



NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL

PRESIDENTIAL JOBS SUMMIT

Analysis of Critical Sectors affected by job losses

02 September 2019

1 Introduction

This document analyses 4 industries through a jobs lens: the details of job losses and the ways that, through Jobs Summit interventions, we are seeking to mitigate these losses and unblock barriers to growth. Two of these industries are within the Manufacturing Sector, namely clothing, textiles, footwear and leather (CTFL) and metals and engineering. We also analyse building and construction and tourism.

Two of these industries saw comparatively large formal employment shrinkage in the year to June 2019 according to the Quarterly Labour Force Survey. These industries are: (i) building and construction and (I) CTFL. In addition, we are focusing on: (iii) metals and machinery; and (iv) on catering and accommodation (Tourism). Whilst the Labour Force Survey found formal job gains in the metals industry and only modest losses in catering and accommodation, these two industries were identified both because the CCMA reported large-scale retrenchments and in the cases of metals and engineering strong utilisation of TERS suggesting that we have a window to turn things around to prevent these job losses. Further these are industries where there are Jobs Summit programmes that have the potential to create large numbers of jobs if the identified barriers are addressed.

The discussion on each of these industries has 3 components:

1. There is an analysis of these sectors in terms of province, education level, race and gender, and age. For each dimension of employment, the analysis here provides a five-year perspective, comparing the second quarter of each year from 2015. This data is from the Quarterly Labour Force Survey, which is based on a survey of over 30 000 households. The data are not however seasonally adjusted. Comparison of seasonal figures shows that the first two quarters of every year have averaged job losses of between 0,1% and 0,2% each, while the second two quarters have seen

growth of over 1% apiece. For this reason, the analysis focuses on changes from the second quarter of 2018 to the second quarter of 2019. Statistics South Africa says that figures under 50 000 in the Labour Force Survey are not reliable, given the size of the underlying sample. For smaller industries, such as clothing, that means many of the findings here should be treated with great caution. In addition, quarterly surveys fluctuate significantly due to sampling issues, so year on year changes may not be meaningful if they do not form part of a longer trend.

2. The second section focusses on the Temporary Employee/Employer Relief Scheme (TERS) data from the CCMA. This provides an indication of the industries where jobs are at risk. At the Jobs Summit TERS task team meetings, it has been reported that the majority of applications underway either have outstanding documentation or are faced with compliance challenges, which delays companies from accessing the scheme. There have also been delays with the release of payments from SETAs. These challenges are being addressed within the task team's engagement though there is a need to maintain a strong monitoring focus on the scheme to ensure that companies are supported in time (before they close) and that the barriers – such as access to SETA finance – are addressed. The data included in this report is reflective of the period October 2018 to date.
3. Lastly, there is a review of the projects within these sectors that have been agreed upon within the Jobs Summit Framework Agreement. This provides a description of the projects and progress made. It also highlights if any barriers are hindering the effective implementation of these projects.

2 Blockages and constraints to economic growth

Electricity

Eskom's importance to and impact on the South African economy goes beyond the provision of reliable electricity at competitive prices, as it is a major participant in the debt capital markets, increasingly tied to and significantly impacting South Africa's sovereign credit rating due to the sovereign guarantees for Eskom's debt.

Any economic growth is invariably tied to a competitive electricity price, security of supply and a sustainable state-owned utility that will require significant restructuring. A failure to fast track significant reform of Eskom will continue to dampen growth and investment.

Water

In respect of the water licensing application process, there is continuous delay in revising the regulations setting out the procedure to apply for a water license and to formulate a guideline document outlining the information that must be submitted with an application to reduce costs and time lapses associated with water use license applications.

Visa Applications

Very limited progress has been made on the preliminary issues identified in relation to the immigration regulatory regime despite commitments to do so. The introduction of a fast-track VISA option and an extended period VISA option to ensure operational continuity for large international investors remains delayed. The department of Home Affairs must address the challenges related to visa regulations and finalise the introduction of a world class e-visa system. This includes the facilitation of high-skilled immigration.

Allocation of High Demand Spectrum

While the policy directive has been issued, it is important that momentum is not lost in the allocation of spectrum by ICASA. This must be expedited with clear roadmap towards the auctioning and allocation of high demand frequency.

Other Challenges

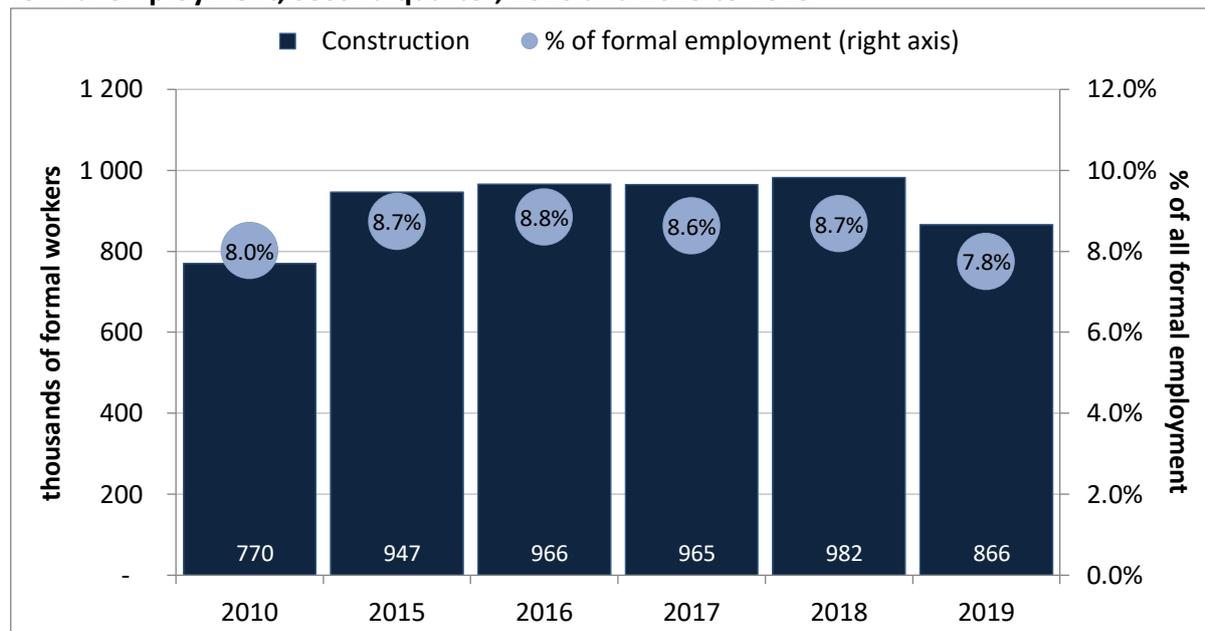
Policy and regulatory hurdles remain an impediment in delivering activities and achieving outcomes. We have also identified a number of other challenges in the report that must be addressed. These include amongst others:

- Delay in the implementation of the export scrap metal tax
- Delay in government departments not fulfilling commitments on projects
- Delay in the establishment of the Infrastructure Fund

3 Building and Construction

The following graph shows formal employment in construction for the second quarter from 2014 to 2019. In the year to June 2019, it shed over 115 000 jobs, or 12% of the total. From the first to the second quarter of 2019, formal employment in construction dropped by 2,2%, which contrasts with an average *growth* of 0,7% for the sector in this quarter from 2011 to 2018.

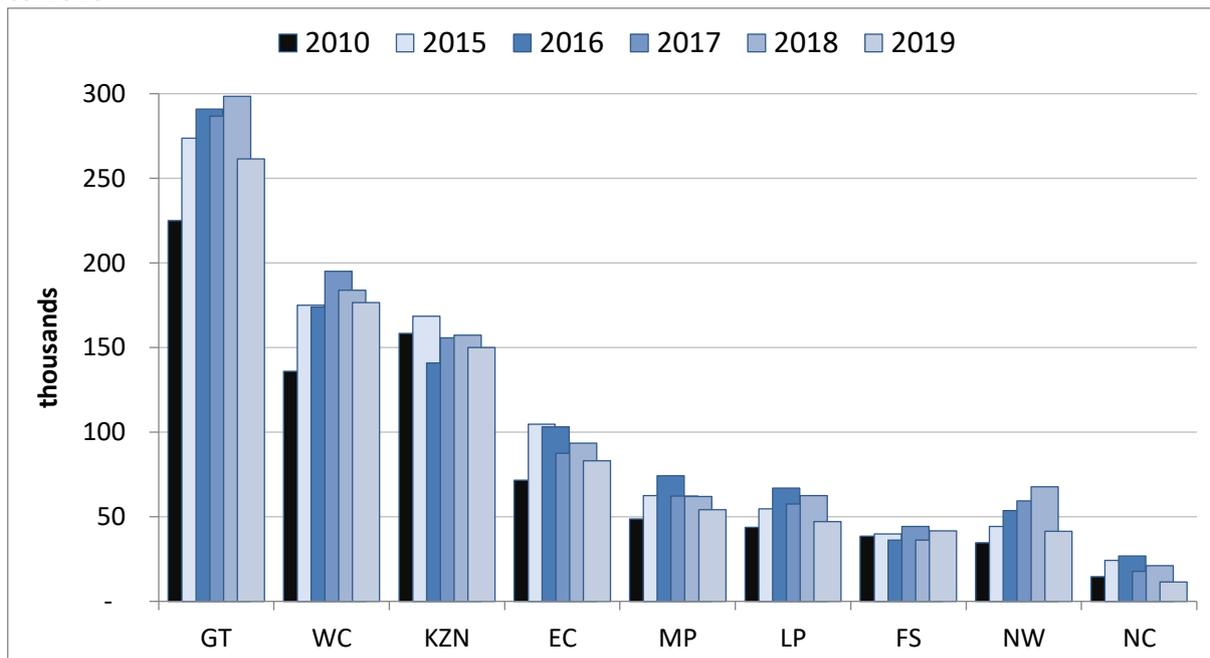
Graph 1. Formal employment in construction in thousands and as a percentage of total formal employment, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

By province, the largest proportional formal job losses in construction over the past year were in the Northern Cape, at 46%; the North West, at 39%; and Limpopo, at 25%. These provinces accounted for only 12% of formal employment in construction, but 44% of job losses, with a net decline of just over 50 000. Presumably their challenges mostly reflected the downturn in mining since the end of the commodity boom. In numbers, Gauteng alone lost almost 40 000 jobs, for a 12% fall – equal to the national average - while the Western Cape and KwaZulu Natal dropped under 5%.

