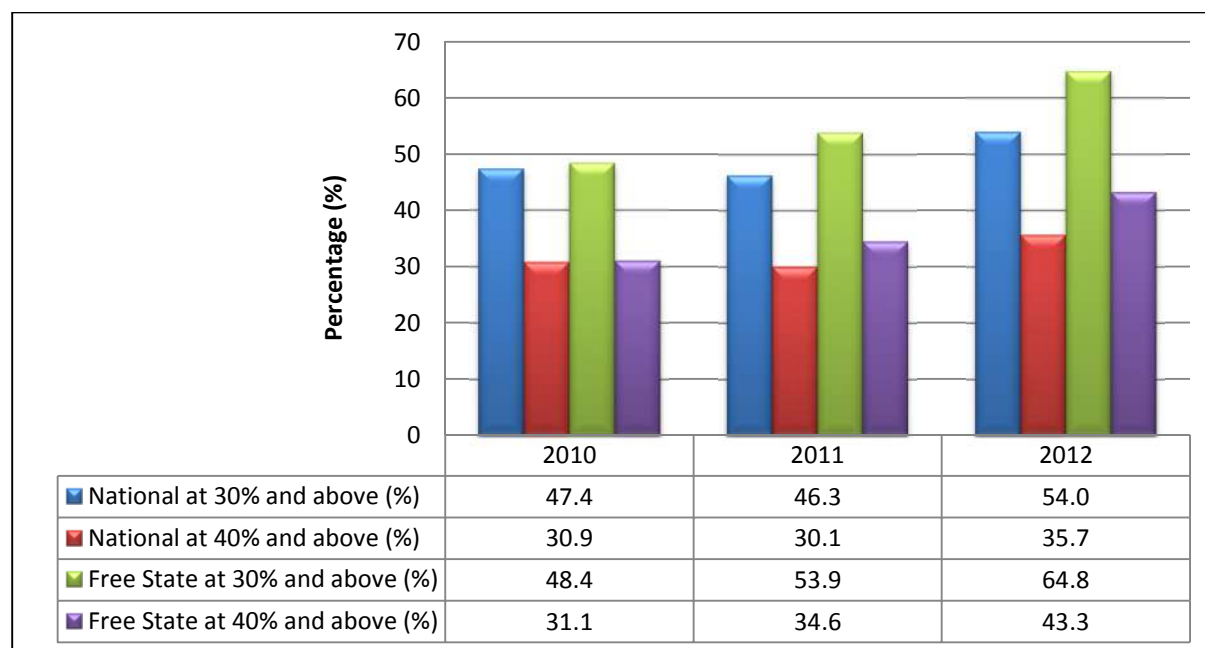
Figure 47: Comparison of National and Northern Cape Physical Sciences pass grades, 2012

Source: Department of Basic Education, NSCE School Subject Report

The quality of passes produced through the current matriculation system is not very high, as illustrated by the Maths and Physical sciences analysis above. An increase of

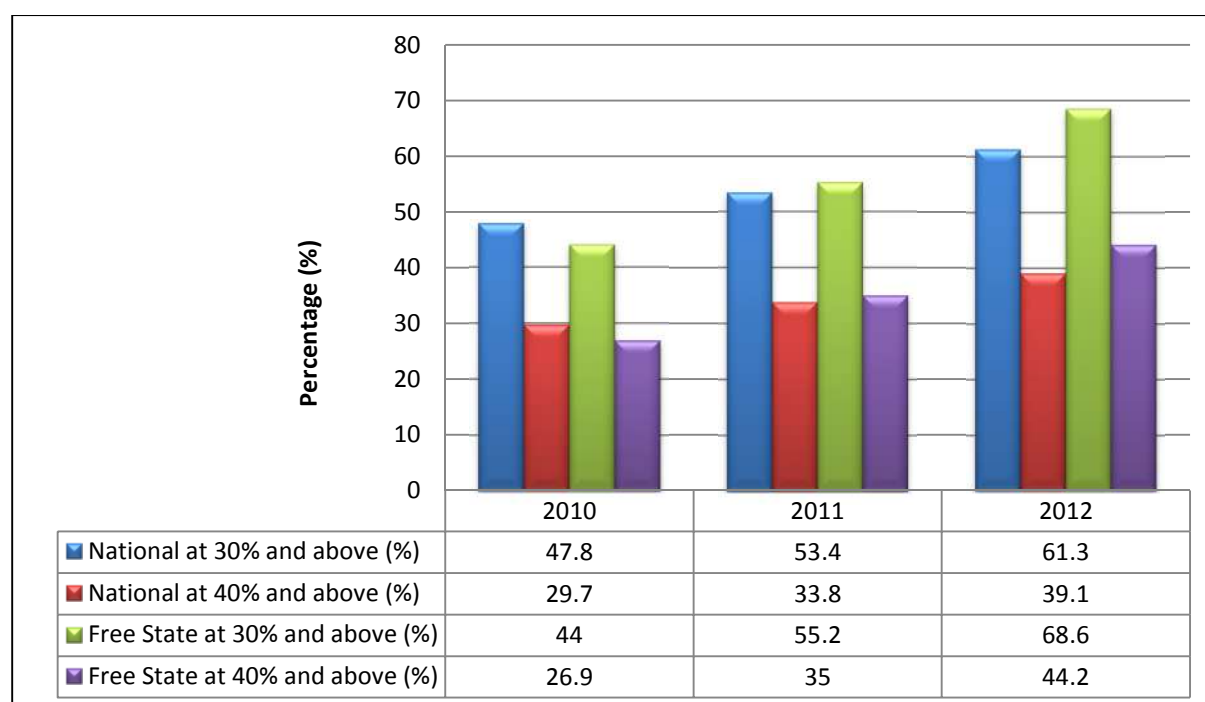
10% in the pass mark shows a large decline in the share of scholars who are managing to produce quality results.

