



**ADDRESS BY THE MINISTER OF HIGHER EDUCATION,  
SCIENCE AND TECHNOLOGY, DR BE NZIMANDE, ON  
THE OCCASION OF THE BLACK BUSINESS COUNCIL  
("BBC"), GALLAGHER ESTATE, JOHANNESBURG**

Wednesday, 4<sup>th</sup> March 2020

Programme Director;

President of the BBC, Mr Zungu and the Leadership collective of  
the BBC;

Distinguished Guests;

Ladies and Gentlemen

**I greet you all this afternoon**

I must thank you for inviting me to this important summit, of the  
Black Business Council. Your summit takes place immediately  
after President Ramaphosa's State of the Nation Address as well  
as the Budget Speech.

The President in his SONA address reminded us that *“Our country is facing a stark reality. Our economy has not grown at any meaningful rate for over a decade. Even as jobs are being created, the rate of unemployment is deepening”*.

Your summit also takes place just as we have received the bad news that our economy has entered a recession, thus compounding the difficulties we face in tackling the triple challenges of poverty, inequality and unemployment. This is a challenge to all of us that there is something we are not getting right.

Our response and the potential solution to our economic challenges remind us that we have to confront the foundations of the structural faultiness in our economy - the persistence of its predominantly being a mining economy with weak and declining industrialization and beneficiaries, and a financial sector that is not adequately investing into the productive sectors of our economy, and not responsive to the financial needs of SMEs.

Our path to turn around the economy points to the necessity to intensify the fight against state capture both in the public and private sectors, whilst at the same time not merely going back to some of the economic orthodoxies that precipitated the very global financial meltdown of 2008, whose impact is still being felt

globally to this day. Your summit calls for thinking out of the box about measures needed to create not just economic growth, but ***inclusive growth***.

You have captured it very well when you say that “*The long-term growth and success of black business is inextricably intertwined with the creation of employment for the people of South Africa, the alleviation of poverty and the improvement in the living conditions and standards of all South Africans*”.

Our own National Development Plan states that “***South Africa belongs to all its people and the future of our country is our collective responsibility***”.

Youth unemployment remains our utmost priority, as you aware that youth unemployment by the Fourth Quarter of 2019, as released by the StatsSA (“Quarterly Labour Force Survey”) on 11 February 2020, remains at 58.1% for those between the ages of 15-24 years, whilst for those not in Employment, Education and Training (“NEET”) for the same cohort remains at 3.3 million.

It is precisely during challenging and difficult times like this that we must not answer to our economic challenges through austerity measures, but by carefully identifying and investing in those areas of our economy that are likely to contribute to

sustained economic growth and development. Yes, we need to be financially prudent, but at the same time we must not cut our nose to spite our face, by responding through measures that may have the potential of stifling any prospects for economic recovery.

One of the areas to invest in during this time is that of education, training and science and innovation.

One of my priorities is to work closely with the private sector, including the BBC, in a partnership for skills development and innovation. Our task is not merely to return our old economy to growth and development, but to take it onto higher value chains through provision of skills and innovation for new industries. As you are aware education and skills development is one of the 7 priorities of this 6th administration.

As government we are playing our part in investing in post school education and training, as it is post school education and training (PSET) that acts as a transition between school and the workplace. It intervenes in the most critical period in the lives of our young people, the period between 15 and 24 years.

It is often access to quality post school education and training that makes the difference between success or failure in life at this age, on either being able to break out of the cycle of poverty or remaining forever trapped in life of vicious unemployment with no access to sustainable livelihoods.

This year government is going to be spending R35bn through NSFAS in supporting more than 700 000 students in universities and TVET colleges.

I am also going to be appointing a task team to investigate the feasibility of establishing an affordable higher education loan scheme to cater for those families that do not qualify for NSFAS, but are not wealthy enough to afford costly university studies in particular - the missing middle.

I must however put it upfront that one of the biggest weaknesses in our PSET system is the poor relationship between industry on the one hand, and universities and colleges on the other hand, manifesting in failure in producing work ready graduates or graduates capable of starting their own enterprises.

Quality post school education and training is a joint responsibility of government and industry and therefore we must stop the blame game and work together. It is for this reason that I have

decided to prioritise the building of relations between my ministry and industry by appointing Mr Nqaba Nqandela as my industrial envoy - to build sustainable relations between my ministry and our two departments on the one hand, and industry on the other hand. I urge you as BBC to work with him. These two departments are Higher Education **and** Training and Science and Innovation

What are the priority areas of co-operation between my departments and industry? The first key area of cooperation is that of forging and expanding the relationship between industry and the TVET college sector.

Throughout the world where there is supply of quality mid-level skills there is closer relationship between the two in order to provide workplace experience for especially students, but workplace exposure for college lecturers as well. Our goal as government is to ensure a component of work-based learning for our students and for all TVET college lecturers to spend a month in the workplace annually.