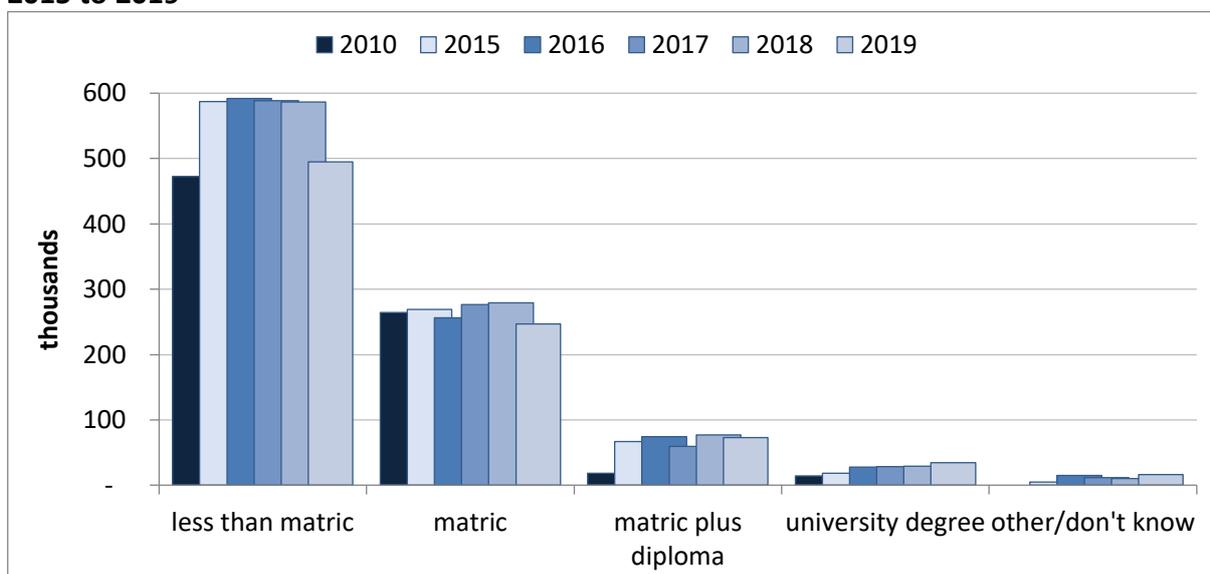
Graph 2. Formal employment in construction by province, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

The largest formal job losses were amongst workers without matric, while employment for university graduates reportedly increased. Workers with less than matric accounted for almost 80% of formal job losses in construction in the year to June 2018, when they made up under 60% of formal employment in the sector. In this period, the number of workers without matric in formal construction jobs fell by 16%, and workers with matric, by 12%. In contrast, the number of formal construction workers with a post-matric diploma climbed 3%, and the number with a university degree rose 18%, although both were off a much smaller base.

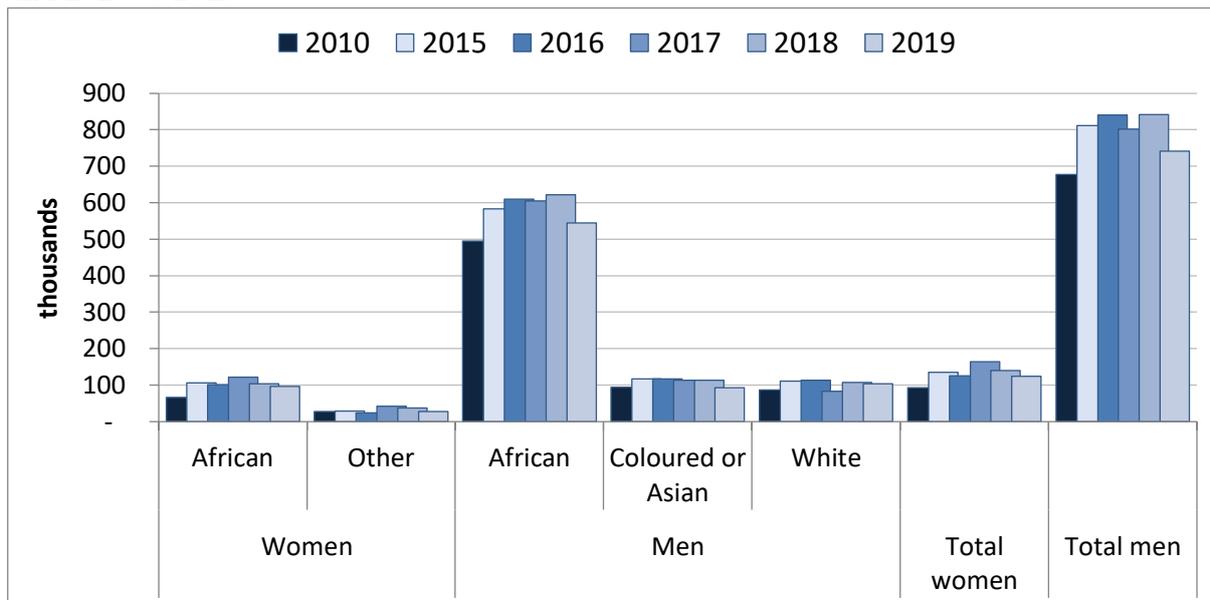
Graph 3. Formal employment in construction by education level, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

In terms of race and gender, the largest job losses in proportional terms occurred amongst non-African women (where the sample was too small to be reliable) and Coloured men, who saw a decline of 18% in formal construction employment in the year to June 2019. Overall, the rate of change was almost the same for women and men, leaving the share of women in the formal construction workforce at 14% in 2019.

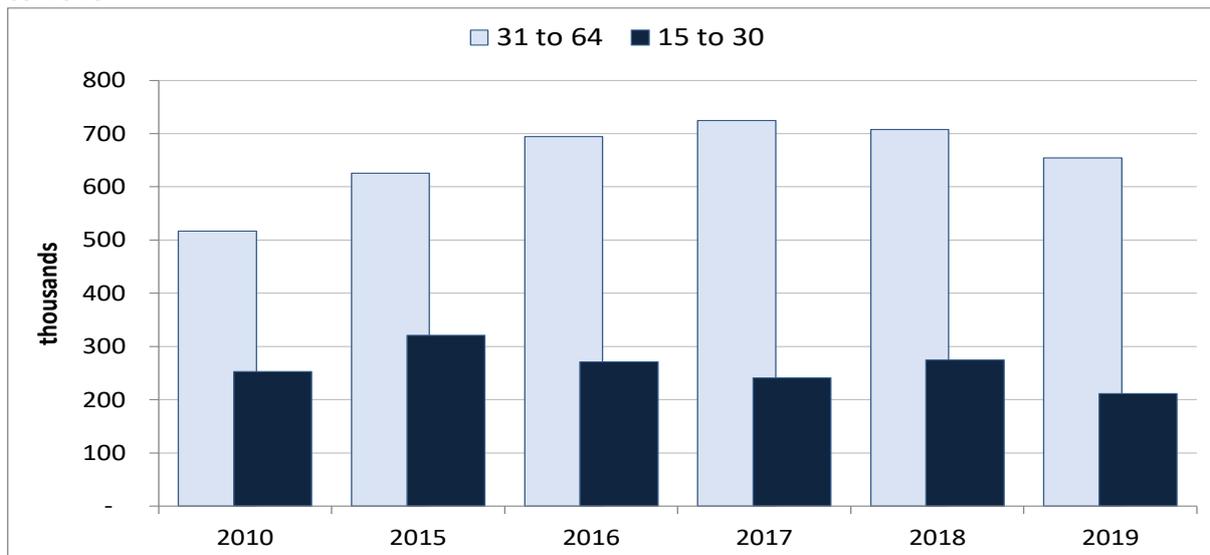
Graph 4. Formal employment in construction by race and gender, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

By age, young people aged 15 to 30 saw their formal construction employment fall by over half, although they only made up a quarter of all formal construction workers. In the formal sector, job losses typically affect younger people more because of the last in, first out principle.

Graph 5. Formal employment in construction by age group, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

With specific reference to the Temporary Employer/Employee Relief Scheme (TERS) data from the CCMA we see that:

- We see that 4 companies have applied for relief under the scheme, of which 2 had been approved and 2 are still underway. The companies included in this scheme include:
- Trenchless Technologies and PHI Maintenance Bathroom Renovations (Pty) Ltd have been recommended to partake in the scheme, thereby saving 105 jobs in the sector.
- Mount Calvary and Starling Plumbers are both still in process of having their applications finalised.
- The total number of jobs potentially at risk through these applications is 230.

The following table depicts the related projects that are either directly within the Building and Construction sector, or that have activities that are construction related, that have been agreed upon within the Jobs Summit Framework Agreement.

BUILDING AND CONSTRUCTION						
Programme	Project and Lead	Description	Actions	Progress	Challenges/Blockages	Outcomes
Sectoral interventions	1. Agriculture and agro-processing chain¹ Project Lead Business (AgBiz)	Fruit and Wine offers significant economic growth, and development opportunities through increased exports. Consistent growth in the global demand for fresh produce can potentially increase South Africa's horticultural trade from R54.4 billion to R90 billion by 2030. Government aims to expand the existing Public-Private Partnership initiatives it is having with FruitSA and Wine producers. The purpose of this initiative is to increase the production footprint of Fruit and Wine production in the country.	Construction of on-farm irrigation dams to expand production by an estimated 50 155 hectares.	Business reported that it had attempted to secure meetings with the DRDLR to establish a platform that will unlock the regulatory barriers that are preventing public-private-community partnerships for agricultural development.	Failure to develop the necessary partnership to implement an realise the project	268 000 in year one and 30 923 in year 2
	2. Smart Villages: Farm Worker Housing, Land Ownership and Agropreneurship	This is an integrated project aimed at securing land and the development of	Government funding for infrastructure and construction of the	The development of the Donations Policy is 60% complete and	The expeditious finalisation of the Donations Policy is required to enable further	72 jobs year 1 and 72 jobs year 2

¹ Note that this project is not within the sector per se, but have project components related to the industry.

	<p>Project Lead DAFF</p>	<p>'agropreneurship' among farm workers. Smart Villages involves both the provision of housing and the development of agri-business on the land.</p>	<p>villages</p>	<p>affected government Departments have been consulted.</p> <p>The target is to table the Policy to Cabinet for approval by December 2019.</p> <p>Business has also reported that several meetings have been held between DAFF, commercial farmers and other agricultural role-players to discuss the smart village concept.</p> <p>At these meetings, Commercial farmers expressed their willingness to make land available for this purpose.</p>	<p>progress to be made on this project.</p>	
	<p>3. Catalytic Human Settlements</p> <p>Project Lead: Human Settlements</p>	<p>There are currently 48 catalytic projects in development, which will aim to provide 635 000 housing opportunities across the country by 2019.</p>	<p>Government will contribute approximately R4 billion to an Infrastructure Fund, which will be used to stimulate economic growth and ensure improved household access to adequate housing in integrated</p>	<p>Government reported that National Treasury, supported by the DBSA, is in the process of establishing an Infrastructure Fund based on a public private partnership approach.</p>	<p>The Infrastructure Fund has still not been established.</p>	<p>5162 in year 1 and 10 335 in year 2</p>

			human settlements.			
Waste economy	<p>1. Beneficial use of Household/commercial waste²</p> <p>Project Lead: DEA</p>	<p>Initiatives to maximise diversion of waste from landfill sites have been developed, which are implemented and funded by the industry role-players. Diversion can be achieved through re-use, recycle and recovery of various waste streams including organic, construction and demolition (C&D), e-waste, and packaging waste (plastic, paper, metals, and glass).</p>	<p>Agreement with Government on industry waste management plan funding model.</p> <p>Municipal bylaws and IWMP that promote recycling.</p> <p>Agreement on model to incorporate informal sector into municipal waste management services.</p>	<p>Business reported that the construction of a demonstration plant will commence during second quarter of 2019.</p>	<p>Business reported the lack of agreement with Government on a funding model. Industry is willing and, in some cases, proceeding with funding initiatives but is waiting for certainty on Government intention.</p>	
	<p>2. Bulk industrial waste³</p> <p>Project Lead: DEA</p>	<p>Beneficial use of Ferrochrome Slag: Approximately, 4.5 million tonnes of slag is generated per annum that can be used for construction activities, such as road construction, brick making and concrete production. Ferrochrome slag is well utilised internationally as a preferred alternative to aggregate. Where slag is not beneficiated, it is disposed of</p>	<p>Social Partners will actively explore more beneficial options when the legal hurdles are removed. On average, 1 job can be created for each 1 000 tonnes of slag that is beneficiated. Over a five- (5) year timeframe, based on the current market demand and</p>	<p>The Department of Environmental Affairs is currently finalising the review and gazette of applications for 49 sites for which exclusions of waste streams from waste definition have been applied for. The list of exclusions is a waste stream or a portion of such a waste stream</p>	<p>Business reports that projects cannot proceed as applications for waste exclusion have not yet been considered by Government due to lack of progress on the regulatory process.</p> <p>The finalisation of this review is long overdue and the delay has meant that none of the proposed projects have been</p>	

² Note that this project is not within the sector per se, but have project components related to the industry.