Figure 48: Comparison of National and Free State Mathematics pass grades, 2012



Source: Department of Basic Education, NSCE School Subject Report

Figure 49: Comparison of National and Free State Physical Sciences pass grades, 2012



Source: Department of Basic Education, NSCE School Subject Report

The massive gap between those who pass matric with a 30% and those who qualify to enrol for bachelor's degrees is one of the sources of the shortage of engineering graduates in the country. Quality of graduates from the General Education and Training (GET) level has a significant impact on the potential of institutions to enrol and develop the skills needed in the merSETA related sectors.

5.3 merSETA Initiatives in the Region

The Manufacturing, Engineering and Related Services SETA is involved in a number of initiatives in the Northern Cape and Free State region. These are aimed at equipping individuals with the right skills aligned with the current and developing needs within the region.

Table 20: merSETA initiatives in the Northern Cape & Free State region

Region	Initiative	Project Description
Free State & Northern Cape	Accelerated Artisan Training Program (AATP) Project	Training 10 automotive body repairers and 12 spray painters to artisan status within 2 years. Partnering with Public College
Free State & Northern Cape	Current Project: Programme for 20 handicapped youth	20 learners from Dr Bohmer Special School to be trained in welding application and practice (NQF2)
Free State & Northern Cape	Grootvlei Correctional Services Project (Provincial/merSETA)	Training 40 inmates from Grootvlei Prison on welding application and practice (NQF2). These learners are at the point of being discharged on parole and will then be absorbed into the industry.
Free State & Northern Cape	Science and technology support to learners merSETA and Schools	Target 100 x grade 12 learners. To be extended to grades 10 and 11 too.
Free State & Northern Cape	Premier of the Free State Project	250 unemployed youth trained in motor mechanics and welding (NQF 1 and NQF2) and were placed at merSETA employers
Free State & Northern Cape	Initiation Phase: Empowerment of CBO's/NGO's and Co-ops (target 10 per year)	Management and OD training with hand holding / mentoring to grow capacity and impact.
Free State & Northern Cape	Initiation Phase: Douglas Civil Society	Rural CBO support – 40 learners in welding, air conditioning and motor mechanics.

Free State & Northern Cape	Initiation Phase: Retrenchment Assistance Programme	Individuals who have lost employment due to economic downturn. Target of minimum 50 individuals per annum.
Free State & Northern Cape	Initiation Phase: Expanded Public Works Programme	Electrical Skills Programmes for 78 individuals.

5.4 Factors that Influence the Supply of Skills

Factors influencing the demand of skills mainly revolve around the cost of labour and the availability of numbers of people with the particular skills set required.

A major determining factor for the demand of labour is the cost of the labour. The average labour cost per unit of production has been steadily rising over the March 1995 to March 2012 period.

1) Cost of Labour

A major determining factor for the demand of labour is the cost of the labour. The average labour cost per unit of production has been steadily rising over the March 1995 to March 2012 period.