Let me briefly outline what we have done with respect to strengthening the TVET college sector.

## TVET COLLEGES AND CENTRES OF SPECIALISATION

The Centres of Specialisation Programme is a Department of Higher Education and Training (DHET) initiative designed to meet two objectives simultaneously:

**Firstly**, to address the demand for priority trades needed for the implementation of government's National Development Plan in general and its National Infrastructure Plan particularly; **Secondly**, to contribute towards the building of the capacity of its public Technical and Vocational Education and Training ("TVET") College system to deliver trade qualifications with employer partners.

The programme is doing this by focusing on the development of thirteen priority trades that have been identified as being in strong demand for the infrastructure programmes as well as for other strategic programmes such as the War on Leaks and the new oceans economy.

This will be a quantum step up from the past in so far as they are national qualifications and no longer sector specific as in the past – and they will be delivered using the dual system approach

whereby apprentices move between a college and a workplace over the duration of their period of study and prior to taking their trade test.

The Centres of Specialisation (COS) Programme is therefore the **third**, and significantly scaled-up, iteration of the dual system apprenticeship pilot programme with the German government that expands the initial pilot phase into a more long-term and sustainable programme across 19 TVET colleges and 26 Centres nation-wide.

In 2019 we have placed **820** apprentices that are now starting second year and we have a target of placing **840** apprentices in 2020.

We are inviting employers to take up this initiative by recruiting young people and placing them on apprenticeship Programmes.

I must also express my appreciation for the role played by various industry associations and employers in artisanal development through these centres of specialisation (“CoS”) such as the Retail Motor Industry (“RMI”), Steel and Engineering Industry Federation (“SEIFSA”), Institute of Plumbing (“IOPSA”) and South African Institute of Welding (“SAIW”) which are all part of this ground-breaking initiative.



During the recent visit of the German Chancellor Angela Merkel, she, together with our President Cyril Ramaphosa, supervised the signing of an important bilateral agreement to accelerate and expand technical cooperation on artisan training and the strengthening of our TVET college system.

At the heart of this cooperation is the strengthening of cooperation between TVET colleges and industry, together with the supportive role of the trade union movement.

We also wish to urge South African industry to adopt programmes in our TVET colleges and support them through the supply of training equipment and facilities, as well as part time lecturing by industry practitioners.

From our experience such partnerships benefit all participants: government is able to provide quality training through our colleges, and employers are able to identify the best trainees for recruitment into their companies.

Since now I am also responsible for science and innovation, as from April this year, I intend to incentivize and support innovation in the TVET college sector, as well as strengthen these colleges

to support skills provision and innovation for small and medium enterprises.

We invite the BBC to be a partner in all these exciting initiatives, as I believe these will be of mutual benefit to both our youth and industry, thus helping us to achieve our goals of inclusive growth and, as you also say, that your own success does indeed become inextricably linked to job creation for all our people.

As a department we want to achieve the following outcomes during this 6th Administration:

- Expanded access to post school education and training (“PSET”) opportunities, with a particular focus on;
- Improved success and efficiency of the PSET system;
- Improved quality of PSET provisioning;
- A responsive PSET system; and
- Efficiency within the Department of Higher Education and Training (DHET).

My Department is striving to create a South Africa that can provide decent opportunities for youth and adults through education and skills development initiatives, and I know President of the BBC Mr Zungu is close passionate about this.

My Department has committed to develop and implement a Priority Skills Plan (PSP) as part of over the next three years.

This plan will be developed in tandem with 17 sectoral Master Plans for the identified priority sectors through government's Industrial Policy Action Plan.

We are currently engaging with those involved in the development of the 17 economic Master Plans to ensure that the skills needed for the growth and development of these sectors are provided. This initiative is significant in that it seeks to concretely bring closer linkages between education and training on the one hand, and the economic priorities of our country, on the other.

Our Department of Higher Education and Training is working closely with business, both at the National Economic Development and Labour Council ("NEDLAC") and with the National Skills Authority ("the NSA") in concluding the new Sector Education and Training Authority (SETA) landscape, which will be implemented as from 1 April 2020 to 31 March 2030.

This is aimed at strengthening, realigning and repurposing the SETA system to take its rightful place in the skills revolution our

country so desires. We will continue to partner and work together in our skills development revolution, as we share the same commitment of tackling youth unemployment, amongst others.

## **SUCCESS AND EFFICIENCY OF THE POST SCHOOL EDUCATION AND TRAINING SYSTEM**

Public universities produced 227 188 graduates in 2018, reflecting a 48.2% (73 861) increase compared with 2010 (153 327).

The single largest category of graduates in 2018 were in the science, engineering and technology disciplines at (29.5% or 65 211), followed by the business and management (26.1% or 60 459) fields of study. In fact from about 3 years ago, for the first time ever in the history of our country, the majority of university students in the engineering and accounting fields in our universities are now black South Africans.