³ Ditto

		at a landfill site.	opportunities for slag aggregate, it is estimated that five (5) small-scale and one (1) larger-scale projects for brickmaking can be established, as well as five ready mix concrete production facilities. As the market of the downstream user grows, additional projects can be implemented. The success of this project is highly dependent on the development of market opportunities and funding availability.	for beneficial use for: waste slag from ferrochrome metallurgy; ash from combustion plants; gypsum from pulp; paper and cardboard production and processing; as well as biomass from pulp, paper and cardboard production and processing as required for projects to be initiated.	initiated.	
Waste economy	4. Beneficial use of Coal Ash⁴ Project Lead: Business	Coal combustion residues (ash) generated by Sasol has long been demonstrated as a suitable alternative material for road construction and to manufacture ash cement bricks and panels including housing. Based on the experience of Sasol Sasolburg Operations, where a coarse ash dump was worked away over a period of 20 years, there is a potential to create	Social partners will explore possibilities with respect to ash being used as a building material and its potential for downstream manufacturing and use is enabled by SMMEs as well as by larger established companies.	Business reported that the construction of a demonstration plant will commence during second quarter of 2019	The commencement of this project is dependent on the regulatory regime being urgently addressed.	Potential 10 000 jobs

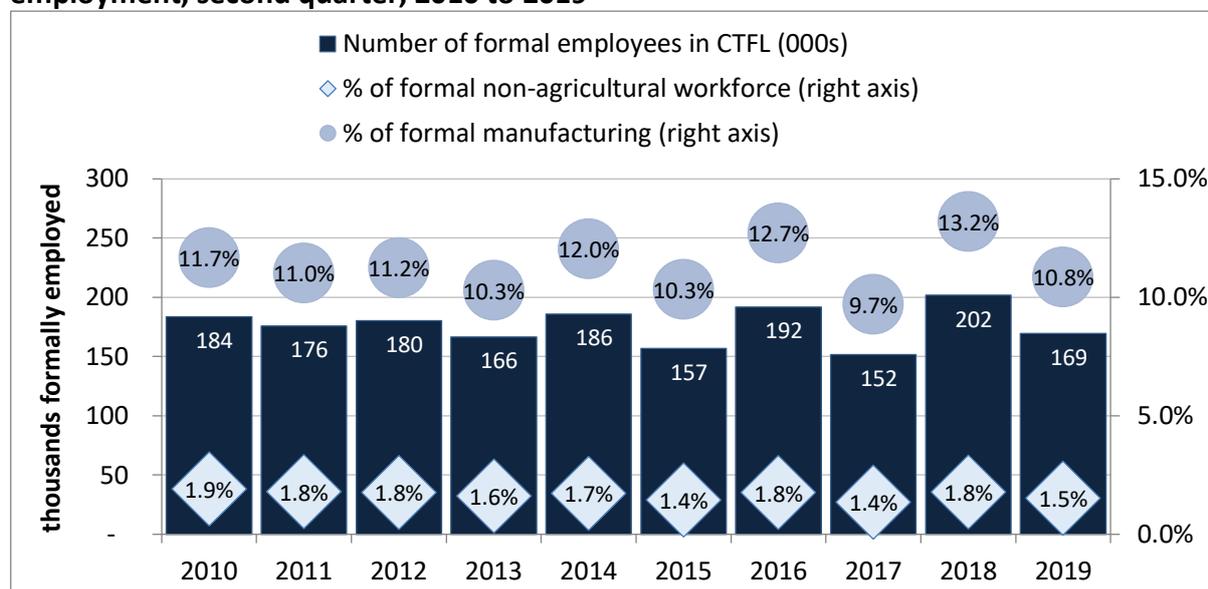
⁴ Note that this project is not within the sector per se, but have project components related to the industry.

		in the region of 10 000 jobs.				
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4 Clothing, textiles, footwear and leather

The following graph shows formal employment in clothing, textiles, footwear and leather (CTFL) for the second quarter from 2014 to 2019. It suggests that the number formally employed in the industry, according to the survey, has fluctuated significantly year on year, but over the long term has inched up. As a result, it has remained fairly stable as a share of manufacturing and total formal employment. That said, it is possible that the fluctuations are in part due to the relatively small size of the industry, which means the sample involved is fairly small.

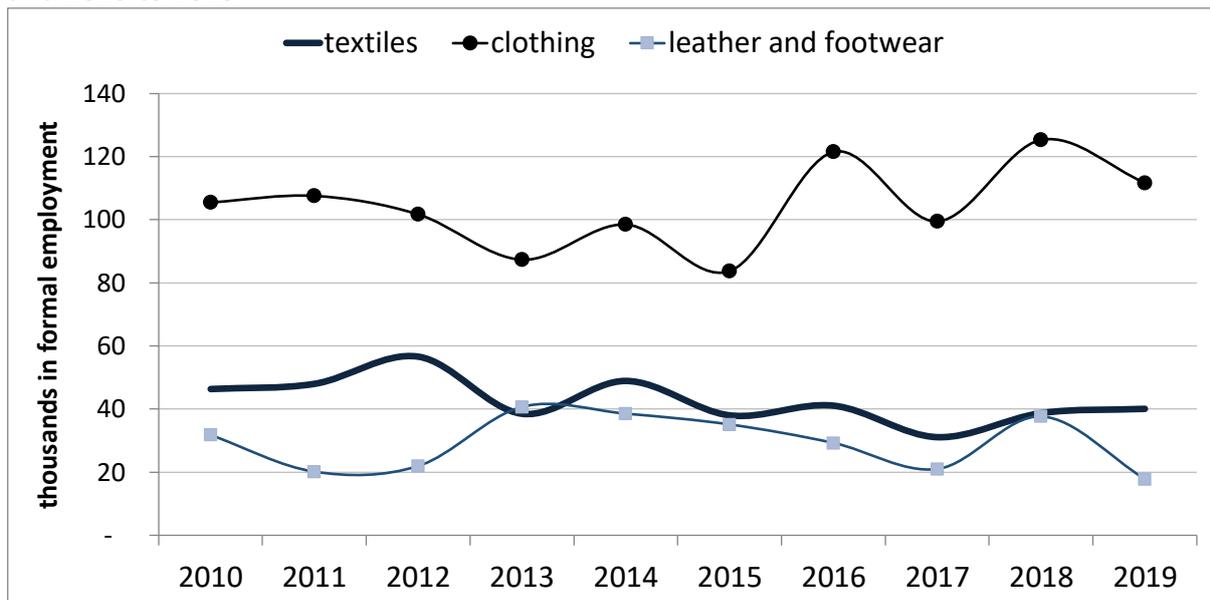
Graph 6. Formal employment in CTFL in thousands and as a percentage of total formal employment, second quarter, 2010 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

Substantial differences have emerged between the different components of CTFL over the past decade. As the following graph shows, formal employment in clothing rose from 2015 to 2016, then more or less stabilised. In contrast, both leather/footwear and textiles have tended to see diminishing numbers of formal jobs.

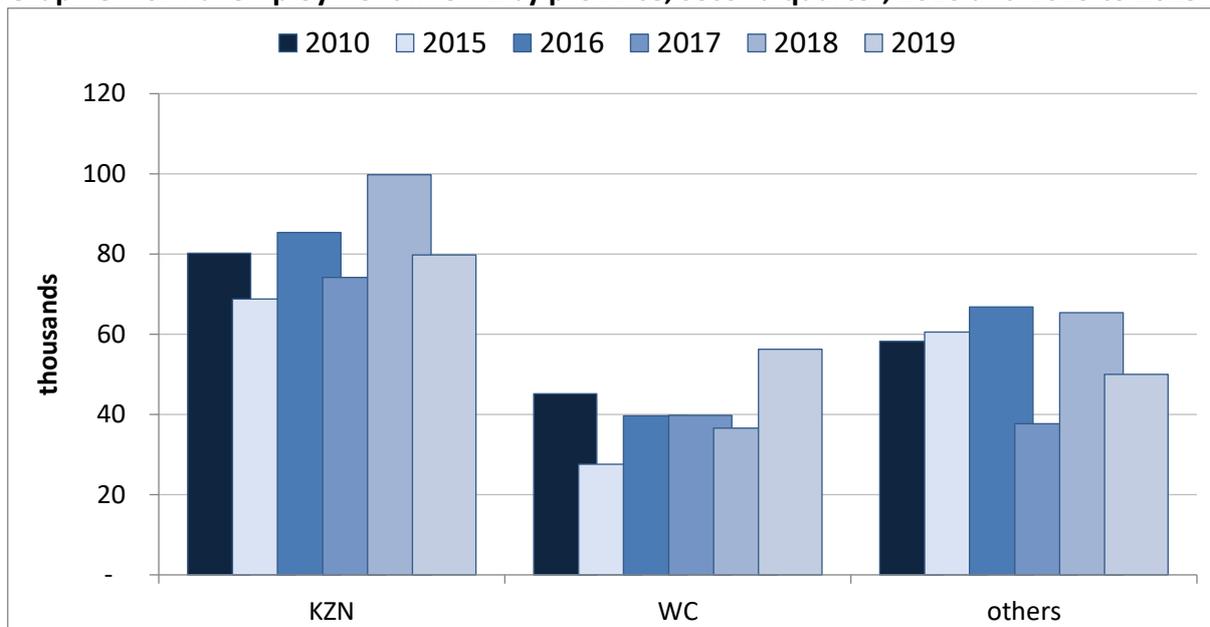
Graph 7. Formal employment in CTFL by subsector, in thousands, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

KwaZulu Natal and the Western Cape account for three quarters of formal employment in CTFL. They showed contradictory trends in the past year, although again the sample is small, making the findings less reliable. That said, while KwaZulu Natal reportedly lost jobs and the Western Cape gained in the year to June 2019, for the period before that the industry had tended to expand formal employment in KwaZulu Natal and was at best stable in the Western Cape.