2) Growth prospects

Future growth prospects in the different sectors impacts on the employment levels for the sector or demand for specific skills. Increasing automation in the manufacturing processes has resulted in a rise in demand for mechatronic skills, combination of electrical, mechanical and computer engineering. This demand for new skills sets results in other categories becoming redundant.

3) Demand and Supply dynamics

The demand and supply of labour is influenced by the existing numbers of employed people in the labour market. Shortage of a particular skills grade in the economy determines the level of demand for people with those skills. The skilled labour force has historically recorded the highest shortages compared to the other skills categories.

4) Domestic and Export Sales Volumes

Domestic sales volumes and export sales volumes are good indicators of business confidence in the country's economy. The figure above shows a positive business outlook in times of growing export and domestic sales. As businesses experience growth in their domestic and export sales they are more likely to expand their operations, which in turn brings about an increase in their potential to employ more people. Multiplier effects which come about with increasing economic activities ultimately result in creation of new jobs across different sectors and skills grades.

5) Quality of the skills supplied

Demand for specific skills quality across different sectors influences the level of demand for these skills. As an example, South Africa has a number of electricians but participants from different sectors indicated there is a scarcity in high quality electricians in the country. Individuals might possess the same qualification but the quality of the work which can be produced differs based on quality of training and work experience obtained by the individuals.

5.5 Conclusion

Labour supplied into the merSETA chambers is sourced from education and training institutions at the General Education and Training (GET) level, Further Education and Training (FET) colleges and/or Higher Education and Training (HET).

The Northern Cape and Free State national school certificate (matric) results for mathematics and physical science in 2012 were slightly higher than the national results. Students with Bachelor's passes (which qualifies a learner for university i.e. pass 50%+) were 26.6% of 2012 learners, with Northern Cape and Free State recording 23.0% and 28.6% respectively.

The Bachelor passes are lower than the often trumpeted overall matric passes (which are based on passes of 30%+ for subjects written). In 2012 learners with 30%+ passes for subjects written were 73.9% of all those who sat for the final Grade 12 examinations. Such low proportions do not bode well for the national and provincial engineering skills pool.

Interventions need to happen whereby schools are capacitated to ensure they can produce results of a higher standard. Interventions such as the partnerships between

universities and technical high schools are expected to help in turning around the GET sector's output.

merSETA is currently involved in a number of initiatives aimed at ensuring the skills development of workers in the merSETA chambers. Some of the programs in place include links with HET institutions to assist technical high schools, education expos in technical high schools and also linkages with companies in different chambers in the region.

6 SKILLS NEEDS OF THE MERSETA SECTOR

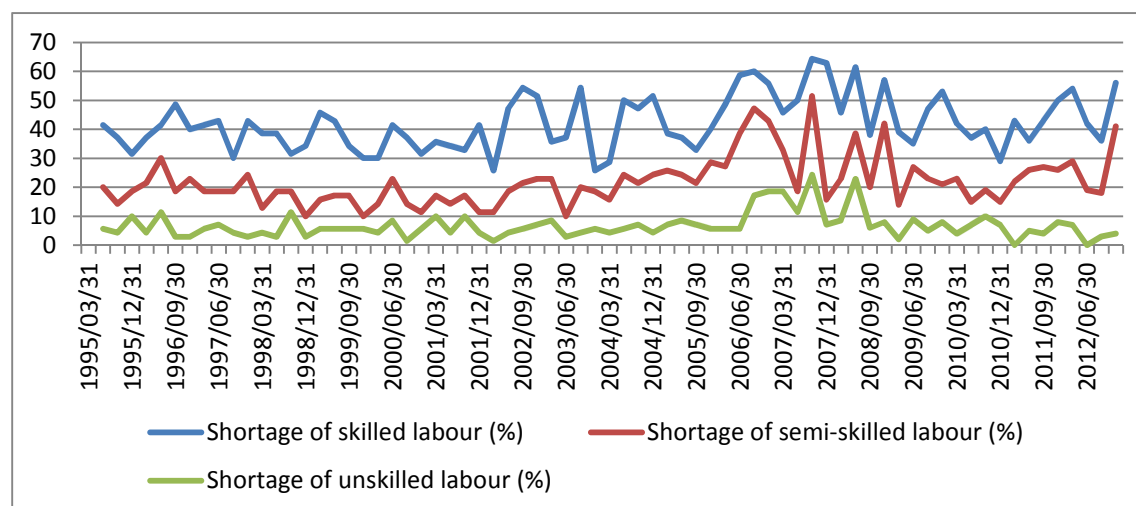
6.1 Introduction

Demand for skills in the merSETA sectors is dependent on the economic growth prospects in the country. The motor, auto, metal, plastics and tyre chambers have different skills needs but some of the occupations are common across the chambers. People with transferable skills are therefore at an advantage as they are not tied down to one particular sector.

