

FP&M SETA POSITION PAPER ON THE NEW SETA LANDSCAPE PROPOSAL



1. Introduction

The FP&M SETA submits this response to the request for feedback and input into the New SETA Landscape proposal for NSDS & SETAs beyond 2016 within the context of an Integrated, Differentiated Post School Education and Training System.

As a SETA we have consulted widely with our stakeholders and attach the input of said consultations as annexures for reference purposes.

This submission by the Board of the FP&M SETA is a synthesis of this feedback and our deliberations as a board. We attempt to summarize our positions in terms of support and recommendations to improve and avoid potential weaknesses in the said proposals. This however, does not undermine the opinions expressed by our stakeholders during the consultation process and/or their individual submissions.

We reiterate that this submission does not attempt to restrict individual stakeholder groups from submitting individual submissions.

We take note of the extensive research work done informing the proposal and support many of the principles which drive the proposals such as -

- the principle of an Integrated System of Post School Education & Training;
- the principle of reducing costs by sharing transactional services, building towards similar and aligned reporting templates across SETAs;
- the principle of providing for staff job security and talent retention and growth by removing the five-year tenure of SETAs and providing for staff conditions of service which are aligned across SETAs.

We fully support the focus on the holistic language of occupations although we recommend extensive alignment with the SABPP drive to have global best practice standards in this regard.

We also support the focus on four levels of elaboration in the proposed NSDS IV and the formation of Occupational Teams.

The focus on producing career paths that supports and articulates the options of continual growth and wide ranging choices for young learners and work seekers, is supported.

2. Detailed recommended adjustments to the current proposal

a. Organisational Structure

Key to our position is the fact that the FP&M SETA is living testimony to the challenges of radical organisational change and this is backed up by worldwide organisational amalgamation experiences where different cultures are brought together and “oneness” aimed for, therefore leading us to our warning that the scale of change in this proposal is not possible within two years and should be scaled to take place over a minimum of five years. These changes should be project managed together with key teams of SETA staff across the clusters and managed so as to maintain the vast extent of superior functioning SETAs and avoiding the current rhetoric of driving all public opinion to relegate all SETAs to the level of an underperforming minority.

While we see the need to address problem areas identified in some under-performing SETAs, we do not agree with the proposal to overhaul the entire SETA system. It is our view that we should “fix what is broken” and build on the strengths of those components of the system which are working well.

It is generally felt that the proposal to combine the SETAs into five clusters would increase bureaucracy and cost and would affect the efficient delivery of the SETAs in those clusters. However, we would see some value in seeking coordination in areas where synergy could be obtained, for example, in the manufacturing SETAs where the principles and practices of world class manufacturing are imperative and would add value to the relevant SETAs. Furthermore, it would be of great value to include relevant TVET Colleges with the requisite skills offerings in manufacturing in the process.

Information for career pathing should be a key process governed by DHET which would include increasing awareness and interaction with, for example, existing infrastructure such as the Khetha Career Development Services. Furthermore, it is our view that the career planning needs to be coordinated between the Ministry of Higher Education and Training and the Ministry of Basic Education in order that learners are exposed to career information and opportunities throughout their studies. It would also be important for the language of occupations to also be introduced at school level.

We recognize the need to enhance the NSF ability to meet national priorities and that these need to be researched and managed by DHET, however throwing out the “baby with the bathwater” as is structured in the current funding proposal is not only irresponsible but shortsighted. It must be noted that we caution against the concept of wholesale centralisation which has proven to be a flawed skills delivery mechanism. An example of this is the delay in the appointment of SETA board members and the poor implementation of the Training Lay-off Scheme which is critical for employment sustainability in the fibre processing and manufacturing sector.

b. Funding

i. Funding allocation to National Skills Fund

As indicated, we agree that national priorities require more funding. In order to do this, our view is as follows:

- Increase the current NSF portion of the skills levy to **40,5%** of the levy (this equates to a 100% increase).
- The allocation to SARS of 2% would remain the same as would the 0,5% for QCTO which would be managed by NSF.
- We further recommend that only recognised industry (employer/employee) organisations or social partners should be able to apply for a large portion of the PIVOTAL NSF funding (38%).
- Funding focus should be on collaborative projects which utilise the combined responsiveness and accountability of stakeholders. As an example, where stakeholder associations apply for projects, we get the combined synergy of participating businesses and their collaborative relationships with higher education delivery partnerships.
- It should also be noted that the above will be augmented with voted funds and this will create hugely improved revenue streams to support the Government's identified MTEF national priorities.

ii. Funding allocation to SETAs

Administration Costs

- SETAs remain responsible for the 10% administration allocation.
- Salary costs now run through DHET should be charged back to the SETAs thus allowing for freedom to manage organisational design and staffing levels at sector level, however should be capped at 60% maximum of the admin costs.
- As and when the shared component costs are assessed and implemented across the entire SETA landscape these costs can be recovered from the 10% thus making the entire process more efficient and hopefully more effective.
- Savings in admin costs could be effected via the implementation of transactional shared services which should be the first project priority to be addressed by a Joint SETA Project Management Team.
- It must be noted that this change can be designed and implemented over the next two years, (April 2016 – March 2018). This improvement will thus be made possible within the current extension to NSDS III's life cycle.
- We believe that these transactional areas of focus should include:
 - Job grading and remuneration;
 - Payroll systems
 - IT systems for financial management processes and practices
 - Management information systems including standardised workplace skills planning and reporting

Mandatory (Workplace Skills Planning) Grants

- SETAs remain responsible for the 20% mandatory grant to employers with agreement across the SETA landscape on the key functional requirement for being eligible for this grant.
- The current proposal is open to interpretation and far too contentious and requires carefully considered parameters to ensure consistent adjudication. The purpose of the process would be to ensure effective and efficient gathering and reporting of business related data for improved decision making.
- It would be important that any templates provided must be user-friendly particularly for small companies which currently struggle to meet the increasingly onerous demands placed upon them.
- It is important to note that the above process is extremely demanding and to assume that currently SETAs have this capacity is shortsighted. Our view is that integrated effort and coordination are required here.

Discretionary Grants

We recommend a balanced approach with respect to the discretionary grant allocation and propose the following:

- An allocation of 10% ringfenced for sector specific PIVOTAL discretionary funding for Artisanal development and TVET support. This would contribute to meeting targets set realistically per sector.
- An allocation of 19,5% to drive PIVOTAL programmes and projects specific to sector industry strategic needs.

We would like to stress at this point that the top down targets and scorecards currently imposed on SETAs are extremely restrictive. This is the key reason for the fragmented approach to national priority support. Far more rigour is required by DHET in utilizing the sector realities in assisting to reduce that national skills gaps.

The broad brush current statistical methods utilised are ineffective and do not encourage maximum use of TVET College partnerships. In a recent study tour undertaken by the FP&M SETA to Brazil it was found that a TVET in any geographical area should be directly linked to industry across sectors to satisfy local skills development needs.

SETAs should interact closely with TVET Colleges to foster cross-sectoral skills delivery in areas of local need. Therefore, the inclusion of strong industry representation on TVET Boards is of critical importance.

The articulated aim of relying on business to support the vital world of work and experiential component of skills development within the proposal without sufficient funding to do so, is ill conceived and doomed to alienate the business / organisational private workspace utilisation proposal.

With the premise in mind that Government and in particularly the DHET (with no disrespect meant) should not take it upon themselves to dictate the business agenda for sectors, it is felt that there needs to be sufficient funding accessible for the stimulation of sector specific support for skills development and encouragement for collaboration around critical workplace competence requirements.

SETAs should be held responsible for sector skills issues and the coordination of national skills development support through collaborative project management for the NSF driven funding model. This implies that the development and growth of specific sectoral expertise should remain at SETA level and

not at DHET or other levels. In this way it would be possible to improve current Stakeholder collaboration by reducing bureaucracy and closing the distance between industry and the SETAs.

c. Structuring and responsibility of SETA Boards

The re-focusing of current SETA boards to that of advisory functionaries with a veto right at government official level, is fraught with danger and nepotism.

We propose that SETA boards retain their fiduciary responsibility and decision-making capabilities in the context of the requirements of their sectors and associated stakeholders. Non-functioning boards would require specific attention to meet the benchmark standards set by current exemplary SETA boards.

Furthermore, the boards should be strengthened by the appointment of a DHET board member with normal voting rights.

We would point out that with the requisite care taken in the nomination of the correct level of skilled board members, the business of a SETA runs extremely efficiently as is seen in a number of well-performing SETAs. Therefore a detailed skills profile is required to cater for the diversified functions required i.e. finance, strategy, organisational development, skills development and community liaison.

It would be important therefore to appoint employer and labour leaders that are business minded and competent to guide the SETAs to contribute more meaningfully to the national and sectoral imperatives including multilateral agreements and sector charters.

Furthermore, it would be imperative to embark on a rigorous training process for all board members so that they fully understand their roles and contribute meaningfully to the functioning of a highly effective and efficient board.

We highlight the fact that -

- The NSLP proposal seems to focus only on the SETA environment which primarily serves stakeholders in designated sectors.
- The Higher Education Institutions appear to be excluded from the recommendations when in fact the reality is that we require their partnership on qualifications and workplace learning.
- An example is that the 3-year National diploma and other qualifications where learning in the workplace is in an academic requirement, are being redesigned to exclude this component.
- In this proposal, the need for SETA and industry to augment this learning requirement is stressed and we respectfully submit that there is a massive misalignment of design and implementation integration in this regard.

d. Leadership of SETAs

Given that our view is that we should retain functioning SETAs, we would like to highlight that it would be imperative that current CEOs of exceptional quality and capacity would need to remain at the helm of these SETAs in future.

These very capable individuals come at a competitive pricing model out of industry, and not from Government departments. Therefore, the idea of normalising salaries and conditions of service of these key role players would be counter-productive in that they would cease to be high-level business leaders as many of them are at present. This would affect the SETAs ability to perform optimally in the future.

We believe that these key roles should be left as 5-year term independent recruited and remunerated posts reporting to SETA Board who will now have DHET representation, so as to drive the efficiency and credible business mindedness required of this critical integration interface for skills development.

3. Input from SACTWU

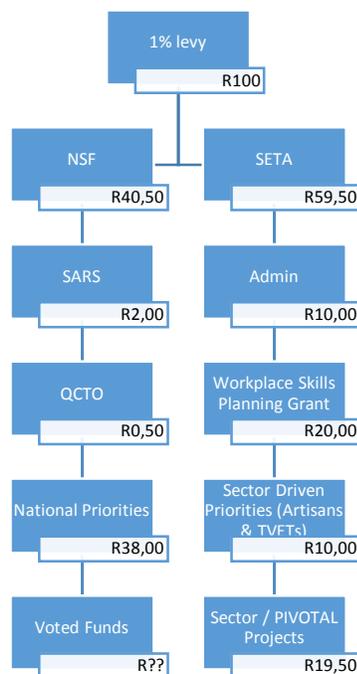
It is important to note that trade unions are equal stakeholder partners in the FP&M SETA board. SACTWU, a majority trade union partner, has made the following specific proposals:

- Increase the mandatory (workplace skills planning) grant allocation in order to increase the response rate of industry with regards to workplace skills plan submissions.
- Strengthen the oversight of the DHET and SETAs with regards to implementation of workplace skills plans – a proposal is made to utilise bargaining councils for this purpose.
- Do not change the name of SETAs to SETABs and continue to recognise labour and business as decision making partners, instead of advisors.
- Open up the discussion with business and labour representatives in the clothing, textiles and footwear sub-sectors regarding the possible transfer of their industry SIC codes to W&R SETA which would effectively align the product value chain to the training value chain.
- Increase the proposed discretionary grant allocation to 15%, with a concomitant reduction in the NSF allotment and ringfence a portion for trade union training to build capacity on the shop floor, promote decent work and worker security and strengthen shop steward capacity.
- Align SETA staff remuneration with the grading system of the public service.
- The development of NSDS IV should be evidence-based, highly consultative, aligned to other national strategies, and research driven.
- Strengthen industry and TVET linkages through the inclusion of SETA board members on TVET boards.
- TVETs should adopt flexible training delivery modes to enable workers access to training towards NQF qualifications as the current NCV delivery format is restrictive for existing workers.

4. Conclusion

In conclusion, we highlight the following:

- We stress the fact that both broad and narrow consultation has taken place across the full range of our stakeholders in the main manufacturing areas under the scope of the FP&M SETA.
- We also record that differing stakeholder opinions are included in the annexures.
- We support the retention and integrity of performing SETAs and the restructuring of non-performing SETAs.
- We support an integrated Post School Education and Training System including the language of occupations.
- We support the concept of transactional cost savings.
- We support the concept of retention of highly competent key staff under a full-time employment status.
- We support the concept of utilising common and simplified systems across all SETAs to enhance stakeholder participation and decision-making for example, finance systems, grant application systems, and data collection systems.
- We strongly support the undermentioned amended funding model.



- We support the concept that SETAs should specifically focus on, and be held responsible for, sector skills development issues.
- We support the need for additional funding for national priorities to be controlled by the National Skills Fund.
- We stress the importance of collaborative project skills management for the NSF driven funding model. This collaboration would involve project application and partnership with stakeholder recognised organisations and DHET delivery partners.

- We support the concept of integration of the offerings of higher education institutions into the world of work and we stress the need for more industry collaboration in the qualifications design and development process.
- We support the concept of sound selection of board members who are responsible for performance of the SETAs, as business entities, the ongoing training and development of board members, and the appointment of a DHET representative to each of the SETA boards.
- We stress the need for the retention of business experienced CEOs in each of the SETAs.
- This submission focuses on the need to enhance and maintain industry participation in skills development to meet the national development plan requirements by maintaining some level of financial motivation and support at sectoral level.