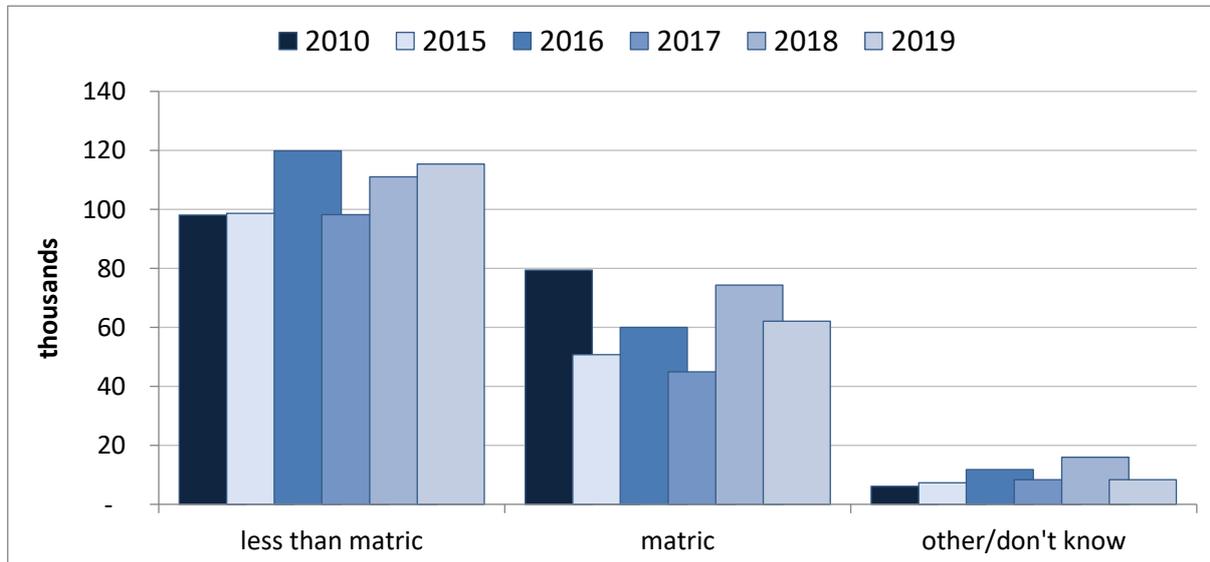
Graph 8. Formal employment in CTFL by province, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

Some 95% of workers in CTFL have matric or less. In the past year, workers with matric have seen job losses, while less educated workers have made gains. Too few workers have more than matric for a meaningful analysis.

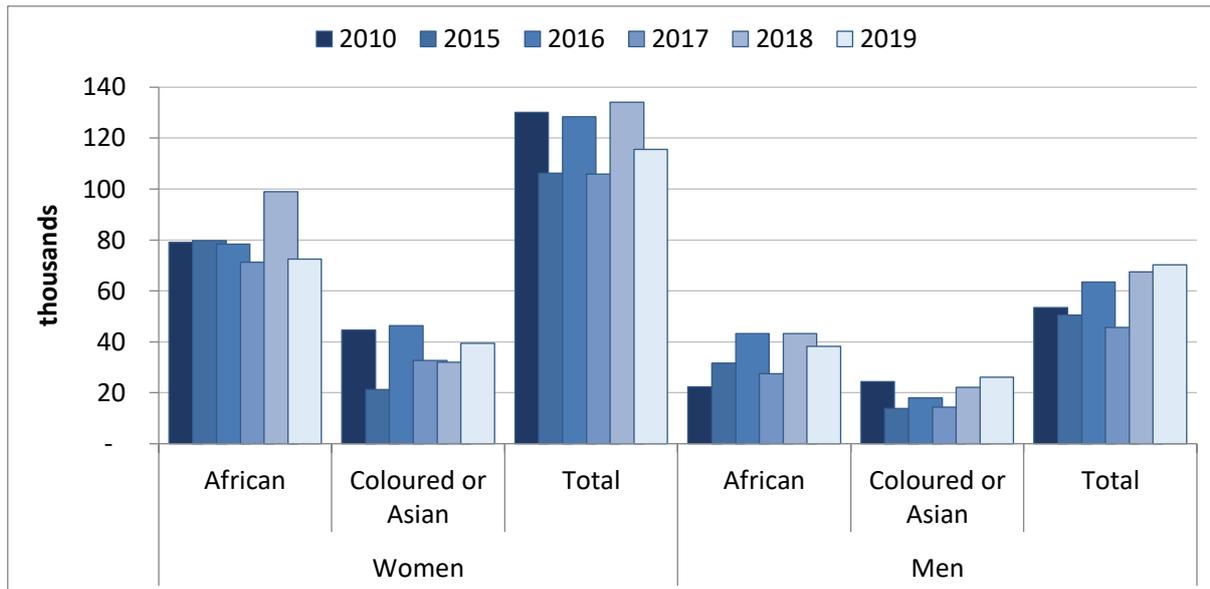
Graph 9. Formal employment in CTFL by education level, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

Women make up two thirds of formal employment in CTFL. In the year to June 2019, they lost 14% of their formal jobs, while men saw virtually none, but the figure may not be significant since it results from a reported out-of-trend spike in 2018. African women experienced virtually all of the formal job losses in CTFL in this period. In the longer trend, it appears that most job gains before 2018 went to men, while women saw a secular decline in formal employment. The number of white people in the industry, at under 10 000, was too small for analysis.

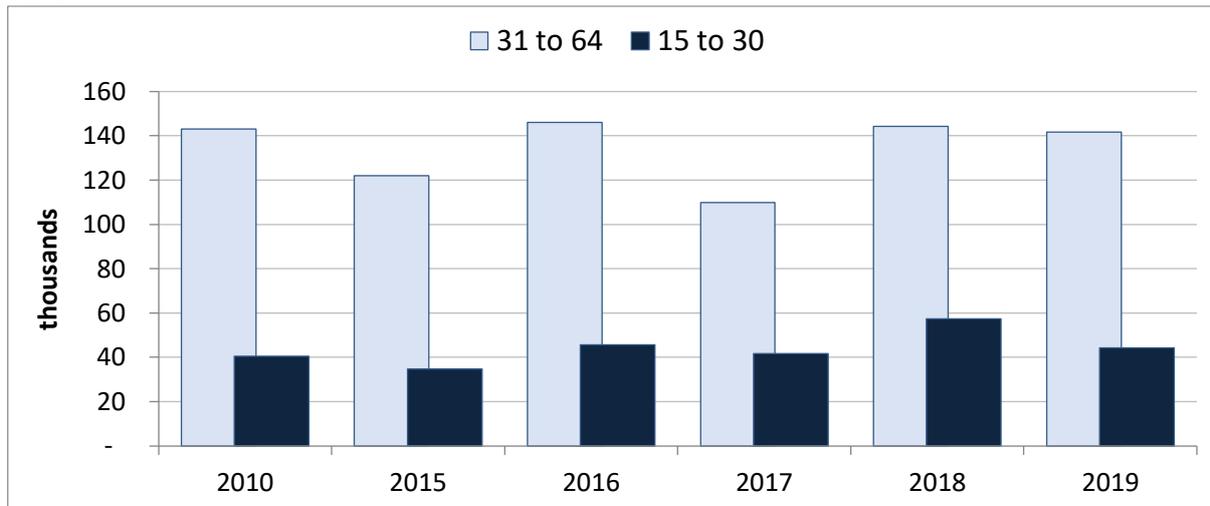
Graph 10. Formal employment in CTFL by race and gender, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

By age, young people aged 15 to 30 saw their formal CTFL employment fall by a quarter, compared to virtually no job losses for older workers. Again, in the formal sector, job losses typically affect younger people more because of the last in, first out principle.

Graph 11. Formal employment in CTFL by age group, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

With specific reference to the Temporary Employer/Employee Relief Scheme (TERS) data, from the CCMA, 6 companies has applied for relief under the scheme, of which 3 had been approved and 3 are still underway. These include:

Ahlesa Blankets (Pty) Ltd, Francarlo (Pty) Ltd and Colibri Towelling Western Cape (Pty) Ltd have been recommended to partake in the scheme, thereby saving 248 jobs in the sector.

WP Timber Products CC, Sirdicks and Bullet Proofing Technology (Pty) Ltd Bpt are in process of having their applications finalised, with a total of 228 jobs at risk.

The following table depicts the related projects within the CTFL sector that have been agreed upon within the Jobs Summit Framework Agreement:

CLOTHING, TEXTILES, FOOTWEAR AND LEATHER						
Programme	Project and Lead	Description	Actions	Progress	Challenges/Block ages	Outcomes
Sectoral interventions	5. Clothing, Textiles, Leather and Footwear Value-chain Project Lead: Government (The dti)	Social Partners in the sector have been working towards agreement on a Retail-Clothing, Textiles, Leather, and Footwear Masterplan, in order to grow employment in this labour-intensive sector.	Social Partners support the process towards the finalisation of the Retail-Clothing, Textiles, Leather, and Footwear Masterplan 2030 (R-CTLF); The Masterplan contemplates increased uptake of locally produced goods by domestic retailers. The modalities are being finalised by industry stakeholders at present but will include a number of interventions; Social Partners agreed that the CTCP should be continued until new incentives are developed to support the R-CTLF 2030 Masterplan; and Social Partners agreed that SARS will work intensively to combat illegal imports.	Work on the development of Retail, Clothing, Textile, Footwear and Leather value chain Masterplan 2030 has been completed. Policy recommendations were presented and reviewed by the Reference Group in April 2019. Additionally, R521m CTFL competitiveness programme budget has been approved. Crucially this is not the end of the process: the plan will now be considered by industry leaders and may be nuanced before it is finally adopted.		Masterplan has been completed
	Project Lead: Labour (SACTWU)	Supporting projects: Organised Labour, through one of its members, commits to open a union-owned		No progress report has been submitted		1600 jobs year 2

		clothing factory in the Eastern Cape during the 2019/ 2020 financial year, which shall initially create 100 jobs, and in this way help to play a role in the re-industrialisation of a province which suffers from widespread poverty and unemployment.				
	Workplace mechanisms to improve workplace collaboration	The Productivity and Training Institute (PTI) of the National Bargaining Council for the Clothing Manufacturing Industry (NBCCMI) has offered to make itself available to share its learning and lessons with other bargaining councils in the event that they wish to replicate such services. The PTI is a worker-centric productivity advisory service operated by the industry regulator and established by Employer and Employee bodies to the bargaining council as a value-added service to the Clothing Manufacturing Sector. Social Partners recognise that the establishment and expansion of such sectoral worker-centric	Training will be offered within the clothing and textile sector to improve productivity. This will be done against the ILO productivity standards.	The ILO is supporting this project and the CBPEP (EU) has agreed to fund this process.		1500 jobs year 2