The South African economy is moving towards being more of a knowledge based economy in line with global trends. South Africa's tertiary sector contributes more than 65% towards the country's GDP. The high level of unemployment can be attributed to (amongst other reasons) this economic structure, which is geared towards provision of 'knowledge economy jobs'.

Increasing mechanisation is one of the factors contributing to decline in employment levels. Certain jobs or activities which might have required a lot of people are being done by machines which make some roles redundant. There is an attendant need to start formulating and implementing training programs which are geared towards the development of human capital able to align with the structural changes in the country's economy.

South Africa is currently faced with a shortage of skilled labour. Different interventions aimed at increasing the provision of skills have yielded varying results. Programs such as learnerships and apprenticeships are targeted at providing opportunities for development of skills.

Figure 50: Manufacturing constraints labour, 2012

Source: BER and Quantec, 2013

Demand for skilled, semi-skilled and unskilled labour follows the country's economic growth profile. Unskilled labour is easy to find when there is a need for such labour due to the presence of many unskilled people in the country. Skilled labour is much more difficult to obtain relative to semi-skilled labour.

In the manufacturing sector operators are mainly in the semi-skilled category. Artisans, technicians, professionals and management are in the skilled category on the skills spectrum. Industry participants have particularly pointed out a shortage in soft skills required for supervisory and management roles. Interventions are therefore required to up-skill current employees and to train up more people who can then occupy such roles.

6.2 Specific Scarce and Critical Skills

Scarce skills are defined as 'those occupations in which there is a shortage of qualified and experienced people, currently or anticipated in the future'. Critical skills are defined as 'specific key or generic and top-up skills within an occupation'. Critical skills include key or generic skills (including SAQA critical cross-field outcomes) e.g. cognitive, language, literacy and mathematical skills.⁵⁶

⁵⁶ Scarce & Critical Skills 2009/10

Table 21: National Scarce skills in the metal chamber, 2012

Occupation	Organising Framework of Occupations (OFO) Code
Production / Operations Manager (Manufacturing)	132102
Bricklayer (Foundry)	641201
Plumber	642601
Welder	651202
Sheet Metal Worker	651301
Metal Fabricator	651401
Structural Steel Erector	651402
Toolmaker	652201
Metal Machinist	652301
Fitter and Turner	652302
Metal Polisher	652401
Automotive Motor Mechanic	653101
Precision Instrument Maker and Repairer	661101
Electrician	671101
Millwright	671202
Lift Mechanic	671204
Manufacturing Machine Setter and Minder	712102
Engineering Production Systems Worker	718905
Metal Engineering Process Worker	832901

Source: merSETA National SSP- Scarce & Priority Skills 2012/13

Table 22: National Scarce skills in the Auto sector, 2012

Occupation	Organising Framework of Occupations (OFO) Code
Personnel / Human Resource Manager	121201
Supply and Distribution Manager	132401
Industrial Engineer	214101
Mechanical Engineer	214401
Chemical Engineer	214501
Electrical Engineer	215101
Accountant (General	241101
Marketing Practitioner	243103
ICT Systems Analyst	251101
Mechanical Engineering Technician	311501
Chemical Engineering Technician	311601
Retail Buyer	332301
Purchasing Officer	332302
Toolmaker	652201
Metal Machinist	652301
Fitter and Turner	652302
Electrician	671101
Millwright	671202
Mechatronics Technician	671203
Electronic Equipment Mechanician	672104
Special Class Electrician	672107
Machinery Assembler	721101

Source: merSETA National SSP- Scarce & Priority Skills 2012/13

According to merSETA, the Auto Chamber's skills needs by OFO category indicates considerable demand in the Technicians and Trades Workers category, followed by Professionals and then Managers.