Finally, our proposals are rooted in the experience and practical realities of the formation and ongoing successful functioning of the FP&M SETA. This SETA serves a widely diverse grouping of stakeholders who fully support the continued existence of an organisation they see as valuable contributors to skills development and business sustainability.

Submitted on behalf of the FP&M SETA



Mr Siphon Ngidi, Chairman of the FP&M SETA Board

5. Annexures

1. Input from FP&M SETA Workshops on “New SETA Landscape Proposal”
 - a. Johannesburg
 - b. Cape Town
 - c. Durban
2. Input from Stakeholders
 - a. Apparel Manufacturers Association of South Africa
 - b. Coastal Clothing Manufacturers Association
 - c. Learn to Earn
 - d. Media24
 - e. PAMSA Support for draft submission document
 - f. Performance Improvement Solutions
 - g. Printing SA
 - h. SACTWU
 - i. Siphon Ngidi (FP&M SETA Chairman)

SETA Landscape Workshop – 13 January 2016 – Parktonian Hotel, Johannesburg

Printing SA CEO has apologized but they have put forward a formal submission on behalf of Printing SA.

Comments and questions from the floor

- SETABS will become permanent structures. As a result there will not be a specific tenure. SETABS should therefore ensure that they really stay in touch with the sub-sector and their needs.
- There is mention of community colleges – public institutions must have a role to play in the DHET structure.
- Will the DHET be able to implement the proposed centralisation model? This might demotivate people to get involved in the skills development process because of the bureaucracy.
- Will there be an increase in the SDL to SARS?
- SETAs are currently being audited by the Auditor-General – are SETAs accountable to their stakeholders and the Auditor-General to ensure corporate governance and to ensure that they continue to exist (or be placed under administration). Who would SETABS be accountable to? Will the SETAs be accountable to their levy paying stakeholders?
- Five SETAs are being proposed vs the current 21 SETAs. Ideally sectors should be aligned with Government Departments e.g. DTI has 8 sectors and alignment of compliance issues will increase efficiency.
- There has been made major fraud in some of the SETAs – if the AG continuing to audit the DHET and SETAs, why were issues of fraud not identified earlier.
- There is a need for SETAs to be centralized under one system –the existing SETA system is discouraging for small companies. It is difficult for them to access discretionary funding. However, I don't know whether it will be helpful to have a top heavy organisation that will result in a number of people losing their jobs.
- Where will this WSP submission process be managed and whose responsibility will the Sector Skills Plan be? Currently, we are basing our WSPs on the needs of the industry – if this is moved out of the mandate of the SETA, how will we know what the industry needs are? We need an effective SETA – we don't need another layer. We need an improved SETA that can identify and meet the needs of the sector.
- The problems raised with regards to the maladministration of SETAs are only applicable to a few SETAs – why do we have to change and deal with another layer if we are not experiencing these problems at the moment. This NSF model wants to deal with the higher institutions needs but the institutions are not in touch with industry needs.

- We are talking about 21 SETAs with their own vision and missions – our vision is aimed at increasing sector competitiveness, transformation and economic growth. Will we still be recognised as the Textile Sector (FP&M) sector or will we be incorporated in a central system where we will get lost?
- **When the SETAs were started it was about a social contract where there was a relationship between the SETAs, Government and Industry – now the Government wants to become SETAs.**
- **This will be a death nail for private training providers as the Government wants to promote the public institutions and the new system will be a cash cow for public institutions. Private providers do a lot of work in the rural areas with regards to AET etc. If I was an employer I would have chosen not to pay the levy but to go directly to training providers to obtain the training.**
- **Why break something that is working – SETAs are working - we have achieved many successes.**
- Before SETA were formed, we were doing NCOR that resulted in people with skills – today people don't have the necessary skills. AET is being thrown out of the window – AET does not provide a tax break but skills programmes do provide tax breaks so employers are providing skills programmes with a bridging programme. The basic of literacy and maths must be there – skills development providers are grateful for learners that went through AET - at AET level 3 we can accelerate the readiness of learners to go into skills programmes. We need all learners to be competent in maths and literacy even if they are going into a basic trade. With AET skills learning is much more accessible for learners in industry?
- We started with MAPPP SETA – we had our trials and errors and we went through a lot of changes. I must congratulate the CEO – she has done a great job to address corruption. If that is not the right way to go then I don't know. Everybody comes from different sectors – with the new funding model where funding is centralized – no one will be looking after our needs. Our monies is going into a big pool and we will be funding learners that will not be going into our sector. We must look after the FP&M sector and we should stick with the current SETAs so that we can focus as a sector on our training needs.
- Monitoring and accreditation of training providers are currently the mandate of SETAs – what will happen in this regard.
- The best strategy might be to merge the SETAs which are not operating efficiently i.e. reduce the number of SETAs on performance basis. Instead of everything being under the DHET, we could come up with three Advisory Boards under the Govt Depts (DHET, DTI, SARS etc).
- A permanent structure is not the way to go as people become complacent about their jobs. Also the advisory boards should have a tenure – if they don't perform they must go.

- The funding proposed to be allocated to the SETABs is too little and limiting – this will not address sector needs. Linking that to the permanent structure we risk complacency vs innovation. If we do not come up with solutions or suggestions – some of our national priorities will not be addressed eg agriculture. Can employers play an increased role in addressing priorities such as AET?
- How is this different – how will the new structure focus more on the occupations in demand. Currently SETAs do focus on scarce and critical skills. How will the new structure focus better on these needs?
- The timeframe (planning framework) is not viable – the timeframes are too tight. It is tough for workplaces to meet the proposed requirements.
- Wrt to the proposed shared services model – where is it working at present? This structure will be too centralized. The structures will be big and we don't have a great record with big structures.
- Where is the carrot and the stick for employers to support the new system – employers even now is seeing SDL as a penalty and not an incentive.
- **Stakeholders are not comfortable with the proposed role of the NSF as key driver of skills development – this model will not work for us. It will not meet industry skills requirements.**
- **There will be no focus on industry/sub-sectoral requirements.**
- **Unemployment rates will increase because industry will not be able to employ people without skills.**
- **DHET does not have the skills to understand the sub-sectors – they don't have a relationship with stakeholders.**
- **Why are we changing that which is working at the moment?**
- **The centralized role of the DHET is also aligned to this – stakeholders do not support this. We are not comfortable with shifting the funding role to NSF.**
- **It is not clear how the centralization model will increase efficiency and effectiveness.**
- **DHET is concerned that national priorities are not being addressed – we need proposals on how this could be addressed using the current SETA system. What needs to be done different?**
- **If we talk about centralized application system, could this be similar to university application system? DHET will review and will table it to the boards / NSF for consideration.**

- Why are we forced from Option 1 to Option 4 – why not consider the clustering of SETAs? We should ensure that the FP&M SETA become part of one of the clusters and Ms Yende be appointed as the CEO of that SETA.
- NSF already exists and we are already funding NSF. NSF should propose, if necessary, an increase to the current 20% allocation e.g. 25% to address more national priorities. The current SETA system should then continue as is.
- SETAs should also play an education and leadership role – we need to communicate national priorities with employers and create an understanding why employers should support these – we could increase the SETA’s intermediary role.
- In terms of monitoring and evaluation, some of the M&E staff work for DHET – they should not be monitoring themselves.
- It seems that with the new proposal DHET will take over the whole SETA process.
- Who will be the custodian of the Research Unit if SETABs are implemented? According to the White Paper – higher institutions have a mandate to conduct research which is a unit of DHET.
- What role will the QCTO play?
- We started with the training boards which did not work. Then followed the SETAs. Now they want to go back to government run organisations. Our money is going to go to the funding of students (#feesmustfall) – not a problem if the students come back to our sector. But the SETA must make sure that the sectors get their share.
- **The Minister’s motivation to change SETAs was because of the massive fraud in the SETAs – it is a natural thing to cut your losses and bring everything under your control. “Don’t throw the baby out with the bath water” – current system should be modified rather than overhauled. Take lead from Business in how to address the current issues.**
- FP&M SETA have a very strong management team. It is not a surprise that you are performing well. You are one of the best CEO’s in the industry.

Additional comments received via e-mail after the SETA Landscape Workshop in Johannesburg

In view of the above I would like to give an overview and summary of the Workshop.

The current system has been proven to be suitable and effective with yourselves when it is correctly implemented.

As a business man with many years of experience I learnt that the saying: "Don’t throw the baby out with the bath water, is very true". Very often when a new untried system is implemented there is an

unknown Risk factor that occurs, and it proves to be inferior and more expensive than improving the current system.

I understand that the Minister is very concerned with what appears to be a very strong possibility of large cases of fraud and incompetence in some of the SETAs, and believes that if he has a central control point it would be far more effective to institute control.

However if the current system is properly and regularly monitored and audited, then it would obviously prevent, or detect fraud with the possibility of immediate action and prosecution of the culprits, and function at a much higher level of competency. This will improve the current system.

Ken Human

Re the above, my thoughts as an external SDF for many companies are below. I have had long term association with my clients, and the industry, since 2004. The companies I represent are typically between 80-150 employees.

The fraud committed at a couple of SETAs is not the right motivation to want to scrap SETAs and start a completely new 'model'. A model which ignores expertise, excellent SETA CEOs, excellent performance re training and building of relationships across the education sectors, AND EXCELLENT RELATIONSHIPS WITH INDUSTRY.

The extreme need for a solution to find extra funding to provide free education for post school graduates is also not a good reason to take all authority out of the hands of well-performing SETAs.

The SETAs were brought in in the first place to assist INDUSTRY SECTORS in South Africa to take part in developing and training. There are many SETAs, including FP&M, that are accomplishing their goals, but not only that, have spent years developing associate relationships, finding the suitable staff to accomplish their goals, partnering with many institutions, etc.

The needs of good industry, working together with education institutions is CRUCIAL in our country. However, I foresee that should option 4 become law: -

1. Industry will become disillusioned as THEIR needs are ignored in training, and their skills levy is going towards general training NOT specific to their industry;
2. Focus will be lost by the DHET to Industry needs;
3. Should this become a permanent structure there will not be the drive by staff to be pro-active.

Another thought is that if the Auditor General only became aware recently of fraud in certain SETAs, fraud which was in action since 2011, are they really capable of auditing DHET & the SETAs effectively? There will always be dishonest people. We need auditors who are honest and astute, dealing with crime swiftly, and that our courts take whistle blowers more seriously. Too much crime is covered up.

I suggest the following:

1. That non -performing SETAs get dealt with by the removal of persons, or portfolios passed to well-performing SETAs;
2. That the other options discussed (1-3) be looked at seriously;
3. That BUSINESS is brought far more seriously into further discussions;
4. That Option four not be proceeded with;

5. That the thought of placing SETAs who have built up so much expertise in a position of impotence as clerks of DHET be SCRAPPED;
6. That the DHET rather draws on the expertise of SETAs as they are 'super-aware' of industry needs;
7. That the DHET sources funds for post school education from the other available sources;
8. THAT THE AUDITOR GENERAL IS MORE ALERT TO REGULAR AUDITS.
9. That the DHET and SETAs work together, not with DHET trying to rule over Seta's.

Jennifer Losper, SDF & B-BBEE Consultant

Additional comments received during the Discretionary Grant Workshop in Johannesburg on 28 January 2016 at the Apollo Hotel

- **When we change to SETABs, we will have to apply to NSF for funding. How will they be able to consider us all equally? When they are consolidating all stakeholders under one funding umbrella, how will we be able to be considered? Under one NSF we will not be able to access funding. #thismustfall!**
- We have been waiting for the government to show that they are empowered to help the people. Now we will be able to make a national impact. Young people are being polluted by information. Project beneficiaries are promoting themselves. Young people do not know where funds are coming from. This is showing that government is promoting national priorities.
- With the proposed merger of SETAs, my question is how will funding be allocated to cater for all sectors' scarce skill needs?
- I agree with the first speaker. My worry is if we are all under one umbrella we will lose our identity / sector priorities. We will lose quality.
- My concern is about one umbrella body looking at skills development. This will also impact on other Councils such as the Bargaining Councils. We must empower labour and employer organisations and other structures to represent us.
- It is not important how many SETAs there is but we must have specific goals. I was a learner and I successfully progressed into the company structure. We have to ensure progression of learners and absorption into the industry.
- Change is good – what is the SETA CEOs Forum's position on this matter? We have sectoral priorities but also national priorities.

SETA Landscape Workshop – 15 January 2016 – Cape Town Lodge, Cape Town

Comments/Questions from the floor

- Who does the NSF report to on the funding currently spent? Currently NSF is a black hole. It is a concern that “#Feemustfall” will be funded from here.
- I am not seeing where private training providers are featured in this document and the White Paper – the White Paper keeps talking about public providers. What role will private providers play – how do we get comfort?
- This structure takes employers a step away further away from where we currently are – adding another layer. The current relationship exist between the service provider, SETA and employer. The new model is going to strangle growth strategies of companies as only 9,9% of funding will be available. NSF & NSFAS do not have good track records and this is a concern.
- My concern is that the focus is going to TVETs and Universities – this leaves a huge gap for people without matric that come to workplaces, looking for training. My sense is that the SDA initially intended to use the workplace as a training provider. This will be lost in the new model. It is envisioned that the universities will supply the skills but there is no guarantee that this will happen.
- What measures were put in place to correct the SETAs that were giving problems – can the SETAs who are not performing not be benchmarked against well performing SETAs.
- A concern is the element of the BEE scorecard vs this model – we are only looking at recognised qualifications. Not all skills development is “NQF-able”. We’re losing sight of skills development and focusing on qualifications but we need people that are productive and efficient.
- We need to look at integration with BEE reporting.
- Private Training Providers will only survive if they become part of a Public TVET. The new model is based on the centralization of funding. Sectors will not get back what they have put in i.t.o. the skills development levy – an external body will now make decisions about our money.
- We should assess the options and have corrective actions. There are four options currently - a 5th option would be to look at corrective action to strengthen the problems of the non-performing entities.
- SETAs were intended to address the development needs of the industry and to address the education of those who cannot afford to go to university. We need people trained to meet industry skills needs. Discretionary grants are being focused on scarce and critical skills. Companies use the mandatory grant to train employees. How do I send a person to a college

where they are going to be away from work? Private training providers are flexible to train on days that are flexible for employed learners. There is an opportunity for private training providers to link with TVETs to supply a more flexible model for training provision.