		productivity services will require funding.				
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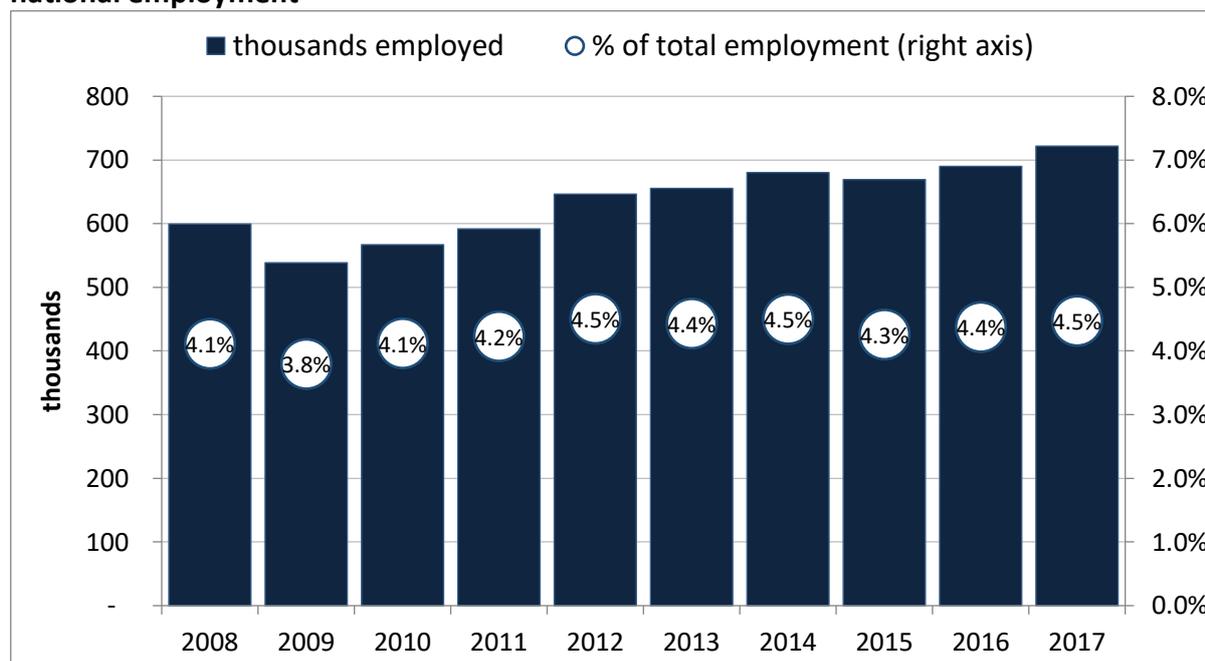
5 Tourism: Accommodation and catering

Tourism is not a category in the standard industrial classification, which means that its employment figures consolidate jobs from other standard industries. Statistics South Africa estimates that some 85% of tourism jobs were in road transport, accommodation and catering, and food and clothing retail in 2017. Tourism accounted for less than a tenth of jobs in retail, however, and only just over a third of those in road transport and food services. In contrast, it generated four out of five jobs in accommodation.

Statistics SA publishes a satellite account for tourism that includes estimates for employment, but only on an annual basis and most recently for 2017. This document provides a trend analysis from the satellite account, and then detailed information on food service and accommodation.

Statistics South Africa estimates total employment from tourism in South Africa at around 700 000, or 4,5% of all jobs in the country. Tourism employment saw a boost around the 2010 World Cup, but since then has grown at the same rate as the rest of the economy.

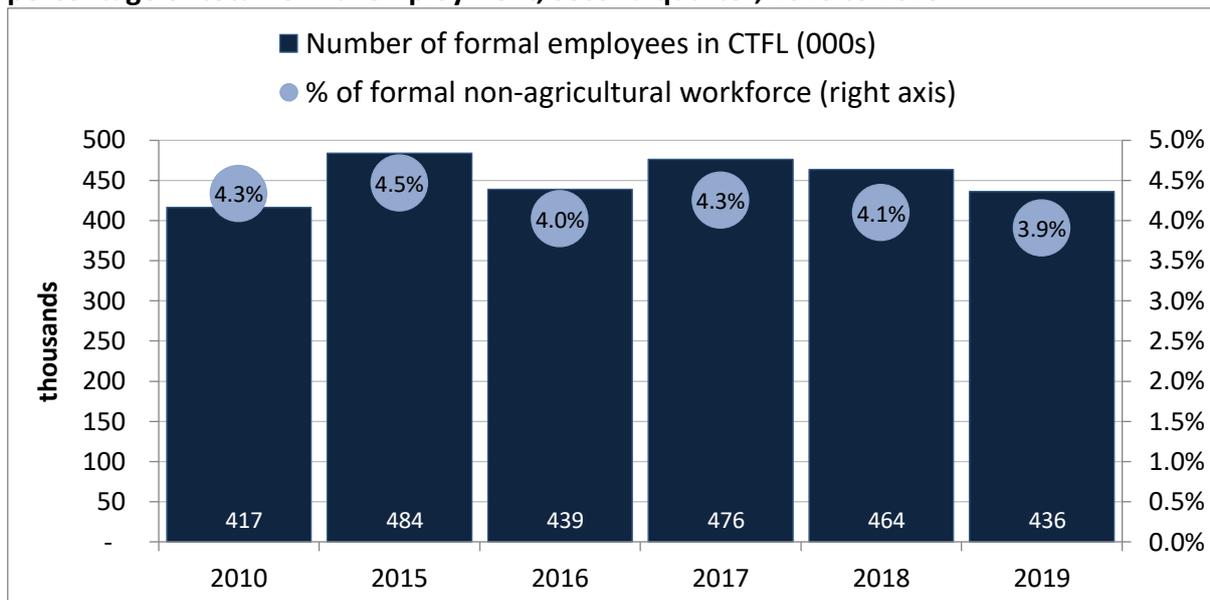
Graph 12. Estimated employment from tourism in thousands and as a percentage of total national employment



Source: Statistics South Africa. *Tourism Satellite Account 2017*. Pretoria.

The following graph shows formal employment in catering and accommodation for the second quarter from 2014 to 2019. Not all catering and accommodation forms part of tourism, however, since it serves local residents. The number reported has trended downward since 2015. In the year to June 2019, the industry reportedly lost 27 000 formal jobs, or 5% of the total.

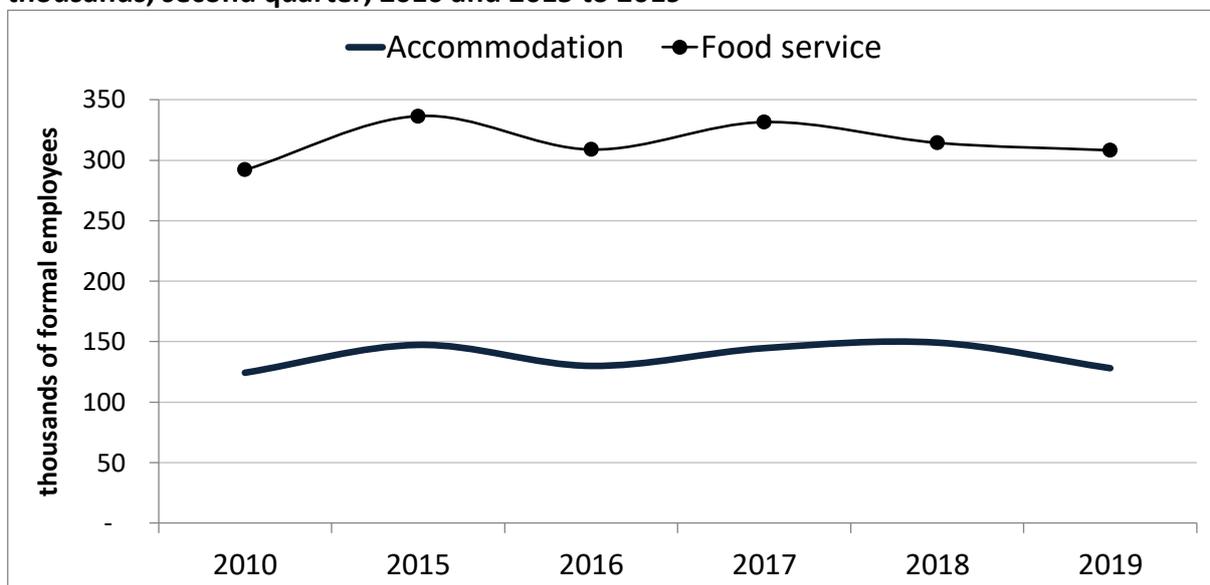
Graph 13. Formal employment in accommodation and catering in thousands and as a percentage of total formal employment, second quarter, 2010 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

As the following graph shows, accommodation and food service showed similar trends, although food service experienced sharper job losses in the year to June.

Graph 14. Formal employment in accommodation and catering by subsector, in thousands, second quarter, 2010 and 2015 to 2019

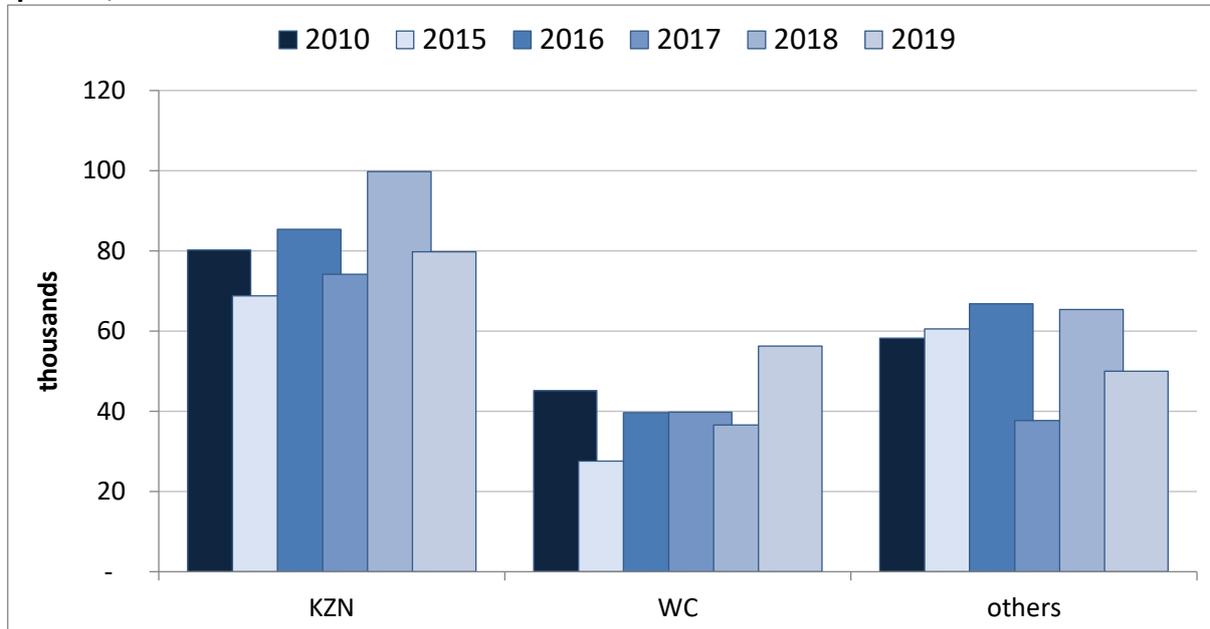


Source: Calculated by TIPS from QLFS for second quarter of relevant years.

Gauteng accounts for over 30% of formal employment in accommodation and catering, the Western Cape for almost 25%, and KwaZulu Natal for 15%. In the past year, Gauteng saw stable formal employment in the industry, while the Western Cape experienced a 15% fall

and KwaZulu Natal, 10%. Outside of Gauteng, formal jobs in accommodation and catering spiked in 2017.