Completion rates in the TVET college sector also increased for N3, N6 and NC(V) Level 4 over the 2013–2018 period.

During this period, N3 completion rates increased by 38.6 percentage points (from 44.6 to 83.2%).

A higher increase was recorded for N6 (from 35.6 to 87.1%), resulting in a 51.5 percentage point increase.

Completion rate for NC(V) Level 4 in TVET colleges increased by a lower margin (from 37.0 to 53.9%).

My appeal as always, especially to the BBC, is that you must open up your workplaces, not only for internships but for work integrated learning so that these young people can complete their qualifications being work ready.

The National Skills Fund (NSF) is a critical national skills development resource funded through the skills development levy. Informed by the national skills development priorities, the NSF's funding focus and skills development implementation portfolio is two-pronged.

A significant allocation of the NSF's annual and medium-term budget is towards education and training initiatives such as bursaries and scholarships, learnership and skills programmes, and workplace-based learning.

Its funding is also aimed at improving the post-school, education and training system, with a focus on capacity building, investing in infrastructure, research and innovation.

For the 2020/21 financial year, the NSF has budgeted **R6.03 billion** towards skills funding initiatives consisting of education and training and improving the post-school education and training (“PSET”) system, and a total of **R16.08 billion** over the next three-year period.

Consistent with prior years, the NSF’s focus on education and training will be on the following areas of skills programmes and projects:

- Bursaries and scholarships (mainly for university students) - funding of undergraduate and post-graduate bursaries for university students aimed at scarce and critical skills areas;
- Occupational programmes (mainly for learners at public TVET colleges) - with a focus on programmatic funding of occupational programmes in the TVET colleges estimated at R2 billion over the next 3 years.

- Skills programmes (part qualifications) - mainly focused on learners at the Community Education and Training (CET) colleges;
- Workplace-based learning (learnerships, apprenticeships, candidacy, internships etc.) and
- Worker education.

Government, partnering with the private sector, plans an infrastructure spend on student accommodation over the next ten years of more than R120 bn, as announced by the President in his 2020 State of the Nation Address. It is clear to me that what is required is a comprehensive student accommodation strategy involving partnerships with the private sector to address this need.

For me, I see this as an opportunity for black South Africans and women to effectively become important players in property development, as well as using such infrastructure spend as a training platform for a variety of professional and artisanal skills in the property development sector. I see BBC as a very important partner in this regard.

One of the serious challenges many of our post school institutions are faced with is that of achieving stable governance. We have a huge challenge to stabilize our institutions. As government we are doing our part to address the many challenges of access and student accommodation to ensure a proper and stable learning environment. But we are concerned about protests that lead to destruction of property and threat to life and limb.

These must be strongly condemned by all South Africans. We therefore urge you as alumni of our various institutions to come closer and serve in alumni associations as well as governance structures of our institutions such as TVET colleges and universities. Your role as alumni of your own alma mater is also very important to ensure that there are returns for the monies we plough into our universities and colleges.

## **SKILLS REVOLUTION AND INNOVATION AS SIAMESE TWINS**

President Cyril Ramaphosa's decision to bring together under one Ministry higher education, training, science and technology provides huge opportunities to provide further oxygen to economic growth and development in our country. In today's world, the provision of high-quality skills and innovation are



inseparable partners in the development of a modern economy. There can be no modern economy without an effective combination of skills and innovation.

On this score there are a number of planned developments, including the following:

- My department of Science and Innovation will this year produce a ten-year (decadal) plan on science, technology and innovation to support our economic growth and development objectives. This will build on important work that has been done in the bio economy for instance to support health and agriculture, including research and development into renewable energy.
- The President has announced the establishment of a new University of Science and Innovation to be based in our industrial heartland of Ekurhuleni. This university aims to support industry, including the development of new industries and to help our country to be in the forefront of cutting-edge technologies in an area that is planned to be an Aerotropolis.

In the coming weeks I will be announcing the first steps towards the establishment of this new, exciting idea and institution.

- Later this month my department will be launching one of the two World Economic Forum's African Centres for the 4IR. We want this centre to have a dynamic partnership with industry and the trade unions as well as with our universities and science councils to focus on the important matters of governance of technologies in this world of rapid technological changes. The priority areas of focus for this centre must be determined by us as South Africans. I would therefore like the BBC to be one of the partners in this venture.
- Working with the National Treasury we will during this year start work towards the establishment of an Innovation Fund in order to strengthen and support innovation in our country. Our plan as government is that over the next decade we must increase investment into research, development and innovation from its current level of 0,8% spend of GDP to 1,5%.

It is also important for you to know that there can be no growth of black business without innovation.

I wish you a successful Summit!

**I THANK YOU**

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