- **Industry is training people to get rebates but they don't have permanent positions for them. Learners are not employed once they are trained. If we need 50 people (from various companies) to be trained on scarce skills while they are employed, we need a TVET college to be linked to a private provider that can provide training when employees can be released from work.**
- Option 4 seems to be the preferred option. The key goal government wants to achieve for SETAs to be part of PSET but why do we have a DHET? What are they if not distinct from SETAs – this will result in an amorphous mess. **What if industry say that we want Option 1?**
- This SETA is running well – why would we want to mess with something that is working?
- If certain SETAs are not surviving on their funding, why can't they be amalgamated with bigger SETAs? Why throw the baby out with the bath water?
- We had a collaboration project in another sector and we need to work together in SA. We attempted to assist children who could not access to PSET due to entrance requirements. We took a group of youth and offered them a bridging programme with a practical component and had an agreement with a university to grant them access. We had a 100% success rate – I can't see this happening with the new proposed structure.
- Why are we complicating issues– can we not rather simplify? This model is creating two centres of bureaucracy resulting in reduced funding management by SETABs. Why would we then have SETABs?
- There are some abysmal SETAs and we should address their issues. Could we not combine Option 1 and 2? Why only have 6 Super SETAs – could it not be say 12?
- Yes, we should standardize the reporting system relating to discretionary and mandatory grants. Small companies are suffering to meet all the different requirements. There should be one timeframe and one reporting structure. Same information is used for EE reporting & WSP reporting. We should look at on HR report for companies per year which should include skills development. There is too much duplication – Departments should align their processes (including DTI, DoL and DHET).
- Why fix what is not broken? Is this new model based on international research? This whole issue look like it is a money thing – NSF funding is currently looking at national priorities – they need to get their house in order in order meet their targets. Maybe we should look at giving more money to the NSF – increase their percentage (increase 20% in order to address more national priorities) and leave the SETAs as they are.

- Has mandatory and discretionary grant has been reversed? Will mandatory grants revert back to 50% as per BUSA judgment?
- On behalf of the companies that I represent I would propose that we support Option 2 – Cluster SETAs. 6 Mega SETAs must be operated as a conglomerate – one organisation with many branches. All the existing SETAs will be subsidiaries – this will facilitate synchronized application / reporting processes and will retain the focus on industry.
- We are a little step closed to the ground (private training provider) – working with unemployed learners – we are also a SETA levy paying company. When we started we had the DoL. Since then, unemployed people have taken a bottom step. They are unemployed and unskilled – not useful for them to have been excluded from the process. Where are unemployed people being addressed? We will submit a proposal in writing.
- We need to address the unemployment issues while addressing scarce skills. In an effort to increase the funding that we get, we are moving into the BEE space. Unfortunately there is no clear alignment of definitions in legislation e.g. there are different definitions for learnerships in BEE vs Skills Development.
- What is going to happen with all the normal processes during the 2 year transition period?
- It is key when training under-educated unemployed people to create a stepping stone for them into employment. This is not always resulting in employment. Private providers sometimes get money to train but they can't find learners because of the entry requirements – we must remember that the people that need training do not have the necessary base qualifications.
- Don't fix something that is not broken. If I speak from a Printing SA point of view – 2000 companies employing 45000 workers, a great percentage of companies are small (less than 50 and less than 20). The small entrepreneur simply pay the SDL as tax and train nobody. In the Western Cape we have a printing chamber – they want practical certified training on the factory floor. This is the real need.
- I support the current SETA system – but we could look at shared services for some functions eg IT in order to standardize systems. I support the standardization of timeframes and reporting – but I also support simplification vs bureaucracy. The proposed timelines are a positive proposal.
- Concern about the cost of apprenticeship (according to NAMB). In the printing industry the cost of apprentices is about R300,000 inclusive of stipend – the funding model at the moment is not addressing that.
- We should combine Option 1 & 2 and incorporate SETA impact in the education sector and have impact on the needs of industry with regards to skills. We need to address the needs of people that cannot access training so that they can be incorporated in industry or start business

- There are two flies that invaded the jar of oil. The Presidential Commission and “#Feesmustfall” campaign. This could influence the implementation of the proposed model. How will the result of those two issues impact on this discussion? Will this influence or disrupt our proposals that we might make to the Minister.
- Impi Training Support Option 1 with corrective action being implemented where needed (like they did with MAPPP SETA).. We also support standardisation of systems and timeframes.
- What are we going to do (as FP&M SETA) if we are forced to implement Option 4 if we don’t like this. What will happen to our resources (financial in particular)?
- Today’s workshop is a positive process. At least there is consultation – we are giving our opinion. We must influence our organisations to represent our views at NEDLAC.
- If we are forced to use Option 4 – we will still have to comply and pay the levy as a tax. But we will then have to do our own training on the side.
- This will nullify the Skills Development Act. The SETAs exist because of industry – we should support the SETAs if we like them. At the moment the SETA is the jam in the sandwich – by NSDS 5 the SETAs will no longer exist. This will eventually lead to the non-training of the unemployed who really need this training.
- Can we look at a way that the SETA / NSF and the employers can work together? (Relating to the current 20%). If we know what NSF is doing with the money, we will have a more positive relationship.
- Can we not create a stakeholder body (from the 13 sub-sectors) to represent the stakeholders view to NEDLAC, unless the current employer associations are taking it forward?
- Does BUSA carry the same weight as COSATU? COSATU always indicate that they were not consulted. Will BUSA be able to push our views forward?
- Business should demand to be heard because they are the SDL payers – but there is a bigger issue/motivation – to train the uneducated. Business carries the responsibility. Business view the SDL as employees view the UIF. We need to train (to grow business) so that we can claim access to discretionary funds in order to meet the skills needs of a particular industry. However, the access tends to be blocked.
- Nedlac negotiates – there will be opposition parties that will try and block certain proposals – then it comes to a vote and the more disruptive you are the more impact you have.

- Business should rise to the occasion and should participate in spirited debate. They must stand up together rather than in silos. Business must toy-toy in some way – whether through BUSA or from withholding their levies.
- If it aint broke don't fix it – never build a bridge where there is no river to cross.
- What is happening here today (our input) will be consolidated (by the SETA) into a submission to DHET – then they will consolidate it further which could water our response down. What other channels are available to us to take it to BUSA?
- Are you encouraging us to take this to BUSA via our own structures?
- DHET will be subjective and biased – and they will be forcing us in the direction that they want us to go.
- Have you had consultation with the employer associations? So we as SDFs must encourage our employers to go to their employer organisations to submit a response.
- Even Bargaining Councils have been consulting with stakeholders.
- In the unlikely event that Option 4 will be implemented – we would like to propose that the application timeframe be shortened – we cannot wait for a full year before we start implementing. The proposed timeframe could hinder implementation.
- What is the likelihood of the funding model changing? FP&M SETA works on a tranche model – will the powers in being change the funding model to a reimbursive performance based model? From the TVET sector and a cash flow perspective – the current tranche model works.
- When money is committed and you are paying out in tranches – some learners exits – could the money that was allocated to an employer still be paid to the employer for other learners?
- Funding Model vs Voted funds – we are trying to understand the relationship. Departments are funding programmes and SETAs are funding – is this not duplication? Can we streamline somewhere and prevent duplication to save funding for “#Feesmustfall”?
- Non-profit organisations are training unemployed people – we understand that SETAs are frustrated if 100 people are funded and only 75 complete but the training provider lose out – we cannot always replace learners and we don't have control over people. Training providers must still pick up the shortfall.

Additional comments received via e-mail after the workshop

Seeing that the NSF is in need of funding, instead of now taking the bigger portion and leave the SETAs with only a small percentage. As per the information shared with us there is still +/- R2.7 billion over from the 2013/14 book year and almost R0.5 billion for 2014/15. A lot of money allocated but not used.

1. I propose a system where these funds can be distributed percentage wise to a SETA, such as AgriSETA to enable them to educate and lift up the skills in this sector. This sector is indeed very important to our country and a various related trades.
2. Apart from this point the funds can also be "donated" to the NSF to use as needed on their own discretion.
3. It is obvious that Industries all over, big and small, pay a lot of money annually to the various SETAs for training. Training needs do change annually and we will always find that some years more learners are needed than others. All depending on the demand for replacement or expansion, or the lack of it. Never less, companies still pay their levies.
4. On this point I would like to propose a system that in the event of any funds left over after the financial year, a calculated percentage of this reserve fund then be paid over to the NSF. A percentage then remains in the SETA's account for any emergencies or direct unforeseen needs. The funds laying in a bank account is of no use as it was meant for training. Once the SETA's direct needs are met, pass it on to other sectors as we all rely on each other for survival.

Douw Hurter, Prepress Manager, CTP Newspapers - Cape

SETA Landscape Workshop – 9 February 2016 – Royal Hotel, Durban

Comments / Questions

This proposal smacks of increased bureaucracy. This will take the power that SETAs had up to now and will gobble it up. We have problems at the moment with our own SETAs with regards to efficiency and it is already difficult to access grants. How much more difficult will it be to access grants through the NSF. This seems like a perfect solution to address the university funding problem. We (employers) moving even further away from the coal face.

The Forestry stakeholders are horrified with the proposal and the Forestry sector will make their own submission to Parliament. It is our view that the semi-autonomous nature of SETAs will be removed and that all functions will be centralised – and this will not work. There will be more and different levels of bureaucracy. The proposal will be capacitating DHET and NSF – more pen pushers will be employed and this will consume the 1% skills development levy.

The Minister will appoint board members with Veto rights – I have a major problem with that.

Moving the focus of the grant funding to public institutions will negatively affect the Forestry sector – we do not have any TVET colleges providing training to the forestry sector.

Mandatory grants were first to be decreased (50% to 20%) and now discretionary grants are also being cut to 9,9%. Our members are going wild.

Our ability to steer training towards our sector are being taken away. Cross subsidisation could be beneficial to the Forestry and Agricultural sectors. In the past (in our own SETA) we might have given certain sub-sectors more money. However, if the disbursement of funding is centralised, some sub-sectors might not get any funding.

The allocation of grants will be conditional on the employer being able to supply work placement for learners – we cannot do this. As an industry, cannot promise employment of learners.

Forestry will be submitting an in depth paper to the department – we are furious.

The SETA landscape have been badly implemented for a long time because the focus was on training providers and not on jobs and job creation. If you want to understand something, you have to follow the money. The money is going into creating more employment – at the DHET. Training providers in the public sector will benefit – employers not at all. Small and medium sized organisations have not been benefitting from the NSDS for two reasons – money is moving up to the NSF and it is not going to come down to the small organisations and the areas that we need training for is not necessarily PIVOTAL.

The new timeframes will also be impossible for small organisations to implement – we are paying the levies but we are being worked out. This will simply become a tax and we will need to find a way to do our training.

It is strange that SETABs will still get 10% despite the proposed shared services - this proposal should have brought about savings due to centralisation.

I agree that centralisation does not work. It seems that the proposed centralisation model is designed to fund the “feesmustfall” campaign – we don’t want our money to be used to fund the campaign.

We are in process to re-industrialise the clothing industry – not having discretionary grants to fund the required skills development will slow down the process.

At the moment our SETA is being managed efficiently. We don’t want SETABs – our money will go into a pool and it will disappear – we are trying to create employment and this process will not work for us.

How do we submit our comments?

You are entitled to submit directly to the DHET. If we have a consolidated response from the SETA it might carry more weight but nothing will stop you from submitting directly to DHET.

What about the uncommitted funds – surely as employers we have a claim on those funds and it cannot be just absorbed.

I want to express my shock and disappointment in the proposal – the proposed centralisation of SETAs is a step backwards. With reference to the “Language of Occupation” – the emphasis has been on training youth for employment whereas in the ideal world we should also concentrate on developing youth for entrepreneurship as it is difficult for employers to promise employment. Government does not have the capacity to implement their own projects – now they want to take the central functions of the SETAs away and attempt to carry them out.

This is a redirection of funds towards the “feesmustfall” campaign. I am interested to know what your impressions of this is as a SETA – your autonomy is being comprised – does this proposal have buy in from the SETAs?

I agree with the sentiments expressed. This whole (SETA) process started long ago – why go backwards instead of making what we have better? We cannot punish all the SETAs for one or two SETAs who have not been performing. The Government has Provincial Governments to carry out their mandate which shows that they cannot control everything from a national office. Leave the SETAs alone and let them improve on what they do. SETAs and the private sector must be left to do what they do best and Government must do what they have to do.

From a textile industry point of view, we have been involved with the training organisations over the years – the historical structures (Training Boards) delivered training to the industry – CTFL SETA also delivered training to the industry. Since being part of a bigger SETA, delivery was less and more bureaucratic. If we go ahead with the new proposal, there will be even less delivery and more bureaucracy. The message must be taken to the Board that we support the objections that have been raised today.

Would it be at all possible for companies to withhold their levies and spend it themselves on training, according to stringent regulations?

The levies are legislated – if you withhold you are in breach of the law. We need to come to some sort of proposal (means to an end) that will suit the government needs – they have national needs that are being met in some way but some needs are not being met. Eg. upskilling of youth and entrance into the world of work. On the other hand we must understand that industry has an enormous number of needs

which are not necessarily covered by PIVOTAL training. On the one hand we have national priorities and on the other hand we need to upskill our employees in order to meet the economic need for JIT manufacturing.