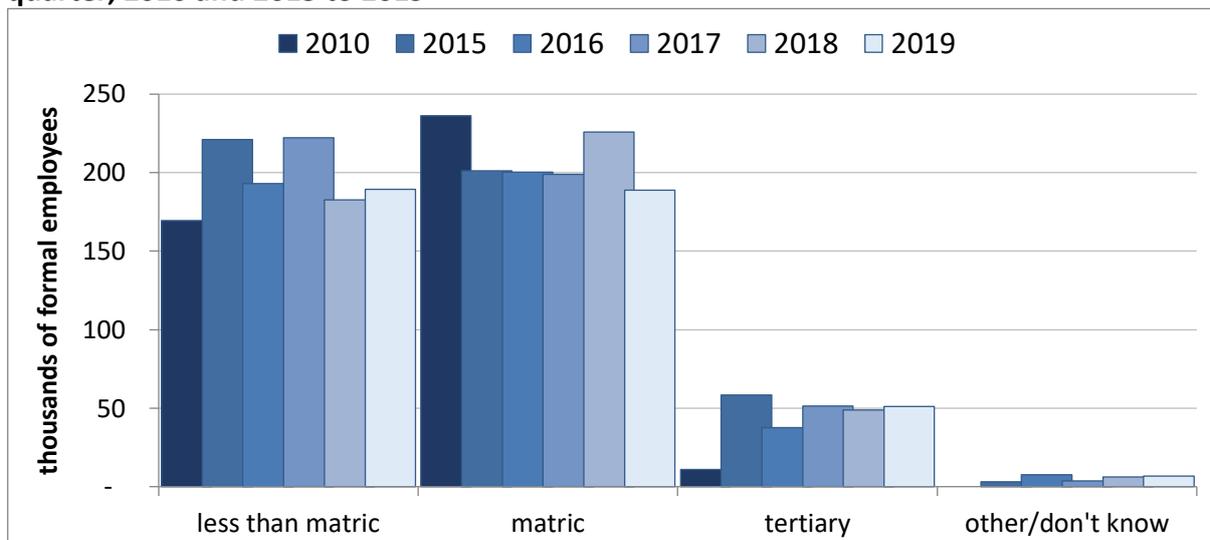
Graph 15. Formal employment in accommodation and catering by province, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

Some 85% of workers in accommodation and catering have matric or less. In the past year, workers with matric have seen job gains, while less educated workers have lost formal employment. Workers with a post-matric diploma or degree saw virtually no change in employment.

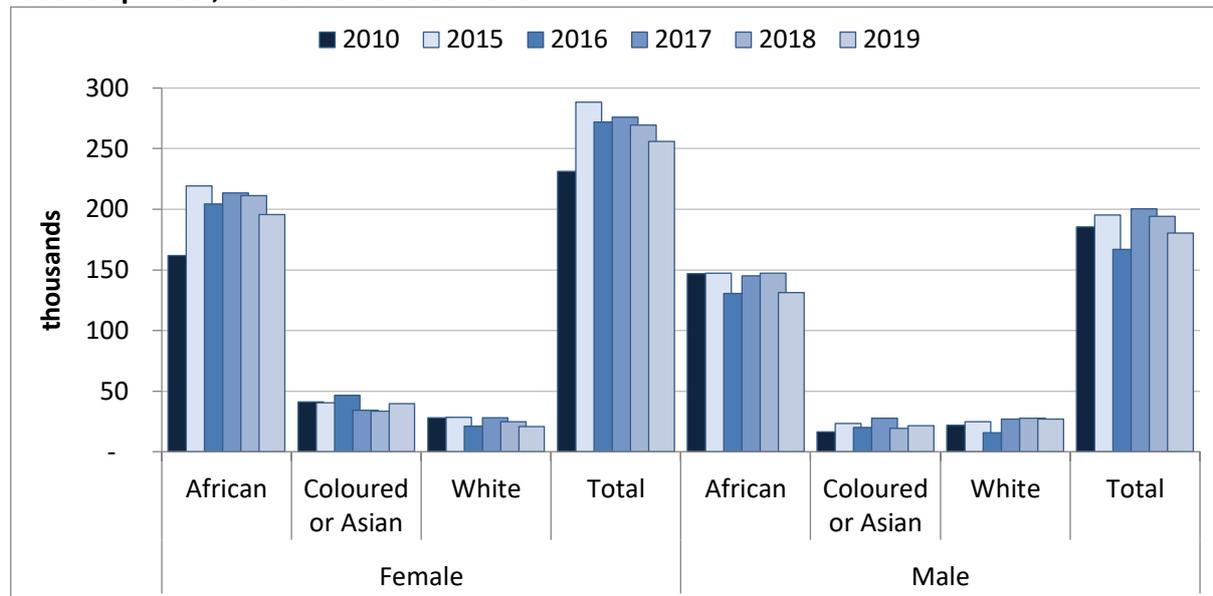
Graph 16. Formal employment in accommodation and catering by education level, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

There was virtually no difference in job losses between women, who comprised 60% of formal employment in the industry, and men in the year to the second quarter 2019. By race, it appears that non-African employment was stable while Africans tended to see job losses, but the sample for non-Africans was small.

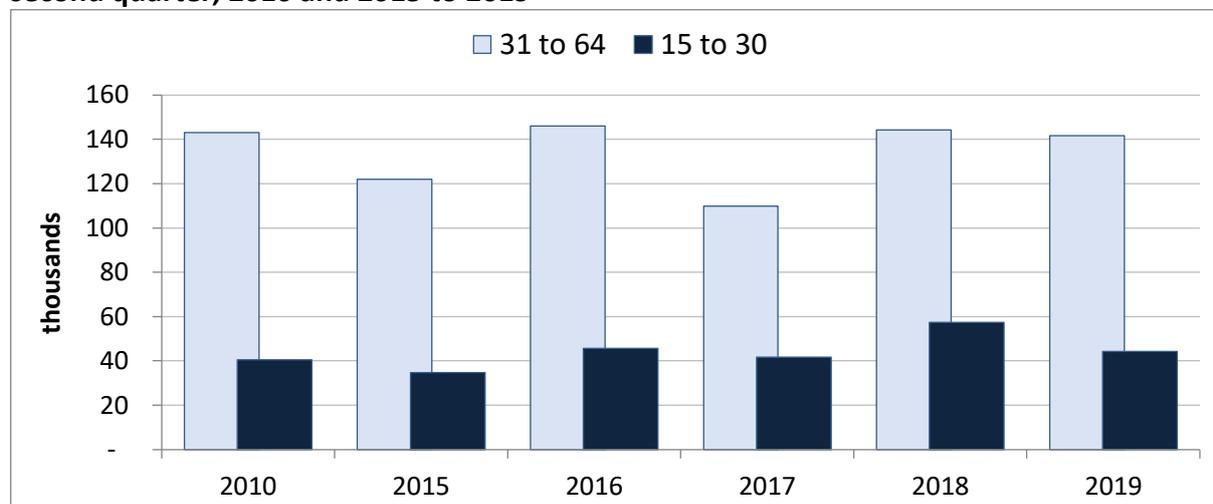
Graph 17. Formal employment in accommodation and catering by race and gender, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

By age, young people aged 15 to 30 saw their formal accommodation and catering employment fall by a quarter, compared to virtually no job losses for older workers. Again, in the formal sector, job losses typically affect younger people more because of the last in, first out principle.

Graph 18. Formal employment in ACCOMMODATION AND CATERING by age group, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

With specific reference to the Temporary Employer/Employee Relief Scheme (TERS) data, only one company, Bowigystix PTY LTD t/a Kwa Madwala Game Reserve had applied for relief under the scheme. Their application was finalised and 50 employees have been recommended for support.

The following table depicts the related projects within the Tourism sector that have been agreed upon within the Jobs Summit Framework Agreement:

TOURISM					
PROGRAMME	PROJECT	DESCRIPTION	ACTIONS	PROGRESS	CHALLENGES/BL OCKAGES
Expanding interventions by public and private sector on skills commitments for youth employment, including capacity building for young people	<p>1. Partnership through TVET to address the requirements of the Travel and Tourism Sector</p> <p>Project Lead: Business (BUSA)</p>	The Travel and Tourism Sector is one of those that contribute immensely to employment. The sector is focused on addressing the critical skills gap, which will contribute to creating jobs for South Africans. These critical skills include: tourist and nature guides, attraction guides, outdoors adventure guides, anti-poaching officers, safety officers and park rangers. In some cases, this is because of an aging workforce, in others link to a lack of certificate (amongst young people) and in others because of the absence of the requisite language skills (such as French, Portuguese, Spanish, Russian, Mandarin and German).	<p>Providing mentorship: young people will work alongside the current tour and nature guides for training purposes. This is seen as crucial in passing on the experience to the youth.</p> <p>The youth will also be supported to learn foreign languages so that they can work as tourist guides who will assist tourists that speak foreign languages.</p>	The Department of Higher Education and Training has reported that during the 2018/2019 financial year, CATHSSETA trained and certificated a total of 1762 workers and unemployed youth on Skills Programmes and 110 on full qualifications in the following: Skills Programmes (Culture site Guide; Adventure Site Guide; Dangerous Game Site Guide; Nature Site Guide) Full Qualifications (FETC: Tourist Guiding; NC: Tourism: Guiding).	Business reported that they had not made progress as planned (they are behind timeframes for implementation). Business explained that there were challenges in the planning phase and that they had not yet secured the requisite budget. They indicate that they are though beginning to make progress.
	<p>2. Smart Villages: Farm Worker Housing, Land Ownership and Agropreneurship</p> <p>Project Lead:</p>	<p>Supporting project</p> <p>Government has submitted a proposal to ensure the maintenance of National Park Assets as well as some of the attractions in the</p>	The Department of Higher Education and Training (DHET) recognises the development of language as a critical skill.	The barriers that were identified include that: The Department of Home Affairs must resolve the challenges relating to visa	Funding must be secured from the TOMSA Collaborative Fund as well as Culture, Arts, Tourism and