Table 23: National Scarce skills in the Motor sector, 2012

Occupation	Organising Framework of Occupations (OFO) Code
Industrial Engineer	214101
Industrial Engineering Technologist	214102
Mechanical Engineer	214401
Mechanical Engineering Technician	311501
Motor Vehicle Licence Examiner	335401
Vehicle Painter	643202
Welder	651202
Toolmaker	652201
Metal Machinist	652301
Automotive Motor Mechanic	653101
Motorcycle Mechanic	653103
Diesel Mechanic	653306
Panel Beater	684904
Vehicle Body Builder	684905
Technical Customer Liaison Agent	+
Automotive Electronics Fitter	+
Vehicle Component Fitter and Repairer	+

Source: merSETA National SSP- Scarce & Priority Skills 2012/13

NB: + No codes for OFO 2012 CODE even OFO 9 CODE

There is dominance of demand for management skills within the Motor chamber. Sector specific technical skills include panel beaters, automotive auto mechanic and motor cycle/scooter mechanics.

Table 24: National Scarce skills in the New Tyre sector, 2012

Occupation	Organising Framework of Occupations (OFO) Code
Quality Systems Manager	121908
Production / Operations Manager (Manufacturing)	132102
Production / Operations Manager (Mining)	132201
Supply and Distribution Manager	132401
Operations Manager (Non-Manufacturing)	134915
Industrial Engineer	214101
Industrial Engineering Technologist	214102
Mechanical Engineer	214401
Mechanical Engineering Technologist	214402
Chemical Engineer	214501
Chemical Engineering Technologist	214502
Electronics Engineer	215201
Organisation and Methods Analyst	242102
Training and Development Professional	242401
Occupational Instructor / Trainer	242402
Assessment Practitioner	242403
Sales Representative / Salesman (Industrial Products)	243301
ICT Systems Analyst	251101
Manufacturing Technician	311904
Integrated Manufacturing Line Technician	313904
Purchasing Officer	332302
Office Administrator	334102
Fitter and Turner	652302
Electrician	671101
Rubber Production Machine Operator	714101
Plastics, Composites and Rubber Factory Worker	832902

Source: merSETA National SSP- Scarce & Priority Skills 2012/13

The rubber production machine operator occupation is the main category of scarce skills on demand in the new tyre sector. Skills which are in high demand within this occupation are tyre builders, steel & fabric calendaring and rubber moulding machine operators. Other important occupations in the sector are; fitters, electricians, product examiners, sales representatives and mechanical engineering technologists in plastics.

Table 25: National Scarce skills in the Plastics sector, 2012

Occupation	Organising Framework of Occupations (OFO) Code
Quality Systems Manager	121908
Production / Operations Manager (Manufacturing)	132102
Industrial Engineer	214101
Technical Director	265405
Mechanical Engineering Technician	311501
Manufacturing Technician	311904
Vehicle Painter	643202
Fitter and Turner	652302
Boat builder and Repairer	684907
Plastic Cable making Machine Operator	714201
Plastics Fabricator or Welder	714203
Production Machine Operator (General	714204
Rotational Moulding Operator (Plastics)	714206
Thermoforming Machine Operator	714207
Plastics Manufacturing Machine Minder	714208
Reinforced Plastics and Composite Trades Worker	714209
Product Assembler	721901

Source: merSETA National SSP- Scarce & Priority Skills 2012/13

Technicians and Operators are the main category of skills required in the plastics sector nationally.

6.3 Scarce and Critical Skills by Sub-sector

The major merSETA chambers in the Free State are motor, metal and the plastics industry. Other major industries (not necessarily merSETA chambers) in the region are the oil and gas industry and the boatbuilding industry. Engagement with different stakeholders in the province yielded similar commentary with other provinces with regards to the major challenges faced in skills development.

The greatest challenge noted was the lack of basic fundamentals of Mathematics, English and Science by a number of learners. Absence of these fundamentals places training institutions and employers in a dilemma as they need to spend more resources (time and money) on the learners. Time lost in trying to teach someone fundamentals could have been used in equipping the person skills of the trade, and therefore employers lose out on productivity.

6.3.1 Whole region

Manufacturing constituted 3.9% of the South African manufacturing sector in 2011. There is minimal manufacturing taking place in the region with agriculture and mining being the major activities.

Table 26: Northern Cape and Free State sector research findings, 2013

	Scarce skills	Priority skills
Whole region	- Welding -Air-conditioning/ refrigeration skills	-Metal workers -Air-conditioning/ refrigeration skills -Electricians -Boilermakers -Welders

Air conditioning and refrigeration skills are important for the mining sector's cooling systems. Demand for approximately 3,000 electricians is expected for the mines in the region in the next 2-3 years.⁵⁷

⁵⁷ Findings from primary research, May 2013

6.3.2 Motor Sector

The Northern Cape motor sector is mainly geared toward the after sales market i.e. repair and maintenance.