In terms of the motivation (page 12 of GG) – why does DHET want to change the SETA landscape? They maintain that -

- Many SETAs have failed to meet targets – we know that in many instances the targets were set by the DHET bilaterally – it is hardly fair to blame SETAs for not meeting targets.
- SETAs have failed to disburse funding – what is proposed is a 300% increase of funding to go to the NSF - NSF also have billions of rand sitting unspent in their coffers.
- All SETAs have own processes and procedures – from the word “go” we asked the question why each SETA was developing their own policies and procedures – we proposed years ago to apply generic policies across all SETAs.
- Some strategic SETAs have low income – we are in agreement with this statement.
- There are delays in the disbursement of grants – now we have to go to NSF which will add an extra layer – it will take even longer.
- Persistent problems with governance of SETAs – just because one or two SETAs have been mismanaged, all should not be punished.
- Cost of running SETAs are high – they are proposing additional employees be appointed at DHET – admin costs will go through the roof.

The principle to try and make SETAs more efficient is good but we don’t make an organisation better by putting in more bureaucracy.

A number of alternative suggestions have been made – we should look at the current system and fix what is broken instead of changing the whole system.

I agree with the house – centralising will not work. We need to look at the balance of the discretionary grant and we need to consider increasing the amount. We need to talk about the gap between education and workplace entry. We are looking at the training of artisans– at the moment if you look at artisans we only have artisans in specific race and age groups – we have a gap between education and workplace entry

The gap is very serious – as long as the focus remains on training providers, jobs will not be created. We will end up with educated unemployed youth. Government has to focus on job creation – we need to engage with employers to create jobs.

We are focusing too much on job creation in terms of job placement – we should also focus on training entrepreneurs. There are SETAs that are not efficient but there are also the efficient ones. We need to identify the causes for SETAs to be inefficient and must deal with the problems that prevent them from being efficient. Maybe there are internal issues that we should address to enable them to meet the standards that are in place.

Clothing companies don’t generally have a training budget – my view is that we rely massively on the mandatory and discretionary grants – this proposal will have implications for small and medium companies.

The current non-functioning SETAs should be amalgamated with the functioning SETAs. If Government is going to centralise service delivery – what service delivery will be given to employers?

There is a court case underway at present regarding the reduction of mandatory grant from 50% to 20%. What is the current status in this regard?

It was taken to court by BUSA – court found in favour of BUSA – the Minister has appealed – the appeal has not been finalized. Should the Minister not be granted his appeal, the grant will revert back to 50%. We are awaiting the court judgment – there is a possibility that if the court find in favour of BUSA again the mandatory grant will revert back. How this will influence the outcome of this discussion is not clear.

If this proposal goes through there will be an enormous change to skills development in our factories.

We should encourage our stakeholders (and their organisations) to submit their own submissions (more the merrier) – we seems to be all on one page – I encourage individual firms / associations to make their own submissions.

It will be helpful if the Board's submission could be made available before submission to inform the submissions to be made by other organisations.

The workshop discussions were summarised as follows:

- Centralisation – the concept of one size fits all was identified as problematic and a number of comments were made relating to the problems of centralisation.
- Role of Government on SETA boards - will add a controlling factor
- NSF – will be controlling an enormous amount of funding
- Allocation of grants – how will the grants be allocated, how will the grants meet the expectations of the various sectors?
- A number of SETAs are functioning well – e.g. FP&M SETA – why are we breaking down what is working?
- Possible loss of capacity (skills and knowledge) that have been developed in SETAs over the last few years.
- Concerns over the reduction of the grant funding – particularly discretionary grant
- Changed role of the SETA – SETABs will be a facilitator rather than decision maker. SETABs will work with skills identification not skills implementation – this will change the nature of the relationship between the industry and the supplier of funds.
- The gap between education and the workplace – focus on training people for entrepreneurship – aligned to the issues of job creation and entrepreneurship.

CLOTHING SECTOR POSITION ON THE NATIONAL SKILLS DEVELOPMENT STRATEGY (NSDS) & SECTOR EDUCATION AND TRAINING LANDSCAPE PROPOSAL (NSLP)

In response to the Government's position on the above matter which was clarified in Government Gazette, No 39386, which was released on 10 November 2015, the following must be noted:

1. Introduction

While there are a significant number of the proposals that the sector is able to support, there are a few fundamental ones which we would not support in their present form.

2. Matters which we can support:

- NSLP 2015 – gives effect to intention of White Paper for Post-School Education & Training on Expanded, Effective & Integrated Post-School System released by Minister of Higher Education & Training in January 2014
- The NSLP 2015 proposes shifts to intermediary institutions that supports relationships between post-school education training system & world of work & the skills levy distribution model namely:
 - ✓ SETAs have more focused mandate in understanding skills needs & supply;
 - ✓ Language of "occupations" – accepted terminology for workplaces & learning institutions;
 - ✓ Skills levy distribution model be revised from a sector specific model to centralised cross-sectoral funding model;
 - ✓ DHET co-ordinates skill planning processes;
- To better integrated SETAs into post school Education & Training System:
 - ✓ To improve stability & long term sustainability of SETAs;
 - ✓ Become permanent structures as opposed to 5 year terms;
 - ✓ Board composition similar to that of current constituency-based model;
 - ✓ Industrial classification & demarcation of current SETAs remain;
 - ✓ Continue to develop relationships proposed by SETAs with employers in their sector;
 - ✓ Better understand current & future training needs in & for workplaces;
 - ✓ Facilitate creation of workplace-based learning;
 - ✓ Proposed – current landscape be re-established for a period of 2 years (1 April 2016 – 31 March 2018) in line with extended NSDS III;
 - ✓ Period beyond 31st March 2018 – be referred to as post-re-establishment.

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- Language of Occupations becomes accepted terminology & approach to describing jobs in workplace & qualifications. This enables:
 - ✓ Workplaces & learning institutions to map jobs & qualifications to broad occupation categories;
 - ✓ Employers, DHET & SETAs to collect better data through workplace skills plans;
 - ✓ Identification in skills gaps & updates in commonly understood occupation;
 - ✓ Inform skills planning for employers, SETABS, NSF & DHET;
 - ✓ Informs qualification & curriculum development & updates;
 - ✓ All learners to progress seamlessly along a learning pathway from school to work;
 - ✓ Provides learners with optimal employability & employers with well-rounded & trained workers;
- Built on notion of language of occupation – National Skills Development Strategy IV to be framed in these terms.
- NSDS IV to consist of 4 levels of occupation-based elaboration with Occupation Teams (located at DHET) to manage levels 3 & 4.

Level 1: Broad targets for each major occupational category of the Organizing Framework For Occupations (OFO)

Level 2: Unpack each major category of OFO informed by sectoral priorities identified by SETABS & national list of occupations in demand developed by DHET – Skills Planning Unit

Level 3: Broad generic interventions to build capacity & relevance of provider programmes

Level 4: Unpacks level 3 interventions for each of the priority occupations in demand with reference to Centres of Specialisation for each occupation in demand.

3. Matters over which we have concerns.

- The fact that some SETAs are not performing is not a sound reason for overhauling the WHOLE system. Our SETA is performing well and we see no reason to dismantle it or change its focus and mandate.
- We are concerned that the principle of “one size fits all” is being used as a foundation for the proposed changes – our experience is that this principle is not sound.
- We are extremely concerned that the SETABS will undermine the current SETAs role to one of advisory input without being able to influence in way.
- A further concern is that capacity in the SETAs has been built up over a period of 15 years – in the proposed new dispensation our fear is that many of these skills will be lost to business.
- The increasing involvement of government in a “control” function is greatly concerning.
- We do not support the concept of centralisation – our experience is that it will not work.

- The proposed consolidation of the skills levy system under the National Skills Fund (NSF) is totally unacceptable. We do not agree that centralisation is necessarily better, in fact our experience has been that it is not in most cases. It is felt that the increased level of bureaucracy would result in inefficiency of the levy/grant system.
- NSF manages cross sectoral funding needs. While this may be of benefit in some areas, it does not take into account those skills which are unique and specific to some manufacturing processes.
- The proposal that the NSF would disburse funds to SETABS according to the ratios in the White Paper – the bottom line is that the sectors would receive much less than they are currently receiving.
- The notion that the greater portion of skills levy should be managed at a cross sectoral level, voted funds & levy funds should complement each other. While this may apply in a number of cases, the skills which are unique to individual subsectors and which are critical to the performance of the se sub sectors would be eroded due to lack of disbursed funds.
- The proposed increase in the roles and responsibilities of DHET. While there are proposals to upgrade the capacity of the DHET, current performance and the directions given by the DHET to date indicate that centralising all responsibilities under a department that is distant from business is a recipe for disaster.
- The DHET performs a monitoring & evaluation role over SETABs – while this may be acceptable in a limited form, current performance indicates that increasingly bureaucratic demands inhibit excellent SETA performance.
- The proposed consolidation of the current SETAs into five “mega SETABs.” This will result in an absolutely shambolic state of affairs which will negatively affect the delivery of skills development into a large number of sub sectors. SMMEs will be particularly badly affected.
- Our feeling is that the role of business as a training provider is being undermined in the proposed document. While workplaces are important for work experience, many of our factories have excellent training processes which are driven by highly qualified and experienced individuals.

4. Recommendations

In summary, we recommend the following:

- That the current performing SETAs be retained and that non performers be restructured to enable them to deliver on their mandates;
- That the SETAs serve their sectors and that the NSF serves national priorities and major cross sectoral projects that have a national *footprint*;

- That the NSF funding is increased because of the magnitude of the national priorities – this increase to be funded by a reduction in the SETA allocation. The recommendation is that the NSF receives 40% of the levy and the sectors receive 60% of the levy;
- That the current SETAs remain as individual entities. The clustering proposal therefore falls by the wayside;
- That the SETAs retain their decision-making function which is focused on their sectors;
- That SETA boards be made fully accountable for the performance of the entities under their care.

5. Conclusion

One of the key principles of the original purpose of the Skills Development Act was to enable business to train its workforce better and to increase productivity and competitiveness. The current proposals will result in completely the opposite situation. This is particularly disappointing as the current economic environment has many opportunities for well-functioning clothing enterprises whose workforces are continually being upskilled.

Overall the White Paper proposes that total control of the Skills Development and associated levy-grant scheme is vested under the Minister – our view is that if this is implemented many in industry will ultimately withdraw support for people development because the process is too tortuous (in the last two years this has become increasingly evident, especially at SMME level).

Our view is that we expect the Skills Development legislation to provide the environment for highly effective, efficient processes and practices which offer business great benefits.

Finally, it is our view that there are many good aspects of the current system and that there should be a fifth option that looks to improve those things which are “broken” and build on the strengths of what we currently have rather than venture into the arena of wholesale change which may or may not work. There is no guarantee that the proposed system will be any better than what we have at present, in fact there is every chance that it will be considerably worse.

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10th February 2016

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Dear Madame,

SETA Landscape Proposal Presentation to Stakeholders in Durban 9th February 2016

I was mandated by the Chairperson of the Coastal Clothing Manufacturers Association Mr Rajen Naicker to state our position to the proposed SETA Landscape strategy.

Our Association currently employs 11600 employees represented by 72 Clothing factories and we continue to grow

Our views to the suggested strategy documents are:

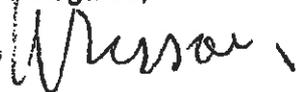
1. A one size fits all centralised body as is proposed will destroy the very essence and purpose of job creation in our industry in particular where SMME's rely heavily on the discretionary grants received to fund training within their establishments. This is also true of bigger companies who do not make provision for a budget line item titled training and who use the Mandatory and Discretionary Grants as their training budgets.
2. A strategy of one size fits all will limit our capacity to target youth development/rural project development and entrepreneurship with a drastically reduced discretionary grant in the proposed model. As it is grants over the years have seriously whittled away to 0,20 cents in the Rand on Mandatory Grants and with the proposed 9,9 cents in the rand from 0,20 cents for discretionary grants. Furthermore the proposed suggests that the centralisation going forward determines "all our eggs in one basket" of the National Skills Fund. We are beginning to detect a potential Government ploy of using our funding to subsidise the "fees must fall campaign"
We are not in agreement with this.

3. Our view is "if it ain't broke don't fix it". If we take our SETA as an example we feel that we are effective and efficient in decision making currently and if the purpose is that our SETA forms part of a bigger SECTOR and an advisory board only we lose our identity and decision making ability to manage our own affairs. Skills identified will not necessarily be implemented. As a counter proposal beyond March 2018 should we not be establishing why certain SETA's are not performing and have large sums of monies in uncommitted funds. Our SETA does not share the same fate. We are of the view the new landscape and allocation of grants will not meet the needs of our sector. We feel that the new landscape places us in the role of a mere facilitator.
4. We believe that the clustering of SETA's may lead to a loss of capacity and skills that we have developed over the many years and that the institutional knowledge gained may as a result of centralisation lead to job losses at our SETA.

In conclusion we would request that these major principle issues be reviewed most seriously as part of the Consolidation of Inputs Document which you will forward to the DHET.

Thank you for taking the time out to review our points and major concerns.