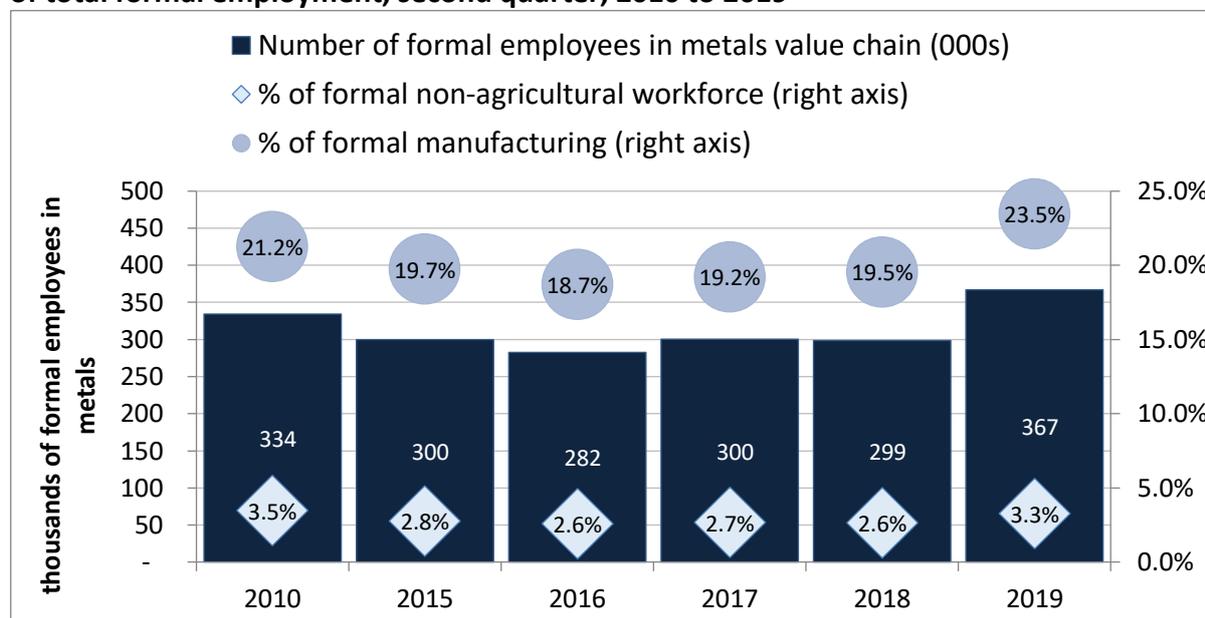
	<p>Specific department not submitted (Government)</p>	<p>country. The purpose of this is to ensure longevity and protection of the environmental infrastructure of these parks. This is a three- (3) year project, which will initially focus on five (5) national parks, namely, Kruger National Park, Addo Elephant Park, Golden Gate National Park, Kgalagadi National Park and the Marakele Reserve. Social Partners believe that the upkeep of these parks may open opportunities for the guides and park rangers that we are referring to in this proposal</p>		<p>regulations.</p> <p>There are also vehicle-licensing issues which affect tour and bus operators. This issue affects the usage of buses and shuttles that are used by operators in the sector.</p> <p>No progress report was provided by government with respect to these issues.</p>	<p>Hospitality SETA (Cathsseta).</p>
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6 Metals

The CCMA reported significant retrenchments in metals and engineering. In contrast, the Quarterly Labour Force Survey found job gains in the industry.

The following graph shows formal employment in metals and machinery for the second quarter in 2010 and from 2015 to 2019. The industry has struggle since it sustained major losses in the 2008/9 global financial crisis. Still, its formal employment showed a strong recovery in the year to June 2019, after plateauing from 2016 to 2018. In the year to June 2019, the industry reportedly gained 68 000 formal jobs, growing over 20%.

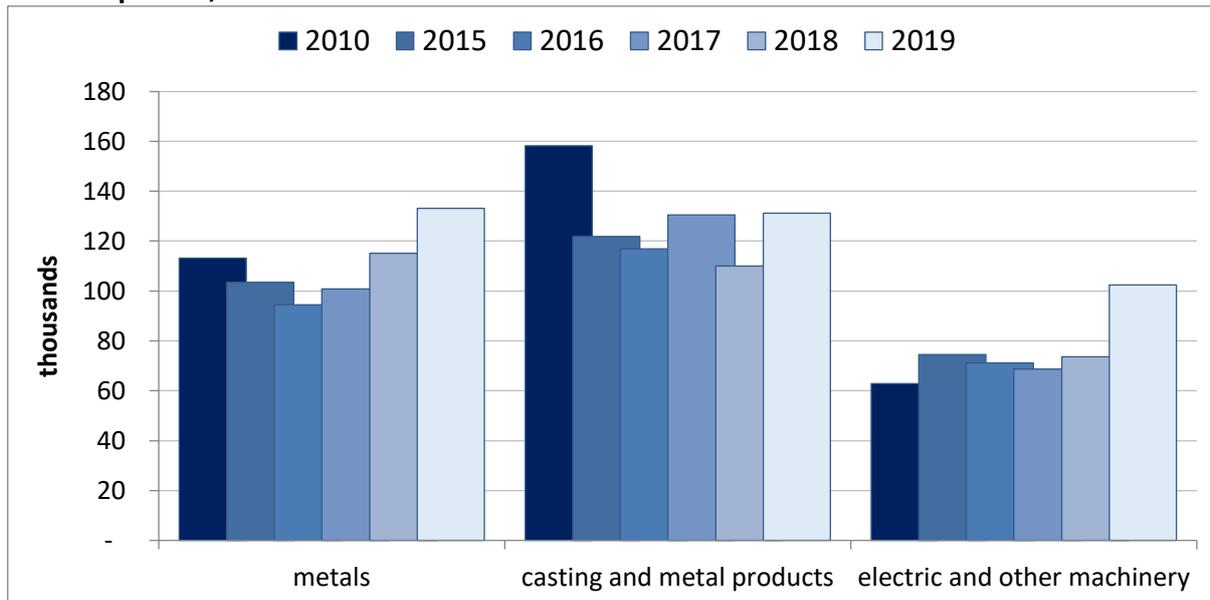
Graph 19. Formal employment in metals and machinery in thousands and as a percentage of total formal employment, second quarter, 2010 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

As the following graph shows, the bulk of employment was in metal refineries (around 80% steel and 20% precious metals) and in casting and metal products. Reported growth in the past year was however disproportionately in machinery production.

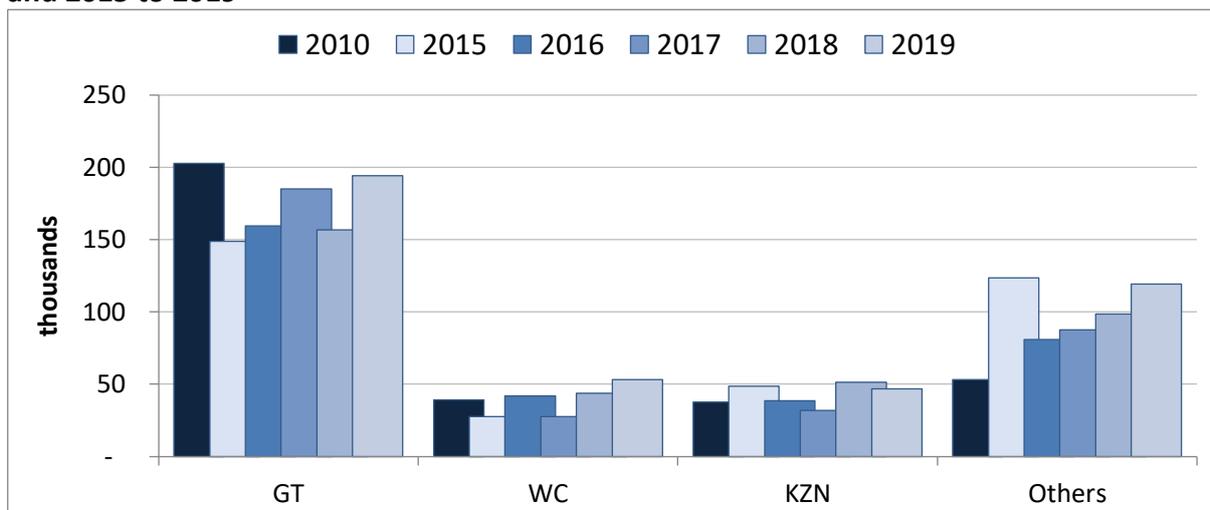
Graph 20. Formal employment in metals and machinery by subsector, in thousands, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

Gauteng accounts for over half of formal employment in metals and machinery, and the Western Cape and KwaZulu Natal for around a seventh each. Gauteng saw rapid formal employment growth in the metals value chain over the year to June 2019, taking forward a trend that prevailed in most years from 2015. In contrast, the Western Cape and KwaZulu Natal have experienced uneven growth. Other provinces as a group have seen steady growth in formal jobs in the metals value chain for most of the past decade.

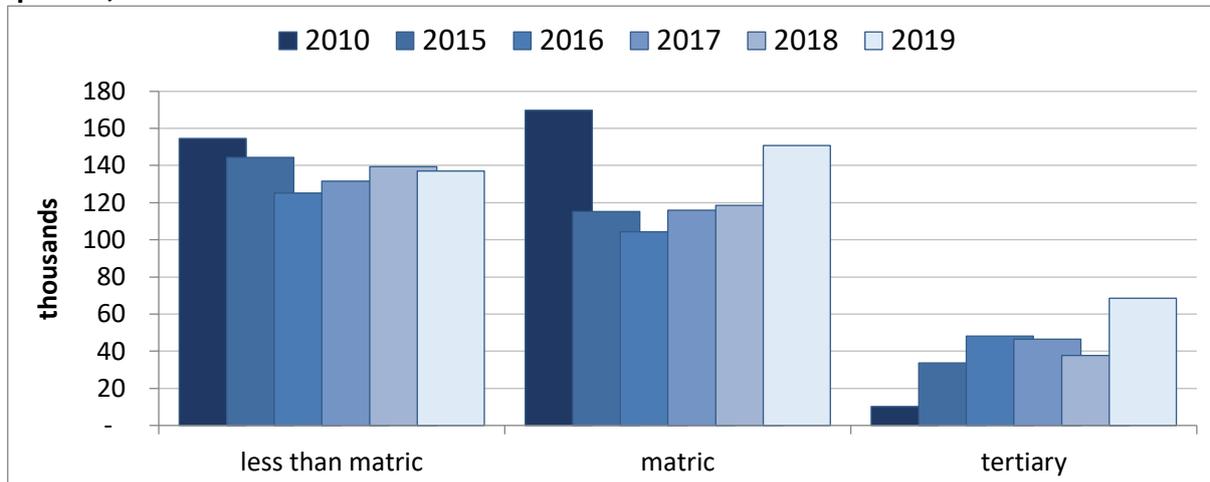
Graph 21. Formal employment in metals and machinery by province, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

Three quarters of workers in metals and machinery have matric or less. The share of more educated workers tended to grow over the past five years, and particularly in the year to June 2019.

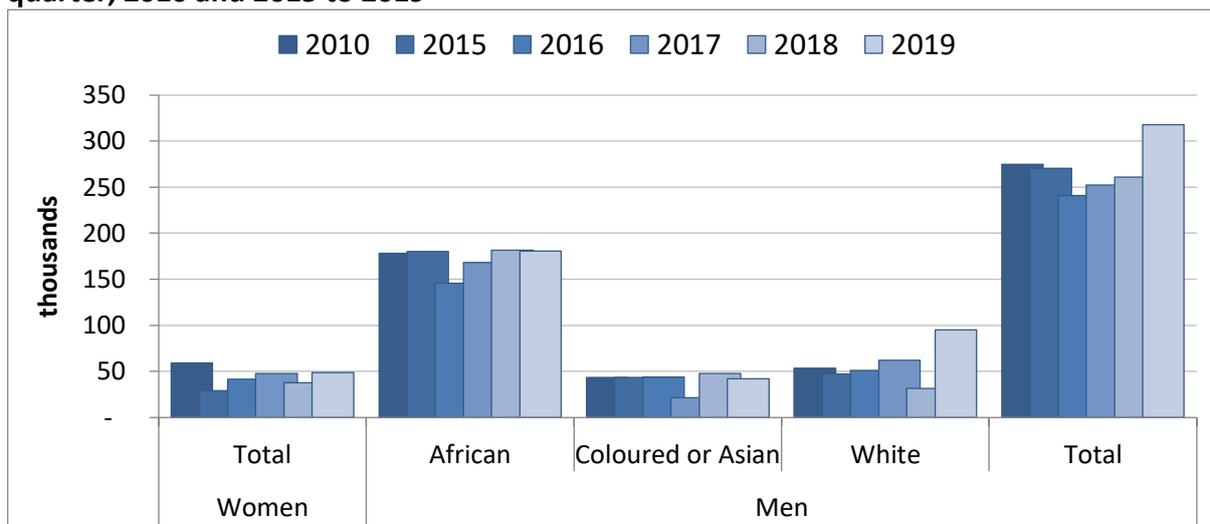
Graph 22. Formal employment in metals and machinery by education level, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

Just under one in seven formal workers in the metals value chain was a woman in 2019; as a result, the sample was too small to distinguish women’s jobs by race. Women as a whole saw slightly faster growth in formal employment than men. Virtually all the jobs gains reported in the year to June 2019 went to whites, but the sample was small.