Table 27: Northern Cape and Free State Motor sector research findings, 2013

	Scarce skills	Priority skills
Whole region	-Motor mechanics -Auto mechanics -Diesel mechanics (including diesel pump mechanics) - Panel-beating	-Motor mechanics -Diesel mechanics -Panel beaters and spray painters -Auto electricians

Free State is a major agriculture and mining area and there is a demand for mechanics in these areas. Tractor mechanics are required to assist in the agriculture sector.

6.4 Regional Strategic Plan Linked to merSETA Priorities

The RSSP aimed at identifying interventions which the merSETA regional and national offices can implement in line with the National Skills Development Strategy III Priorities. Input was obtained from stakeholders in the region and also from the research team.

Table 28: Regional Plan linked to merSETA Priorities

NSDS Priorities	III merSETA Priorities	Regional Strategic Plan
Priority 1: develop a labour market intelligence system and facilitate sector specific research initiatives	– To effect best practice in line with King III, – Establish capacity for research and skills planning, – Implement partnerships for credible skills planning, – Intermediate skills needs are identified and addressed in all merSETA sub-sectors, – High-level national scarce skills need to be identified and addressed, – Relevant R&D and innovation	ii. Short to Medium Term Priorities – Commission the RSSP update for 2014/15 – Track all the merSETA trained people and develop a database for possible placement in the SIPs programme. – Ensure artisans who have obtained training get assistance in being deployed in regional projects and in some instances to other provinces v. Long Term – Speed up the development of a merSETA Rural Development Strategy, which sets out

	capacity is developed and implemented, – To implement a research programme to identify current and future interventions to support productivity improvements.		the principles of Training for Rural Economic Empowerment (TREE)
Priority 2: promote artisan and sector-specific priority skills	– A total of 20 000 artisans qualified over the five-year period	i.	Short to Medium Term Priorities – Ensure grant allocation according to identified scarce and priority skills. – Continue to intensify artisan development given the expected huge demand on the NIP and SIPs – Encourage employers to: - o Take up more learners for experiential learning, - o Retain trained artisans to help them get experience. - o Release employees to get up-skilled with artisans standing in to reduce potential production downtime – Identify future projects in the region plus the attendant skills requirements and put in place mechanisms to ensure these requirements will be met by training institutions – Identification of priority skills should be drilled down to an occupation level (when clustered into broad categories the specific skills needs tend to remain unaddressed)
Priority 3: establish and facilitate strategic partnerships	– To ensure sector participation in the revision and development of the relevant curricula and qualifications offered by FET colleges – Establish partnerships that result in increased capacity to meet industry needs throughout the country – To enter into partnerships with organisations involved in youth skills development. – To establish cross-sectoral partnership projects to address skills needs in support of local economic development – Develop mechanisms and models to support skills development in the community-based- and small-enterprise sector through a range of partnerships, programmes, grants and incentives, – Identify and establish partnerships with international-, national- and provincial career-resources agencies	ii.	Short to Medium Term Priorities – Encourage partnerships and collaboration between employers and FETs so that FETs can have: - o Modern training equipment - o Curriculum review, development and upgrade - o Qualified lecturers with industry know-how, and - o More learners being taken up by industry for experiential learning – Form partnership with FETs which offer green skills – Form collaborative partnerships: Eskom, Transnet, Energy SETA, Provincial Government and other stakeholders involved in the rollout of SIPs. This will help merSETA train people who are currently unemployed – Encourage interface between FETs and industry via SETA regional staff active in finding placements for NCV learners – Establishment of a regional industry forum aimed at engaging the provincial government on matters affecting the region's companies (e.g. enable industry to coordinate ways of countering the impact of the increasing Asian imports-focus on Local Procurement Framework) – merSETA 's role in the Provincial Skills Development Forum must transition from mainly advisory to involvement policy