Kind Regards,



Ed Besson

CONFIDENTIAL

Learn to Earn Position Paper – NSLP 2015 – a skills training and development non-profit perspective

Summary

Learn to Earn (LtE) submits that the NSLP 2015 fails to take into account a significant sector of the potential workforce as it seeks to allow “learners to progress seamlessly along a learning pathway from school to work”¹ in that:

- It does not take into account the under-resourced unemployed individual from the following perspectives:
 - Financially under-resourced individuals who are unable to access tertiary education in FET colleges or Universities;
 - Under-educated individuals who are unable to access bursaries, Learnerships or other technical or vocational training due to incomplete schooling, incorrect subject choices or poor marks.
- It does not highlight the importance of basic skills training to build capacity in under-resourced individuals.
- It does not consider the role of the thousands of non-profit organisations involved in skills training of such individuals and the ‘stepping stone’ these interventions provide from the school system into the workplace.
- It does not take a balanced view in matching the scarce and critical skills needs of South Africa with the reality of the millions of unemployed work-seekers who are unable to access the proposed training opportunities on which the NSLP 2015 focuses and, as such, does not adequately “build an integrated post-school education and training system that seeks to serve the needs of the nation.”²
- None of the options provided address this critical issue and certain options (2, 3 and 4) may have the effect of exacerbating the issue as it highlights ‘cross-sectoral’ funding with no specific mention of the non-profit sector but with the introduction of complex bureaucratic structures and layers between such entities and the decision-makers.

¹ NSLP 2015 Proposal GG 10 November 2015 p.4

² NSLP 2015 *ibid* p.3

Learn to Earn – an introduction

Learn to Earn is a non-profit public benefit organisation which has been working in Khayelitsha, Cape Town for 27 years (since 1989) and in Hermanus in the Overberg for 17 years.

The Vision of the organisation is the eradication of unemployment and other legacies of injustice in South Africa and Africa and it has sought to implement this through training over 12000 people in basic market-related skills. This training is undertaken in a holistic manner to impact people economically, socially, emotionally and spiritually so as to address the skills, knowledge and attitude deficits that exist in our communities as a result of past socio economic inequality. The outcome is to ensure job readiness for entry level opportunities.

The organisation reaches under-resourced individuals who have neither the financial or educational means to access formal tertiary opportunities, or for whom the opportunity cost of studying full-time for a year or more is too high as they face the reality of having to provide for the immediate needs of providing food, shelter and education for their families. These individuals are also unable to access Learnerships or other work-based training opportunities due to incomplete or inadequate schooling, poor subject choices or poor marks.

The Learn to Earn Business Resource Centre (the BRC) is a non-profit company (NPC) set up to further the Vision of its sister organisation through providing graduates with access to further training and access to economic opportunities. This occurs both through employment within the job creation arm of the NPC and through the support of entrepreneurial activity.

Problem Statement

Both LtE and the LtE BRC are fully compliant with all legislation and formal structural requirements for such entities. They are registered with the Department of Social Development and the CIPC respectively. They are registered with SARS (with the concomitant VAT, PAYE, income tax, UIF and PBO responsibilities). Additionally, both entities are registered to pay Skills Development Levies and fall under the Fibre Processing & Manufacturing SETA to which they submit the required Workplace Skills Plans and Annual Training Reports. They receive the mandatory grants applicable for submitting these reports.

LtE is an accredited training provider with the FP&M SETA and offers a Woodwork skills training course which is aligned and accredited based on 6 unit standards. It does not fall within the capacity of the organisation to offer full qualifications or certain unit standards as this would exclude the very

individuals it is trying to assist – either due to the entrance requirements, the time frames of the course or the financial consequences of running the longer programmes.

Due to its position as a non-profit training provider, LtE has seldom been able to access government funding. This includes discretionary funding from the SETA. From time-to-time (approximately 3 occasions) it has been able to access limited funding for skills training. Additionally, LtE was the beneficiary of a capacity building project of the then FIETA in 2004 which resulted in its accreditation as a training provider.

The NSLP 2015 notes on page 10 the journey skills development has taken from its initial position within the Department of Labour and through the various SETA iterations relating to NSDS I, II & III. Throughout this time, LtE (and many other NPOs) have attempted to remain as compliant as possible, obtaining both DoL provider numbers and SETA registration (thereby complying with the comprehensive requirements of such registration). Nonetheless, as each new development has taken place, this significant contribution has continued in its role as the ‘poor relation’. The DHET report “Statistics on Post-School Education and Training in South Africa: 2011” shows that 1.9million people were enrolled across all public higher education institutions, public & private FET colleges, public and private AET centres and SETA programmes in that year. With youth unemployment at 3.2million individuals³ and a total adult population estimated at 50.5million individuals it seems a major oversight that the work done in upskilling under-resourced people is not taken into account in the NSLP 2015. It is also pertinent to note that, for example, of the learners who started school in 20014, only 55% made it through to their Matric year and only 41% actually obtained Matric.⁴

Comment

As a non-profit skills training organisation that seeks to work within the development sector and stay attuned to market-related opportunities, Learn to Earn comments as follows on the NSLP 2015:

1. Given the high numbers of unemployed people, challenges within basic education which create a barrier to access formal training opportunities (at *all* levels, including technical & vocational training, Learnerships and artisan development) and the failure of past and current systems to address this, particular attention be given to the NPO sector which collectively trains thousands of entry level work seekers annually.

³ <http://www.brookings.edu/blogs/africa-in-focus/posts/2014/08/15-youth-unemployment-south-africa-oosthuizen>

⁴ <http://businessstech.co.za/news/general/76561/sas-real-matric-pass-rate-41/>

2. That the process should re-visit the strong focus of the NSLP 2015 on access to university, FET college and community college as it leaves the vast majority of work seekers who cannot or do not want to access these institutions (for reasons set out above) unaccounted for.
3. That the SETA landscape be kept as simple as possible without the multiple layers envisaged by the NSLP 2015⁵ Within the context of funding applications this will serve only to exacerbate the already complicated process and decision-making aspects of accessing funding.
4. In this regard, it seems more prudent to keep the existing structures and work towards standardisation, streamlining, cross-sector mentoring and the like. It is unfair on industry, training providers (including non-profits) and the SETA staff themselves to change the 'goalposts' three times in the past 15 years⁶ without allowing time for the SETAs to mature and develop excellent work practices. Some of them, such as the FP&M SETA have shown themselves to be capable of doing this when suitably qualified and passionate staff are appointed.
5. Given that industry is required to fund this training, ensure that there are sufficient *fora* for industry to play a meaningful role with regard to the use of funding. Information from recent FP&M SETA workshops indicates that fewer than 50% of employers participate meaningfully in the mandatory grant process indicating that there is no real 'buy-in' to the system. Centralising the power and decision-making to one Ministry may have the effect of further input 'fatigue'.

Learn to Earn

January 2016

⁵ See summary diagram at p45 of the NSLP.

⁶ NSLP 2015 at p.10

To Whom It May Concern
1 February 2016

Feedback on the proposed SETA structure changes.

As the SDF and representative of Media24 News (L140710122) I, Sunelmarie van Niekerk request the following in regards to the proposed changes to the current SETA landscape.

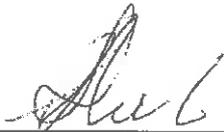
- Leave the current SETA's structures as is but optimize the SETA's systems and funding windows.
- Standardize the window periods as well as MIS systems and audit requirements across all SETA's.
- Institute penalties and micromanagement on underperforming SETA's that delay reports necessary to finalise tranche claims.

I list the following as our primary concerns should all SETA's be amalgamated under one SETAB:

- Turnaround time to get qualifications accredited will be negatively impacted with a detrimental impact on business needs.
- The primary focus will be on qualifications and not on skills development. Available accredited training does not always match critical business needs.
- The fair allocation of funding should all industries fall under one SETAB.
- Loss of efficiencies and consideration of business and industry specific needs due to the proposed consolidation.

I trust you will find the above in order. If you have any questions, please feel free to contact me.

Kind regards,



Sunelmarie van Niekerk
Talent and Learning Manager
Media24 News



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26 February 2016

The CEO
Ms Felleng Yende
FP&M

Dear Felleng

PAMSA Support for FP&M Seta Position Paper on the New Seta Landscape Proposal

The Paper Manufacturers' Association represents over 90% of all paper manufacturers in South Africa. As the representative employer body for the Sector we would like to register our support for your submission on the new Seta Landscape proposal.

Your Position Paper has been carefully considered and is not just a litany of objections. Instead it offers constructive comment in addition to some truly good alternate suggestions. PAMSA values our relationship with your organisation and hope to continue with our constructive relationship with you for at least the next five years.

Thank you for the work which has gone into this submission to Government.

Yours sincerely

A handwritten signature in black ink that reads "Jane Molony". The signature is written in a cursive, flowing style.

Jane Molony
Executive Director
PAMSA

c.c. Ms Elmine B
elmineb@fpmseta.org.za



COMMENTS AND RECOMMENDATIONS ON THE DHET PROPOSALS ON THE NEW NSDS & SETA LANDSCAPE

1. INTRODUCTION

This document contains comments and recommendations based on an analysis of the proposal of the Department of Higher Education and Training (DHET) on the new National Skills Development Strategy (NSDS) and Sector Education and Training Authority (SETA) landscape (*Government Gazette No. 39386 on 10 November 2015*). The Executive Summary is followed by a detailed description of the main weaknesses and the consequences of the DHET proposals, as well as recommended improvements. The quotes in this document are from the DHET document (hereafter referred to as NSLP), except where otherwise indicated.

2. EXECUTIVE SUMMARY

2.1 Overall comment on the DHET Proposals in the NSLP

There are a few positive recommendations in the NSLP that will streamline and simplify processes. Examples are the introduction of uniform processes and requirements to reduce the confusion when interacting with more than one SETA, the control over the remuneration of SETA managers, staff and Boards, and attempts to address the uneven funding of SETAs in key sectors such as agriculture.

However, the DHET proposals will have a negative impact on skills development as a key mechanism for economic growth and job creation because:

- employers, their employees and new entrants into the job market will be negatively affected as less funds will be available for training to develop workplace competence;
- it will be more difficult for employers to access such funds; and
- decisions on skills development for the economy will be taken by government entities with limited insight into the skills required to ensure productive businesses that can grow, retain jobs and employ more people.

2.2 Main weaknesses in the proposals

2.2.1 The main reasons why most of the DHET proposals in the NSLP cannot be supported

- The NSLP proposals fail to incorporate best practices of SETAs that perform well and the professional bodies that make a significant contribution to occupational competence.
- The proposals alienate employers, the key constituency that the Minister relies on to achieve the NSDS targets.



- The basic premise in the NSLP is that centralised control by a government department will improve the relevance and responsiveness of the skills development system to the skills needs in the labour market.
- They reflect unrealistic expectations of the outcomes of the proposed changes and lack of understanding of the major disruptions to service delivery that will result from them.
- They expand the DHET bureaucracy that will consume funds that should be used for skills development.
- There are basic flaws in proposals relating to occupational competence and workplace-based learning.
- Proposals on far-reaching changes are based on incorrect assumptions.
- The NSLP fails to consider the unintended negative consequences of the proposed changes.

2.2.2 The consequences of implementing the DHET proposals

- Incorporating SETAs into a government department will distance them from their key constituency, the private sector employers.
- The proposals will alienate employers and result in a decline of employer support for skills development, thus reducing workplace-based training that is essential for economic growth.
- Funds intended for skills development for industry, sector and economic growth will be diverted to fund an expanded DHET bureaucracy and other government priorities.
- There will be a significant reduction in the grants available for employers to support training for workplace competence and economic growth.
- The proposals on systems changes will result in large-scale disruptions and delays in skilling the unemployed and employed and further erode employer trust in and support for the skills development system.

2.2.3 Main recommendations

- Provide stronger incentives for employers to provide learning opportunities in their workplaces and to support other training for occupational competence.
- Keep the skills levy funding for skills for the economy out of the centralised control of the National Skills Fund (NSF).
- Keep SETAs out of DHET and don't implement the changes that will transform them into Sector Education Advisory Boards (SETABs) incorporated into DHET structures.
- Conduct a thorough analysis of the best practices of effective SETAs and incorporate these into any changes to the skills development system.
- Establish and implement effective mechanisms to deal with under-performing and dysfunctional SETAs.
- Don't reduce industry representation on SETA Boards.
- Give professional bodies a stronger role in the system for improving occupational competence.
- Rethink the proposals on Occupational Teams and adopt a more realistic approach to the Organising Framework for Occupations (OFO).
- Implement the following NSLP proposals: establish a shared service system for all SETAs; develop common procedures that apply across SETAs based on the best practices identified; and establish the Skills Planning Unit.



3. DETAILED DESCRIPTION OF WEAKNESSES IN NSLP

3.1 Centralised control

The proposals in the NSLP present centralised control in DHET as the only solution to the complex challenges and multiple interests in the skills development system. This reflects an over-simplified, one-dimensional approach that results in the creation of new structures and director posts in DHET, and the expansion of the powers of the National Skills Authority (NSA) to execute this control. One gets the impression that the NSLP is the product of a brief given to the authors to create the structures and processes to effect the desired centralised control under the DHET Minister, as depicted in the 'Summary of structural implications of policy' on the last page of the NSLP.

3.2 Failure to incorporate current best practices

The NSLP is frank about the problems resulting from dysfunctional SETAs, but there is no evidence of even a superficial analysis of the processes and practices of the best performing SETAs. These SETAs have excellent track records operating within the same system that the DHET wants to change substantially. The NSLP does not consider what works in SETAs and why and how these practices should be incorporated in the revised system.

The only mechanism in the NSLP for achieving greater collaboration between SETAs is "enhanced management of SETABs from within the DHET through a process of internal capacity building and restructuring of the Skills Branch' (p.37). This includes creating five new Director's posts under the DHET Chief Director responsible for SETA Coordination (p.41). Here again, DHET sees the centralisation of control as the only solution to address a problem, while the desired collaboration could be achieved without incorporating SETAs into DHET.

3.3 Failure to include the role of professional bodies

By December 2015 the South African Qualifications Authority (SAQA) had formally recognised 85 professional bodies, but the NSLP fails to recognise their role. They represent a wide range of occupations, including architects, auditors, bankers, chartered accountants, chefs, construction workers, engineers, estate agents, financial planners, health professionals, IT professionals, mine surveyors, municipal finance officers, plant hire contractors, plumbers, skills development practitioners and vets.