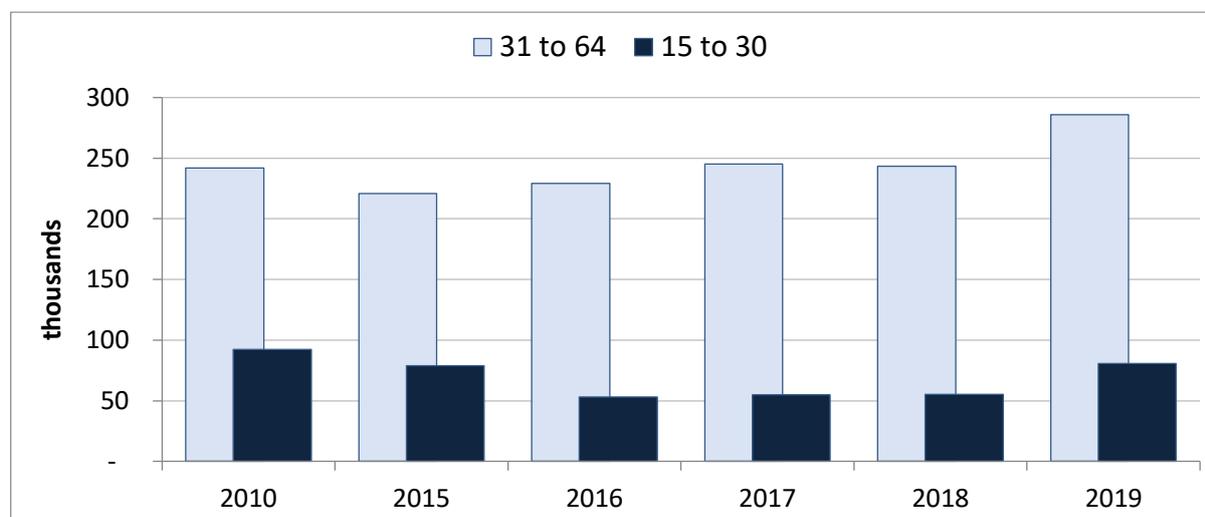
Graph 23. Formal employment in metals and machinery by race and gender, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

By age, young people aged 15 to 30 gained most of the jobs generated in the year to June 2019 in the formal metals value chain. They constituted a fifth of employment but enjoyed two fifths of the formal jobs gains.

Graph 24. Formal employment in metals and machinery by age group, second quarter, 2010 and 2015 to 2019



Source: Calculated by TIPS from QLFS for second quarter of relevant years.

With specific reference to the **Temporary Employer/Employee Relief Scheme (TERS)**, the data provided by the CCMA indicate that 25 applications have been received in the metals and engineering sector, of which 18 applications have been finalised, 5 are in process and 2 have not been recommended. In total, 1892 employees have been recommended for support under TERS, 503 employees may face job losses and 365 employees have faced job losses.

Companies that have been recommended for support under the TERS include: CGA Fenestration (Pty) Ltd, Iveco (Pty) Ltd, Wheel Assemblers, NLG Gloves cc, Rehau Polymer, Unlimited Solutions, Wire Poultry, Thata Ubeke Manufacturing (Pty) Ltd, KAP Automotive t/a Feltex, Finesse Panelbeaters cc, Tech Art Panel, Delberg Engineering, Lianru Galvanisers, Brake Lining, Capewell (Pty) LTD, Pfisterer (Pty) Ltd, Rehau Polymer Unlimited Solutions, Excellence Motor Trimmers t/a Big Sky Trading and Armco Superlite (Pty) Ltd.

The 5 applications that are still under are from the following companies:

Acrow Ltd, Lynx Emporium/Wear (Pty) Ltd, Curve Auto Glass CC t/a PG Glass Mafikeng, De haans MCV and Essa Steel Manufacturers.

Finally, the two applications that were not recommended for support are from Kromberg and EDS Switchboards.

At the Jobs Summit TERS task team meetings, it was reported that Fibre SETA and the MerSETA are the two SETAs that have been most responsive to the reconstituted TERS process. They have agreed to share their experiences of working with TERS with the other SETAs as they are making the system work.

The following table depicts the related projects within the metals and engineering industry sector that have been agreed upon within the Framework Agreement

METALS AND ENGINEERING						
Programme	Project and lead	Description	Interventions/Actions	Progress	Challenges/Blockages	Outcomes
Sectoral interventions	<p>6. Metals, Machinery and Mining Equipment</p> <p>Project Lead: The dti</p>	<p><u>Upstream Mining Equipment</u></p> <p>South Africa's mining sector continues to play an important role in the economy and is a critical source of demand for a range of manufacturing sectors. The Mining Phakisa held in 2015 led to a number of initiatives which sought to encourage stronger procurement relationships between the mining and mining equipment sector. These initiatives have enjoyed important early successes including:</p> <ul style="list-style-type: none"> • A comprehensive assessment of mining procurement; • Analysis of the opportunities to maximise mines' procurement from 	<p>Social Partners agreed to:</p> <ul style="list-style-type: none"> • Continue supporting the Mandela Mining Precinct, especially in developing capacity to drive supplier development and competitiveness; • Intensively pursue the export market opportunities identified in the Export Roadmap, including targeted export promotion activities especially on the African continent; • Develop partnerships and seek commitment from the Mining Companies to assign resources and grant access to data in order to upgrade the mining supply-chain so as to improve the mining sector's competitiveness; and • Transform domestic manufacturers in order to enable Mining Companies to achieve the targets set in Mining Charter III. 	<p>A short term (2 year) incentive tariff for smelters was approved by DOE for implementation by Nersa, however, Only two incentive tariff applications for smelters have been successful.</p> <p>In a parallel process, a government task team is currently working on a review of the industrial tariff to accommodate all energy intensive users. This task team must be revitalised and include industrial tariffs for all energy intensive users.</p> <p>It is recommended that all work on industrial tariffs be consolidated into a single task team and that the process be accelerated and includes meaningful consultation with business.</p>	<p>The unreliable security of electricity supply and high costs of electricity remains a barrier to making progress.</p>	<p>4650 jobs year 1</p> <p>4650 jobs in year 2</p>

		<p>local manufacturers and secure import replacement;</p> <ul style="list-style-type: none"> • Projects to upgrade mining supply-chains; • Development of the Mandela Mining Precinct with an initial set of 6 key R&D projects; and • Development of a mining equipment Export Roadmap. 				
		<p><u>Downstream Metals and Machinery</u></p> <p>The downstream metals and machinery sectors have experienced a significant increase in company closures, leading to the hollowing out of industrial capabilities mainly due to rising import penetration especially during the mining 'super-cycle'. In addition, the rapid and significant increases in electricity prices have severely undermined the competitiveness of especially the energy-intensive subsectors</p>	<p>Social Partners agreed that in order to develop and deepen South Africa's industrial capabilities in the downstream metals and machinery value-chains:</p> <ul style="list-style-type: none"> • Government will expeditiously finalise an export tax on scrap metal; • Government has finalised the Framework for Short-term Negotiated Pricing Agreements and will now expedite the implementation thereof; • Business, Labour, and Government will partner to communicate available incentives, especially the availability of the Steel Downstream Competitiveness 		<p>The export tax policy has still not been finalised.</p> <p>It has been recommended that National Treasury immediately release the export tax policy and table this for Social Partner engagement.</p>	<p>8000 year 1 and 16 000 year 2</p> <p><u>Regional Strategy</u></p> <p>9000 year 1 and 16 000 year 2:</p>

		including toolmakers and foundries. This has been exacerbated by the export of scrap metal which has undermined Government efforts to ensure the availability of scrap metal to local value-adding industries and led to the stripping of South Africa's infrastructure as a result of theft.	<p>Fund;</p> <ul style="list-style-type: none"> • Business, Labour and Government will develop a regional strategy for the sector to take advantage of the growth of the mining sector on the African continent; • Support the strengthening of Technical Vocational Education and Training (TVET) interventions to improve the supply of specialised, sector-specific skills to the sector as agreed in the Education & Skills WC; and • Implement a regional strategy to realise growing SADC demand (excluding South Africa) and to support the creation of a network of institutions for skills and technology sharing. Social Partners noted that South Africa is well positioned to supply growing regional markets, however, has been losing competitiveness in key markets like Zambia. 			
Increased commitments and interventions to support drop-outs and matrics to have the	1. Joint curriculum development for TVET Colleges for manufacturing skills	Social Partners have collectively undertaken research and worked on a partnership model to increase the relevance of technical and vocational training to the engineering Sector.	<ul style="list-style-type: none"> • Companies will be encouraged to form partnerships with colleges that are in their geographic area/s and are able to offer the programmes that they require the applicants to have. • TVET colleges will offer the 	In respect of the Support the strengthening of Technical Vocational Education and Training (TVET) interventions to improve the supply of specialised, sector-specific skills to this sector as agreed in the Education and Skill	The list of potential public-private partnership and mechanism to fund and expand those partnerships has not been forthcoming.	8000 year 1 and 16 000 year 2

<p>competencies needed for employment and self-employment</p>		<p>Project Lead: DHET and Business (Manufacturing Circle)</p>	<p>theoretical component of the programme (and practical if they already have the resources) and companies (and private providers as relevant) will offer the practical and workplace components.</p> <ul style="list-style-type: none"> • The partnerships will focus on occupations in demand. • Social Partners will reach agreement on enrolment criteria, selection process and work readiness (building on successful models). • DHET will enable TVET colleges to effectively participate in this initiative (scheduling of lecturer workplace experience and encouraging practice). 	<p>Working Committee, the DHET has commenced transforming TVET colleges to specialise and produce particular skills required by the economy. This includes the centres of Specialisation (which predates the Jobs Summit). In addition, DHET is seeking to support partnerships between TVET colleges and industry to offer occupational programmes in line with the Jobs Summit agreements.</p> <p>Consultative discussions with DHET, that took place in April 2019, confirmed that the Programme Qualification Mix provides a mechanism for TVET colleges to offer a range of occupational programmes that are responsive to demand.</p> <p>The discussion recognised that the Centres of Specialisation is but one of the solutions to enhancing the responsiveness of TVET colleges to industry demand and agreed that it would be useful to establish SETA commitments for funding occupational programmes in manufacturing.</p> <p>DHET has requested TVET colleges to express their interest and map it to industry</p>		
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				demand including manufacturing. The mapping would in turn enable Manufacturing Circle to identify possible partnerships between the colleges and manufacturing companies, SETA funding and flagship programmes such as the Skills Initiative for Africa.		
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