		– formulation and implementation – Increase engagement of merSETA with the Northern Cape Chamber of Commerce in order to facilitate uptake of learners by industry in the region
	v.	Long term – Form partnership with the planned university (to be established in Bloemfontein) and FETs in the province for the provision of green skills – Development of a close working relationship with other SETAs whose skills needs align with merSETA to ensure targeted interventions without duplication of efforts (i.e. merSETA can channel funds to the ETDPSSETA to equip and train lecturers with technical expertise on their behalf) – merSETA in collaboration with the provincial government can use its influence to facilitate establishment of small scale manufacturing in rural areas. Further collaboration with FETs in these areas will ensure the appropriate skills are developed for these manufacturing entities
Priority 4: increase the flow of appropriately skilled new entrants into the system	– Implement mechanisms aimed at bridging the gap between industry and academic provision – To contribute towards the support and encouragement of initiatives for young learners and educators to achieve maths, science and technology results for entry into the sector – Establish a merSETA career gateway innovation network to market and communicate career pathways and opportunities – To promote comprehensive career development to support sector growth.	ii. Short to Medium Term Priorities – Develop and strengthen partnership with GET schools to increase pass rates especially in Maths, English and Science – Intensify career guidance, orientation and awareness in schools regarding careers in the manufacturing, engineering and related services industry – Set up career development support desks at major FETs in the province – Forging stronger partnerships with HET institutions to ensure that the industry receives technical qualifications such as BSc, BTech, N4-6 and National Diplomas focusing on electrical and mechanical engineering – Incorporate soft skills training to ensure learners and artisans develop holistically i.e. they can be able to take on supervisory and management roles – Use of trainers and facilitators who have industry experience important i.e. use qualified artisans with experience in the skilling of learners – Refresher courses and up-skilling of trainers and facilitators required to ensure learners get up to date knowledge – Assist in the process of FET main campus and satellite campus development i.e. rural campuses tend to lag behind their urban counterparts – Concerted efforts must be made to ensure there is no creation of oversupply of particular skills in the region

		– Mechanisms must be established to ensure artisans who have obtained training but are currently unemployed can be up skilled to plug the skills gaps in the region – Artisans must be equipped with a core skills set which enable them to be flexible and adaptable to learning other trades in the event that there is a shortage of employment opportunities for them – Training institutions must be quick to adapt to changes in the industry requirements (e.g. welding courses to focus on a wider range of welding types including modern techniques such as laser welding, water based welding etc) – Expose learners at GET level to manufacturing, engineering and related services in order to stimulate interest in the trades
Priority 5: develop the skills of the existing workforce	– To ensure sound financial accountability – Capacity building of stakeholders – To implement skills development initiatives in the workplace through the effective utilisation of the levy grants system – Intermediate skills needs are identified and addressed in all merSETA sub-sectors, – High-level national scarce skills need to be identified and addressed. – To address low levels of literacy and numeracy amongst workers and new entrants – Identify and implement sector projects to address specific skills gaps and skills imbalances to contribute towards transforming the workplace	ii. Short to Medium Term Priorities – To address the lack of fundamental basics bridging courses for unskilled, possibly through ABET programmes must be implemented – Address the growing demand for individuals who have practical and theoretical experience to function within the supervisory roles in the sector – Train current workers on green skills, especially through partnership with HETs and FETs institutions – merSETA to move into being a change agent in the region by giving direction and setting the pace for skills development – Constant up-skilling of employees in the usage of modern technologies is essential – Employment of people with technical knowledge in roles traditionally regarded as non-technical i.e. motor parts salesman

In order for the RSSP to contribute to the skills development needs of the Western Cape, the identified regional strategic plan needs to be implemented. Although there are some specific issues raised in the regional task team and interviews with regional stakeholders, most of the inputs mirror those given in other regions.

Appendice 1: List of References

- APDP http://www.automotiveonline.co.za/site/files/6860/APDP_Deloitte.pdf
A regional overview of the Northern Cape- *South African Business 2011/12 Edition*
- Business Day (2012) *Infrastructure projects will 'not come cheap'*. Available at: <http://www.bdlive.co.za/economy/2012/10/21/infrastructure-projects-will-not-come-cheap> (Accessed 11 July 2013)
- Department of Economic Development (2013) *Draft Infrastructure Development Bill (2013)*
- DHET (2011) *National Skills Development Strategy III*
- DHET, The State of FET Colleges in South Africa*
- <http://www.dhet.gov.za/LinkClick.aspx?fileticket=59q6cwkkDU8%3d&tabid=36>
- Dr Blade Nzimande (2010). *Press briefing the new SETA landscape for the period April 2011 till March 2016*, 09 November 2010. Online:
<http://www.dhet.gov.za/portals/0/documents/SETA%20Landscape.pdf>
(Accessed on 10 January 2013)
- DTI (2006) *Metal Sector Development Strategy: Trade and Investment South Africa – Customised Sector Programme – Metal*
- DTI (2011). *Industrial Policy Action Plan (IPAP 2011/12-2013-/14)*. Department of Trade and Industry. Pretoria, South Africa
- DTI (2013) *Special Economic Zones Bill, 2013*; Presentation to Portfolio Committee On Trade And Industry, 26 April 2013.
Available at:
<http://www.thedti.gov.za/parliament/SEZ-Bill.pdf> (Accessed 11 July 2013).
- DTI (2013) *10 Potential Special Economic Zones Have Been Identified*, Media Statement. Available at: <http://www.thedti.gov.za/editmedia.jsp?id=2685>
(Accessed 11 July 2013)
- Frances Baard <http://www.francesbaard.gov.za/ourregion.html>
- Free State Business: Manufacturing* www.freestatebusiness.co.za
- Free State Regional Overview *South African Business 2011/2012*
- Higher Education and Training Minister Blade Nzimande (2010). *Nice day for a shotgun marriage*. As quoted in an online news article.
<http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=30079&tid=81009>
- merSETA National SSP- Scarce & Priority Skills 2012/13
- merSETA Skills Sector Plan 2010/2011-2015/2016