In the three references to professional bodies in the NSLP, there is no mention of their contribution in the recommended changes or their role in the proposed Occupational Teams that will function under DHET control. Professional bodies are better placed than these Occupational Teams to 'bring together representatives of employer, education and training providers, and others' (p.21). These are already their stakeholders; they have an in-depth understanding of the occupations they represent; and they make a substantial contribution to skills development in those occupations, for example through competency profiling, standards setting, qualifications development and Continuous Professional Development (CPD).



3.4 Flaws in the Occupational Team Structure

The model of the structure of Occupational Teams (p.22) is flawed in that it separates the development work of occupational teams in three areas for developing the theoretical foundation, practical training and structured workplace learning for occupations. The separation of these three components is a fundamental flaw in the structure of occupational qualifications (in Knowledge, Practical Skills and Work Experience Modules) that should not be repeated by Occupational Teams.

The most effective way to develop occupational profiles and curricula is to work back from what constitutes competent performance in the workplace. Then one needs to consider: what do people need to know to demonstrate this competence; what skills must they have; and what learning activities in a real or simulated context will give them the opportunity to apply the knowledge and skills in an integrated way in the actual work situation.

One cannot really determine the knowledge that is required without considering how the knowledge will be used in acquiring the skills and applying those skills in a workplace context. For example, if one is planning a curriculum on how to plant tomatoes, one cannot identify the knowledge learners require without considering what they will be doing in planting tomatoes, i.e. knowledge about different types of soil and seeds, the climate, etc. One will also need to consider the knowledge they will need in applying skills, e.g. different types of tools and safety procedures, as well as the knowledge relevant to the workplace, e.g. laws governing agricultural practices and environmental protection.

This approach will also guide the development of formative and summative assessments that assess knowledge, skills and application in an integrated way to assist the learners to grow to tackle increasingly more complex, multi-dimensional tasks. The best way to achieve this integrated learning and assessment is clearly not through three teams developing the three areas separately, each working under a separate convenor – even if there are periodic links between them (indicated by the small arrows in the centre of the diagram on p.22).

3.5 Unrealistic conditions relating to workplace-based learning

The NSLP makes a statement on workplace-based learning opportunities that is valid but not feasible because it will deny thousands of learners much needed learning opportunities: 'In the longer-term, having secured the workplace based learning opportunity will be set as a pre-condition for enrolment of learners into programmes where this is a requirement. This implies that securing such workplace-based learning will become a *precondition* for the allocation of voted funds to an institution' (p.30).

This relates to the flaw in the structure of occupational qualifications, which include workplace experience as an integral component of the qualification. The reality is that the current post-school system already delivers thousands of students who cannot complete their qualifications because they cannot find an employer where they can complete the compulsory workplace experience of the qualification.



This requirement particularly disadvantages learners from rural areas and small towns such as Nqutu, Qunu, Lebowakgomo and Pofadder where it is almost impossible to find employers willing to give them the work experience in their specific fields of study, for example dental technology or mechatronics.

3.6 Incorrect assumptions

The NSLP reflects a number of incorrect assumptions that contributed to the many flawed, unrealistic and unattainable proposals.

3.6.1 Assumption 1: SETAs incorporated into DHET will improve their responsiveness to the labour market

The NSLP proposes that 'To better integrate the SETAs into the post-school education and training system, the SETAs to be located as specialised service delivery units within the Department of Higher Education and Training and to be renamed Sector Education and Training Advisory Boards (SETABs)' (p.3).

This is a significant departure from the current situation in which the SETAs are not part of the DHET structure, but their relationship to DHET is governed by Service Level Agreements with the Department. SETAs are currently public institutions listed by the National Treasury in Schedule 3A of the Public Finance Management Act (PFMA), together with institutions such as the Estate Agency Affairs Board, Luthuli Museum, the Mine Health and Safety Council, SAQA and SARS (<http://www.treasury.gov.za/legislation/pfma/public%20entities>).

The proposal to incorporate SETAs into DHET is accompanied by an increase in government representatives on the Boards of SETABs where they will have veto power (p.38). This will increase the distance between SETAs and employers, who will see SETAs as part of government and no longer committed and positioned to address the skills needs in their sectors. Therefore, the NSLP will not achieve the aim 'to ensure that the proposed SETABs: continue to build relationships developed by SETAs with employers in their sectors; and better understand the current and future training needs in and for workplaces' (p.4).

3.6.2 Assumption 2: DHET control over SETAs incorporated into the DHET Skills Development Branch will improve their performance

The problem of dysfunctional SETAs is not lack of control mechanisms but the inability of DHET and the NSA to exercise the powers they have in terms of Section 15 of the Skills Development Act of 1998 to take action in cases of SETA mismanagement, fraud or non-compliance. The Services SETA is one example: it was under DHET 'Administration' for a number of years since April 2011 when the Minister removed the CEO. This SETA remained dysfunctional for many years under different Administrators who were appointed, monitored and controlled by the DHET. The Minister has taken the same action in the SETAs for Construction, Local Government and Culture, Arts, Tourism & Hospitality. The problem is therefore not so much a systems failure – as proven by the many functional SETAs – but the failure of DHET to manage the performance of SETAs through the Service Levels Agreements the DHET Director-General signs with each SETA.



The Skills Development Branch in DHET has clearly failed in its responsibility for ‘developing and implementing appropriate legislation and policies for a sustained quality and accessible post-school education and training system (and) managing annual Service Level Agreements between the department and the SETAs and monitoring them in line with the SLA regulations’ (<http://www.dhet.gov.za/SitePages/OrgSkillsDevelopment.aspx>). Creating five new director posts in this DHET Branch is unlikely to achieve the desired result.

3.6.3 Assumption 3: The transition of SETAs to SETABs incorporated into the DHET will not be disruptive

The NSLP states that the substantial changes to transforming SETAs into SETABs will happen ‘with minimal instability to the system’ (p.4) and it will not ‘cause major disruption to service delivery’ (p.14). This is totally unrealistic as anyone can confirm who has been involved in or affected by any of the major changes to the SETAs, such as their reduction from 25 to 23 and then to 21. The DHET proposes changes on the systems level and we should anticipate disruption of services and large-scale delays, as well as unforeseen problems and unintended consequences that will require corrective measures. One major challenge that DHET and SETABs will have to manage will be resistance from employers and other stakeholders to buy into and actively support the new skills development system.

3.6.4 Assumption 4: Bringing institutions into government will improve their efficiency, effectiveness and impact

Unfortunately, the government’s poor service delivery record and the unacceptable state of many State Owned Enterprises don’t support the assumption that incorporating SETAs into DHET will improve their efficiency, effectiveness and impact. One example from DHET itself is the lack of progress in revising the 2007 Learnership Regulations after Minister Nzimande signed the Draft Learning Programme Regulations in 2012. We still do not have the final Regulations that deal with the core activity in the skills development system: the delivery of learning programmes. Incorporating SETAs into DHET as ‘specialised service delivery units’ (p.3), the expanded DHET bureaucracy and additional departmental control mechanisms are likely to slow down processes and delay progress rather than improve efficiency, effectiveness and impact.

3.7 Proposals based on ILO and OECD recommendations

The proposed changes in the NSLP and the failure to incorporate SETA best practices and professional bodies possibly result from relying on advice from international organisations that don’t have a practice-based understanding of our system and context. The new role of the NSA ‘has been developed in consultation with the Turin Centre of the International Labour Organisation (ILO) and is based on many of its principles’ (p.39). The far-reaching decision to integrate the PIVOTAL Grant component of the skills levy into the NSF was made in support of a proposal from the Organisation for Economic Co-operation and Development (OECD). With due respect to the expertise of the authors of the ILO and OECD documents referred to in the NSLP, they are not widely recognised in South Africa for their track record in presenting ground-breaking solutions to practical problems experienced in our skills development system.



4. THE CONSEQUENCES OF THE DHET PROPOSALS

4.1 Increasing the distance between SETAs and their constituent workplaces

Incorporating SETAs into DHET as 'specialised service delivery units' (pp.3 & 36) removes them from employers, their main partners in implementing skills development strategies. It is unrealistic to assume that SETAs – now operating as an integral part of government – will be more attuned to and responsive to the needs of industry. SETAB staff will be public servants responsible for implementing government policies – not addressing the needs of private sector employers to grow the economy.

The NSLP confirms that in order to perform the function '(to determine the skills needs of employers), it is desirable that the SETABs remain as close to their constituent workplaces as possible' (p.37). In its argument against clustering the SETAs, the NSLP raises the concern about increasing 'the distance between the management of the SETA and the companies it serves is ... with more layers between beneficiaries and service provision inevitably being introduced. This may well further slow service delivery rather than achieve the desired acceleration' (p.14). However, this would be exactly the outcome of the implementation of the NSLP proposal to move SETAs into a government department.

4.2 Alienation of employers

Employer participation in providing learners with workplace-based learning opportunities to develop employable skills is a central pillar in the DHET Proposals, referred to 34 times in the NSLP. However, it is unrealistic to expect employer participation in DHET-controlled processes that increase the distance between SETAs and employers. The NSLP excludes employers from meaningful input in key decisions that affect them because decisions on funding and skills priorities will be made by structures established primarily to serve national government objectives: the Minister, the Director General, the NSA, and now also the SETABs. In addition, the additional government representatives on SETAB Boards will have veto rights in relation to the adoption of sectoral briefs (p.38). These structures are further removed from employers than SETAs were, and they are less likely to have in-depth understanding of the skills needs on the factory floor and how best to address them.

The NSLP does not reflect an understanding of the costs associated with employers providing opportunities for inexperienced learners to gain work experience. Workspaces are places of work, of manufacturing and production, meeting production targets, importing and exporting, meeting customer needs; they are not 'training spaces', although learning is a by-product of working. It is unrealistic to expect the private sector to participate in government-controlled processes and priorities in which they had little input. Therefore, it will be more difficult to motivate employers to commit time, money and people to support the DHET proposals as the skills planning processes will be removed from their sphere of influence. The financial incentives in the NSLP are simply not enough to encourage employers to train beyond the skills needs of their own businesses.



The new proposals will encourage employers to simply pay the skills levy as an extra tax, and to do only the minimum business-focused training to comply with the requirements to qualify for the 20% Mandatory Grant.

4.3 Diverting funds intended for skills development to fund the DHET bureaucracy

The NSLP proposals on the DHET control of income from the skills levy essentially means that the Minister has 'nationalised' the skills levy, as commentators have been predicting. DHET control over the skills levy will divert funds intended for actual training to other DHET priorities. The skills levy will also have to fund the expanded DHET bureaucracy, which includes five new Directors and their staff; the establishment and staffing of the Skills Planning Unit; the work of Occupational Teams for each major OFO or OFO cluster; and a dedicated training unit for training government officials and others in the execution of the functions outlined in the NSLP. Although the NSLP claims that additional expenses will be funded from the money saved through the shared services for SETABs, this saving is unlikely to cover the expansion of the DHET bureaucracy.

4.4 Reduction of funds for training for the private sector and economic growth

The DHET control over the skills levy funding will reduce the money available for skills development to drive economic growth, as confirmed by the following statements.

- 'The targets set under the NSDS, interpreted in the proposed Ministerial Statement, will broadly frame the allocation of grants although discretion will be given to the Director-General to respond to national priorities' (p.44).
- 'The role of government departments will be strengthened on SETAB boards ... The government representatives will have a veto right in relation to the adoption of the sectoral brief to be submitted to the DHET to ensure that the strategic priorities are addressed therein' in terms of a mandate for the veto provided by their respective Directors-General (p.38).
- The SETABs will manage the disbursement of the Mandatory and Sector Specific Grant (previously the sectoral component of the Discretionary Grant) 'under streamlined, national prescriptions' (p.36).

Despite the above bullets, the NSLP claims that 'For the first time labour market employers will also be able to influence not only the work of the SETAs but also that of the education and training institutions, and consequently not only influence the spending of the levy but also of the fiscal allocations' (p.16). This statement gives the impression that sections of the NSLP were written by people who had not read or understood the implications of other sections.

4.5 Reduction of grants for employers

The NSLP reduces the funds that employers can access through Sector Specific Grants and funds for PIVOTAL programmes (Professional, Vocational, Technical and Academic Learning), i.e. programmes that lead to qualifications and that include work-integrated learning or work experience placements. Employers will be able to access 9.9% of the total skills levy funds from the Sector Specific Grant and realistically between 10-15% of the 39.5% allocated to the PIVOTAL Grant.



The 39.6% of total levy for PIVOTAL programmes will be ring-fenced in the NSF, but only part of the 39.6% will be available to employers. The primary purposes of the PIVOTAL Grant will be:

- 'to incentivise employers to provide workplace-based learning opportunities for new entrants to occupations, which have been identified as being in demand nationally and/or sectorally and/or provincially and/or locally';
- 'to compensate employers for providing nationally quality assured learning opportunities for their current workforce in line with workplace, sector, provincial or national imperatives in the areas identified. These too will need to be framed by standard, gazetted grant allocations' (43); and
- in addition to the abovementioned two priorities, the PIVOTAL Grant will be used to fund: upgrading Centres of Specialisation; augmenting training budgets of public training providers; funding the Quality Council for Trades and Occupations (QCTO); the expanded DHET bureaucracy; the work of the Occupational Teams; and other measures (not specified) 'needed to enhance the efficiency and effectiveness of the skills levy disbursement system' (p.44).

There are two limitations on the employers' access to the portion of the PIVOTAL grants set aside for them:

- SETABs will apply to the NSF for funding on behalf of employers, 'however the final decision on 'who gets how much' will be taken after due consideration is taken of national priorities, informed by the National Development Plan' (p.33);
- the NSF allocation of funds 'will ensure that national occupational targets are met' (p.31) and the employers' applications might not be in line with these targets;
- 'the allocation of these funds will be made in line with the National Skills Development Strategy IV, which will incorporate sectoral priorities (submitted by SETABs) and national priorities into approved occupational priorities for the country (after widespread public consultation)' (p.16).

Consequently, less money will be spent on training the primary beneficiaries of the skills development system:

- to develop the occupational competence necessary to improve workplace productivity that is essential for economic growth and job creation;
- to enable unemployed students to gain work experience; and
- to develop the skills of the unemployed and under-employed to enable them to share in the benefits of meaningful employment.

4.6 Decline in training supported by employers

The consequence of the NSLP will be a decline in the training that employers will support in the workplace. It will not make much sense for employers to train beyond the skills they need to ensure that their workplaces are productive so that they can stay in business and keep their staff employed. There will be even less motivation for employers to support DHET in addressing the skills needs of the unemployed, or providing work experience to graduates, or supporting programmes that primarily address national development goals rather than sector-specific, industry or company needs.



This decline in employer support for skills development is the unintended consequence of NSLP proposals such as:

- the reduction of the skills levy funds that employers will be able to access;
- the more stringent requirements attached to the Discretionary Grant (now the Sector Specific Grants) and the PIVOTAL grants ring-fenced in the NSF;
- the centralisation of decisions in the Ministry on skills needs and priorities to be supported through skills levy funds;
- the removal of SETAs from their close interaction with employers; and
- the longer channels for processing and approving applications for funding through SETABs to the NSF.

4.7 Disruption resulting from systems change: the real 'cost' of implementing the proposals

Contrary to the claims in the NSLP, the proposed changes to the skills development systems will result in a great deal of instability and major disruptions to service delivery that will hamper the success of the new system that might look so perfect on paper. The reality is that such major systems change will stall progress, and it will probably take close to five years before the system delivers the intended benefits, considering that many changes will require legislative changes. The QCTO, for example, only started to make progress in registering occupational qualifications six years after it was established by the Skills Development Amendment Act in 2008. With the crisis of unemployment and the critical skills we need to grow our economy, we simply cannot afford this disruption and any delays in addressing the skills crisis.

5. RECOMMENDATIONS

These are recommendations on improvements that should be incorporated into any changes to the skills development system. They will be less disruptive, costly and bureaucratic than the DHET proposals and more likely 'to usher in a responsive (Post-School Education and Training) system which serves the goals of society, as well as economic growth and job creation for the nation' (p.16). These recommendations should be considered together with other comments and recommendations the DHET receives on the NSLP.

5.1 Provide stronger incentives for employers

It is essential to provide stronger incentives for employers to support skills development, particularly for providing learning opportunities in their workplaces. The DHET proposals that relate to grants available for employers and the processes for accessing such grants will have to be reviewed to avoid employers withdrawing their support for skills development. Unless DHET provides real incentives for employers to train beyond what they need to keep their production machinery going, the Minister will not achieve the NSDS targets for 2016-2021, which depend on strong commitment and active involvement of employers.

5.2 Keep the levy funds for skills for the economy out of the National Skills Fund

The skills levy should primarily be used to fund the development of skills for the economy. The problem with the funding proposals in the NSLP is that most of the funds from the skills levy (as opposed to the previous 20%) will go into the NSF, from where disbursement will happen under the control of DHET as described earlier under par. 4.3 to 4.5. The NSLP proposals would result in



the majority of funds in the NSF being used to fund DHET structures and other priorities that are not directly related to skills for the economy.

5.3 Keep SETAs out of DHET

SETAs should not be incorporated into the DHET structures, because as the NSLP recognises: 'it is desirable that the SETABs remain as close to their constituent workplaces as possible' (p.37). This will not be achieved if the SETABs are incorporated into a government department.

5.4 Base changes to the skills development system on an analysis of SETA best practices

Conduct a thorough analysis of the best practices of the functional SETAs that are doing precisely what the DHET proposals want to achieve: working closely with their constituent workplaces, supporting training that responds to sector needs, efficiently disbursing grants, and making significant contributions to empowering the unemployed to enter jobs in the sector. Then build a model for the SETAs and the skills development system around existing structures and processes that could be replicated. The investigation should also cover the value of SETA offices in the provinces and at Technical and Vocational Education and Training (TVET) colleges.

5.5 Establish and implement *effective* mechanisms to address under-performing SETAs

The DHET should use the legal authority, structures and processes it has to 'address malpractices which have continued to dog too many SETAs since their inception' (p.38). This includes the mandates of the NSA and DHET in terms of the Skills Development Act, and the responsibilities of the DHET to manage SETA performance in terms of their 'Annual Performance Plans approved by the Minister, and the Service Level Agreements signed with the Director-General of Higher Education and Training'(p.12).

As indicated in par 3.6.2 above, the continuous under-performance, malpractices, corruption and fraud among some SETAs is evidence of failure on the part of the DHET to manage SETA performance against their Performance Plans and SLAs. The solution to under-performing SETAs is not creating new structures under the DHET Skills Branch, but ensuring that the existing Branch executes its functions effectively.

5.6 Do not decrease industry representation on SETA Boards

Increasing the number of government representatives on SETA Boards – and giving them veto rights – will decrease the relevance and responsiveness of decisions to the skills needed for growing the economy. The proposed changes will inevitably alienate industry and result in the withdrawal of private sector support for skills development.

5.7 Give professional bodies a stronger role in the skills development system

Professional bodies are constituted under Chapter 6 of the National Qualifications Framework (NQF) Act and currently represent 85 broad professions, with multiple occupations in these professions. They have the knowledge and expertise to perform and/or participate in many of the functions relating to occupations in the DHET Proposal. Funds from the skills levy should be made available to professional bodies that perform functions allocated to Occupational Teams.



5.8 Introduce the 'shared services' system for SETAs

This is proposed in the NSLP 'to address the effectiveness and efficiency challenges which face the current system and to bring into alignment the criteria, application and disbursement systems of the levy funds' (p.16). The best way to introduce the proposed shared service system should be further investigated, together with analysis of the SETA best practices that can be incorporated into such a shared services system. This system can be implemented without incorporating the SETAs into DHET structures.

5.9 Introduce common procedures and requirements across SETAs

Again, as in the recommendation on shared services, the development of common procedures and requirements for grant applications and other processes should be investigated as part of the analysis of SETA best practices and then designed on the basis of these practices. They should not be developed by DHET officials or consultants without direct experience of what is required to implement them effectively across SETAs. The NSLP proposal to 'control the level of remuneration of SETAB managers, staff and board' (p38) should also be implemented.

5.10 Establish the Skills Planning Unit

The 'Skills Development Planning Unit' was already mandated in the Skills Development Act of 1998 and it should be established. However, some of the proposals in the NSLP should be reviewed, for example how this unit is positioned in relation to the DHET structures and the SETAs, and the functions of Occupational Teams within the unit.

5.11 Adopt a more flexible approach to the OFO

There is some value in using the OFO to 'determine the skills needs of employers by occupation' (p.24). However, it shouldn't be a cornerstone of the skills development system and the basis for qualification development because it is not a reliable mechanism for collecting information and categorising the jobs people do.

Job titles and the work done by employees don't always match the OFO, which makes it difficult to link jobs to occupations in the OFO. For example, small earthmoving businesses would have one or two employees who operate the bulldozer, excavator, grader, loader, articulating dump truck and scarper, and who also drive the forklift, which are seven separate occupations on the OFO. One would find the same situation in most small businesses where employees perform work that cuts across occupations on the OFO. Also, the job titles of local branches of global companies are prescribed by the head office and they don't always match occupations on the OFO. Therefore, the data collected from employers on skills needs against occupations in the OFO is not sufficiently reliable to be used in compiling the national scarce skills list.

In addition, it is an incorrect assumption that people employed in the same 'occupation' perform the same tasks and they therefore require the same competencies and qualifications. This is largely true for plumbers but less so for knowledge managers. The fact is that occupations are not as fixed in the information age as they were in the industrial age. 'Now, anywhere from 25% to 50% of jobs require people to create, use, and share knowledge... This type of work is mostly intangible – and often invisible... Knowledge work is mostly unseen, and therefore difficult to



measure. You can't watch knowledge being created in the same way as a physical, tangible product' (https://www.mindtools.com/pages/article/newTMM_45.htm).

In the work environment in the information age:

- new occupations emerge almost daily as others become extinct;
- the occupations for which students are preparing may no longer exist when they graduate, or a great deal of what they learnt over four years is often no longer be relevant due to new technology or other innovations;
- occupations are much more fluid and the work that knowledge workers do is less rigidly linked to specific occupations registered on the OFO; and
- people in the same occupations, such as Knowledge Management Officers, perform widely different tasks, often crossing occupational categories.

Developing qualifications strictly on the basis of the occupations and/or specialisations in the OFO is also problematic. Firstly, it results in a proliferation of qualifications: for example, there are four separate Occupational Certificates registered by the QCTO for Bus, Taxi, Truck and Train drivers. Using the OFO, we will have five more driver qualifications for Motor Cycle drivers, Car & Van drivers, Heavy Truck & Lorry drivers, etc. Surely, there is sufficient commonality amongst these drivers that could be captured in a generic qualification with specialist areas for each type of vehicle they drive. Secondly, we cannot afford the costs involved in developing occupational qualifications based on the OFO, currently ranging from R 250 000 and R 400 000 per qualification. Even if this was the ideal model for developing qualifications – which it is not – we cannot as a nation afford to spend so much money developing a qualification before even a single learner has enrolled for the qualification.

6. CONCLUSION

The conclusion is that the NSLP proposals will not achieve the desired aim of 'a responsive (Post-School Education and Training) system which serves the goals of society, as well as economic growth and job creation for the nation' (p.16). The confidence expressed in the NSLP in achieving its objectives is often unfounded. For example that the 'National Skills Fund will ensure that national occupational targets are met – with contributions from all the sectors where the occupation is applied' (p.31). The success of Option 4 in the NSLP relies on employer support but the financial incentives and conditions for accessing grants do not encourage employers to make their premises and resources available for training people beyond their own staff development needs.

Even if the proposals in Option 4 are the most appropriate – which they are not – it will take many years for the proposed new system to operate effectively. The need for skills to drive economic growth that is essential for creating more employment opportunities is critical. It will be irresponsible to spend money, time and energy creating new systems, structures and processes when the shortage of skills and unemployment require immediate attention. We cannot afford as a nation to wait for the system to be fully operational to address this serious situation.



We also cannot afford to divert funds intended for actual skills development to an enlarged bureaucracy that will inevitably slow down processes and delay progress. Option 4 will simply not promote the 'skills revolution' that the former Minister of Labour, Tito Mboweni, envisioned with the introduction of the Green Paper on Skills Development in March 1997.

The real outcome of Option 4 will be that the Minister will not achieve the NSDS targets and all the other objectives he wants to achieve in order to address the country's need for skills, employment, job creation and economic growth. The DHET vision: 'Together, Turning every workplace into a learning space' will remain an empty slogan and an unattainable dream.

Suzanne Hattingh

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30 January 2016

Submission in respect of the new SETA Landscape

Introduction

This submission is in response to the request for comments to the proposed new National Skills Development Strategy (NSDS) and Sector Education and Training Authorities (SETAs) landscape by the Honourable Minister of Higher Education and Training, which request is contained in the Government Gazette No. 39386, Vol. 605 published on the 10th November 2015.

After perusal of the above mentioned document, it is understood that Option 4 is the proposed way forward. Some discussions within the industry, given the time constraints, have taken place and the Printing and Packaging Industries would like to make the following comments:

1. Too many changes

Since the advent of the democratic era in South Africa the industry has experienced a considerable number of changes in as far as the pedagogy and methodology of training and development is concerned. While the industry acknowledges and fully supports the need and the reasons that were advanced for changes, the industry now feels that it is necessary to caution against too many changes. This is so because since the days of the Industries Training Boards to the days of changes that were brought about by the Skills Development Act, that introduced the SETAs, the industry has experienced at least three major changes and now the fourth is proposed, all in a space of less than 20 years.

The challenge brought about by these changes is instability to the system and much uncertainty amongst the users whether they be beneficiaries or stakeholders. Not only has industry spent valuable time debating the new proposals but these changes have resulted in those that are responsible for training being uncertain, frustrated and confused.

2. Reallocation of funds

The industry acknowledges the need for Government to assist other sectors especially those that will assist in the development of the Country's economy. However, the industry believes that there are a number of industry specific challenges that the industry needs to deal with. Among those are; the industry is struggling to attract high caliber, quality candidates mainly because of the negative perception that it is a dying industry and the fact that very little is known about the industry. E.g less than 1% of the South African population would be aware that of the 126, OFO codes listed trades about 30 of those are in the Printing and Packaging industry alone. The TVET and Universities are not offering training that is directly relevant to this industry.

Over the years the industry has had to find ways to train its work force. It is therefore understandable that there will be serious concerns in as far as the reallocation of funds is concerned as it is understood to result in reduction of the current funding levels and as such could be another detriment to the industry as was witnessed a few years ago when the main training institution forcibly shut its doors.

As it is, the cost of training an apprentice over three years in the industry is estimated to be in excess of R300,000 depending on the specific trade. The funding by the SETA is at about R170,000. The shortfall is covered by the industry. And if this shortfall was to increase, there are serious concerns that this will further jeopardize training in this sector.

3. Possible regrouping of the SETAs

Option 4 entails a possibility of regrouping of the SETA. In the last three years, for the first time since the introduction of the Skills Development Act, the industry has experienced working with a SETA that is functioning as it should. The industry is very concerned that the regrouping of the SETAs has the potential risk that the industry could end up with another dis-functioning body, which is a risk also foreseen in the Gazette. This is obviously an undesirable situation for this, and it is envisaged the other subsectors under the current FP&M SETA.