National Association of Automotive Manufacturers South Africa (NAAMSA)

www.naamsa.co.za

National Infrastructure Plan <http://www.info.gov.za/issues/national-infrastructure-plan/>

National Treasury (2013), 2013 Budget Speech by Minister of Finance

www.treasury.gov.za

Northern Cape www.info.gov.za/aboutsa/provinces.htm

Plastics Federation of South Africa: Interview with chairman, 2009

www.essentialmag.co.za

Presidential Infrastructure Coordinating Commission (PICC) (2012) A Summary of the South African National Infrastructure Plan. Pretoria, South Africa.

Quantec, www.quantec.co.za

Republic of South Africa (RSA). (1996). Constitution of the Republic of South Africa Act 108 of 1996. Pretoria: Government Printer. 1996:14.

Republic of South Africa (RSA). (2001). Human Resource Development Strategy of South Africa. Pretoria: Government Printer.

Republic of South Africa (RSA). (2009:31-32). Revised Human Resource Development Strategy of South Africa 2010 - 2030. Pretoria: Government Printer.

Revised HRDSA, 2009:30. Online. Available:

<http://www.info.gov.za/view/DownloadFileAction?id=117580> (Accessed: 11 January 2013)

<http://www.shopwestcoast.co.za/idz-west-coast-opportunity-in-saldanha-bay/>

South African Automotive Week Visitors' Guide, 10 – 13 October 2012

South African Business 2011/2012 Edition Free State on rapid growth path p184,8

http://www.freestatebusiness.co.za/pls/cms/ti_secout.secout_prov?p_sid=40&p_site_id=169

South Africa's provinces Free State www.info.gov.za/aboutsa/provinces.htm

Stats SA, First Quarter 2012, P0441.Stats SA, P0441 2012

Stats SA 2011 National census StatsSA www.statssa.gov.za

Skills Development Amendment Act, No. 37 of 2008.

Total car sales by region, 2012 National Association of Automotive Manufacturers South Africa (NAAMSA)

Trade Map, 2012 www.trademap.org

<http://www.tradeinvestsa.co.za/news/982513.htm>

http://www.tradeinvestsa.co.za/investment_opportunities/180106.htm

http://www.tradeinvestsa.co.za/investment_opportunities/324107.htm

http://www.tradeinvestsa.co.za/investment_opportunities/941458.htm

Trudi, H. (2001). *South African regional industrial policy: from border industries to spatial development initiatives*. Journal of International Development, 2001, vol. 13, issue 6, pages 767-777

Tyre recycling plant- Welkom

www.tradeinvestsa.co.za/investment_opportunities/1123481.htm

Appendix 2: List of Participants in Research

Name	Role/Designation	Organisation/Area of specialisation	Nature of contact
Chris Steyn	Training Manager	Raubex Construction	Primary interview
Charne Smit	Skills Development Facilitator	Raubex Construction	Primary interview
Melissa Meiring	Chairperson	SA Truck Bodies	Primary interview
Hansie le Grange	Managing Director	Diesel Electric BFN	Primary interview
Kobie Coetzee	Training Manager	JMC Technical Training	Primary interview
Mr Reyneke	Training Manager	Ambient Control	Primary interview
Gerhard Slabbert	Regional Manager	merSETA Regional Office	Task Team
Lee Coetzee	Deputy Chairperson	Solidarity	Task Team