4. The OFO Codes

It would seem that the proposed system would rely very much on the OFO codes. The industry has experienced ongoing challenges in as far as the codes are concerned. Much has been done to try and correct these, and currently a process is underway to correct them but as things stand, they are yet to be finalised.

We would urge the responsible parties to ensure that these are in fact properly in place and correct before too much reliance is placed in them.

5. Further Clarity

Further clarity is sort on the following three points:

1. The establishment of the Occupational teams as envisaged on page 21. What would these entail? What level of authority would they have, and how will they interact with the boards of the SETABs?
2. The establishment of SETABs offices at TVET Colleges and Universities as stated in page 29. The industry understands that there are liaison personnel between these institutions and the various SETAs. If so, what then necessitates the need to establish offices as that will come at an additional cost to the system?
3. The strengthening of Government's voice on the Boards of the SETABs. What does this mean? The obvious concern here is that as it is Government has a say in the running of the SETAs and in those SETAs that are functioning as they should this is working well. As such the question arises to this effect, is the strengthening of the Government's voice a solution or rather a mechanism ensuring that the proper functioning of SETAs should be the main focus? The Industry's concern is that if one of the parties that currently constitute the SETA boards is given more power than the rest of the parties, an unhealthy dominance will result in much unhappiness and possibly lead to the collapse of the bodies.

Proposal from the Industry

It cannot be disputed that any system will from time to time require some adjustment for it to remain effective and relevant. The current SETA system is no exception to that. However, major overhauls such as proposed are bound to bring about serious problems as pointed out particularly in point one above.

It is therefore the industry's proposal that instead of another major change, an extrapolation of lessons learnt in getting some of the SETAs that were previously dysfunctional to be the great institutions that they have become, be used to address the persisting challenges of those SETAs that needs assistance. This will ensure stability of the system and bring about the necessary confidence to all stakeholders.

Key to addressing challenges of institutions is often capacitating it with relevant leadership. These could include: the skills sharing that entails the moving of board members and officials around the various SETAs. Specialized training programmes for leaders, mentoring and coaching by those that have proven themselves in this business should be considered. The Industry supports the idea of a 'sub division' within the DHET to monitor the SETAs. If need be a change of legislation amendment to empower this division and as such the Minister to decisively deal with continued non-performance of SETAs at all levels of management.

Prepared on behalf of the Printing and Packaging Industry by:

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ATTENTION: SKILLS PLANNING AND REPORTING MANAGER
ELMINE BAUMANN

Dear Elmine

**SOUTHERN AFRICAN CLOTHING AND TEXTILES WORKERS UNION (SACTWU)
RESPONSE TO THE NEW NATIONAL SKILLS DEVELOPMENT STRATEGY (NSDS)
AND SECTOR EDUCATION AND TRAINING AUTHORITIES (SETAs) LANDSCAPE
WITHIN THE CONTEXT OF AN INTEGRATED AND DIFFERENTIATED POST-SCHOOL
EDUCATION AND TRAINING SYSTEM (NSLP-2015)**

Introduction

This paper is a SACTWU response to the afore-mentioned document gazetted on the 10 November 2015.

Our feedback is not intended to be a critique of the proposals outlined in the mentioned gazette. We recognise that considerable improvements have been made by the Department of Higher Education and Training (DHET) in recent years towards improving the post-school education and training system. We also recognise that the challenges ahead for the department are enormous, given the historical legacies of apartheid education, which destabilised disenfranchised communities and oppressed workers.

Our purpose is therefore to move beyond the discursive plane of pure critique and proffer some recommendations to advance the project of education and training or skills development, particularly from the perspective of the working class who are, indeed, the bedrock of our economy.

We therefore encourage the DHET to view our comments in a positive light and open a platform for further constructive debate and discussion on the proposed landscape.

Mandatory Grants

The proposal that the Mandatory Grant rebate should effectively remain at 20% of the total skills levy should be reviewed. This monetary return is a weak incentive to encourage levy-paying firms, particularly small and medium firms, to submit workplace skills plans and annual training reports. Evidence of this, from DHET reports, is that the response rate for submission of WSPs/ATRs nationally is in the region of 30% for qualifying firms. The

onerous process of completing WSP/ATRs acts as a further disincentive for firms. It means that just a portion of workers have training opportunities - a low worker training rate.

2.2. We therefore recommend that the levy grant system should be reviewed in its entirety with a view to encourage robust participation of firms in mandatory grant disbursements and worker training. This, we believe, would effectively ratchet up training rates in the workplace, which is what is need to spark growth and development.

There is a recurrent problem of some firms exploiting and abusing of the mandatory grant system. Workers complain regularly of some employers who submit fictitious WSPs/ATRs – not training and claiming rebates. The same applies to learnerships which is used as another way to employ people at lower wages.

2.4. We strongly recommend that oversight responsibilities of the DHET and SETAs of WSPs/ATRs and learnerships should be strengthened. This requires inspection and auditing of workplaces – perhaps done by bargaining councils.

SETABs

Renaming SETAs as SETABs should be reconsidered for several reasons. Firstly, it takes us back to the pre-1990 industry training advisory boards. Secondly, if SETAs (authorities) are transformed into SETABs (advisory structures), this implies that the social partners, particular labour and business become advisors to SETABs. Thirdly, our current system is, among others, characterised by the following: a disjuncture between the expectations of workers and firms and post-school education and training providers; TVET programmes lack a work-based training component which is a serious impediment for graduates entering the world of work; TVET Colleges are institutionally-driven rather than industry-driven.

This disquieting proposal represents a fundamental point of departure from the principles outlined in the *Skills Development Act* which recognise labour and business as decision-making partners, instead of advisors.

The overwhelming international evidence points to the fact that countries which have developed high performing national education and training systems have strong stakeholder participation in decision-making at all levels in the system. This principle must be maintained and entrenched.

3.4. We therefore recommend that there should be no name change for SETAs.

Mergers

We accept that there is a need to stabilise the SETA system and continue with 21 SETAs in the new period. Notwithstanding, there is still a need to reconsider moving SIC codes to SETAs where there is a value chain fit.

4.2. In this respect we recommend the DHET open a discussion with clothing, textiles and footwear employers and labour representatives in the fp&M SETA with a view to transferring their industry SIC Codes to the W&R SETA. This would effectively align the product value chain to the training value chain with strong up- and downstream linkages for these industries.

Discretionary Grants

The allocation of the Discretionary Grant to 9.9% of the total levy is somewhat low and should be reconsidered. The strength of the discretionary grant is that it ensures sector-specific priorities are factored into projects. This is a key imperative for developing a responsive skills development system.

We therefore recommend that the allocation to the discretionary grant should be increased (perhaps to 15%), with a concomitant reduction in the NSF allotment.

We recommend that the discretionary grant allotment should ring-fence a portion for trade union training to build capacity on the shop-floor, promote decent work, worker security, and strengthen shop steward capacity.

Remuneration Scales

6.1. Remuneration scales of SETA staff differs from one SETA to another. In addition, the scales of SETA staff tend to be well above public servants. Since SETAs are public entities, remuneration scales should be aligned to the public sector. Since SETAs are proposed to become permanent structures, a SETA CEO, for example should be remunerated at the level of a Deputy Director General. The opportunity cost of high SETA staff remuneration is underspend on training of workers.

6.2. We recommend that SETA remuneration follow the grading system of the public service.

NSDS IV

7.1. A glaring deficiency of NSDS I, NSDS II and NSDS III is that these strategies were not informed by proper labour market and economic research. Technically, these strategies were poorly formulated. The elements of relevance, thoroughness, accuracy and good statistics, so vital in framing a national skills response, appeared to have been overshadowed by an administrative exercise with adverse consequences for responding for skills development.

7.2. Crafting a skills strategy is essentially an analysis-driven exercise, informed by research and wide stakeholder participation. Decisions about what should be contained in a skills development strategy should, of necessity, be informed by data gathering and analyses of the macro- and micro-economic environments, labour market dynamics, major policy pronouncements and sectoral studies.

7.2. We recommend that NSDS IV should be evidence-based, highly consultative, aligned to other national strategies, and research-driven. Some issues for consideration include:

How have occupational patterns and skill structures changed in response to shifts in the industrial composition, technological advances and other labour market changes?

What are likely to be the skill areas to experience an increase or decrease in importance and what are the implications for training investments?

What economic sectors are likely to experience growth and decline? What are the implications for skills development?

**What is the likely impact of proposed policy measures on job creation, enterprise restructuring and job destruction on training and training policies and programmes?
How do we deal with retrenchments, lack of training and exploitation of workers?
How can the strategy be fine-tuned or reformed to improve the skills of workers?
Who should benefit from training?**

We further recommend that NSDS IV should centralise employment retention schemes such as the Training Layoff Scheme, which proved successful in the metals and clothing industry. The poor management and lack of appreciation of the importance of this scheme should be addressed.

We also recommend that NSDS IV give priority to Recognition of Prior Learning (RPL) which is currently not being taken seriously or ignored altogether.

Strengthen TVET-Industry Linkages

8.1. TVET Colleges have a major role in improving the skills profile of the national workforce. As mentioned, currently TVET is education-led (supply-driven) instead of industry-led (demand-driven).

8.2. We recommend that SETA Board members should also be placed on TVET College Boards.

We further recommend that TVET Colleges adopt flexible training delivery modes to enable workers access training towards NQF qualifications, since the NCV delivery format is restrictive for existing workers.

Conclusion

9.1. We support many of the proposals in the paper with respect to:

- A more focused SETA mandate.
- The adoption of the language of occupations in the discourse.
- Strengthening labour market research in the system.
- The development of a skills planning mechanism and skills planning unit.
- Review of the mandatory grant instrument.
- The conceptualisation of a post-school system
- Prioritisation of cross-sectoral occupations
- Supporting occupational teams

Comradely greetings



**Andre Kriel
SACTWU
General Secretary**

The New SETA Landscape: A guide for our Special Board Meeting of 12 January 2015

A. Context

It is a ***matter of record*** that the SETA landscape will change in two years time. In that period the current SETA structures and board formation will remain unchanged. The Department of Higher Education and Training has made clear its intention to alter the landscape and has set a timetable whose first challenge for us is to comment on the Department's proposal.

It is a ***matter of law*** that the SETA terms run for five years at the end of which the Minister either extends or alters the landscape as it seems to be the case at present.

It is a ***matter for debate and comment*** what the DHET sets as

- The strategic focus
- The problem statements
- The DHET chosen Option(4)

1. The Strategic Focus

Support for national plans (NDP, NGP IPAP and Operation Phakisa)

These plans are a synthesis of policy positions that have been articulated by the ruling party over a number of years. We should debate the following:

What is our specific role in relation to each? For instance, when the national plan is about creating new industries whether green or other, what are the SETA's specific responsibilities?

Better serve the national priorities of government

SETAs by and large work in and with industry and merely report to government on what they do. If national priorities are to matter, they cannot be seen to be government's. They need specific industry articulation. DHET is not challenging industry to do this. I submit that the Nedlac link is weak. It lacks the energy of critical business decision makers. It is a political forum.

Sectoral and national priorities

Who should author these? SETAs derive them from workplace skills plans. Is this the best foot forward? If DHET could have these formulated at the highest level in industry, their achievement would be of interest at that highest level of industry.

Strengthening the role of government departments on SETA boards

Growing government involvement in skills development presumes a level of competence on the part of government that will of itself rub favourably onto the SETAs. We should challenge this and point out DHET inefficiencies, lack of industry knowledge, turn around issues etc.

SETAs by and large have weak management and board personnel relative to the challenges, of transforming our industries, they face. DHET should rather use international benchmarks and profile key management and board members alike. This should inform better resourcing of SETAs.

Efficiency and effectiveness of the current system

We should concede that the majority of SETAs do not meet their targets. Their boards and management teams should be removed but it should be the respective industries' role to replace them and not DHET.

Should SETA's be treated as statutory organisations like medical aid schemes?

SETAs present great opportunities for shared services. These would be of two types

A transactional shared service center.

One system to run the finances of the SETAs ensuring all transactions are streamlined and managed from one centre could cut measurably the finance headcount of all SETAs combined. This would allow fewer accounting experts to focus on governance and the cleanliness of the books.

We could list a number of transactional matters that could sit in this centre.

A shared centre of expertise

Project work, human resources, marketing and other support functions may not be transactional but are delivered similarly across all SETAs. Fewer yet more experienced personnel could be employed to provide these services across all 21 SETAs.

These two initiatives could leave SETAs with fewer highly specialized personnel with industry experience to drive the real issues facing the nation. Freed of the administration burden they could be a better link between industry and government.

SETAs are expected to markedly improve the fortune of industry???

Each time the failure of industry in the competitive arena is discussed, SETAs carry the blame.

SETAs work with less than a percent of the payroll of companies. The international norm is that companies allocate nearly 7% of payroll to human resources development.

What is the South African norm?

- How do SA companies explain their skills development failure?
- Has the promulgation of the skills development legislation absolved companies from the responsibility to train?

Should DHET increase the skills development levy to the level of the training spend norm sighted above?

Option Proposed

Is there a fifth proposal or any combination of the options suggested?

As part of the post school education and training (PSET) system, SETAs should sit at the centre of a triangle whose three points are

Industry/Business

SETAs should liaise with business to benchmark their skills against the best in the world and set strategies and interventions to be internationally competitive.

Training institutions (colleges, universities, in-service training facilities)

Business and education and training providers should debate the industry needs and use that as basis for developing curricula that would plug the identified gaps.

The labour market

Through SETAs labour should contract with training institutions to acquire the needed skills and with industry to employ these skills gainfully. In all these SETAs would be facilitators and not take the blame when industry fails in the competitive arena.

Role of SETAs (white paper)

SETAs are not given an authoritative role to play. They supportsecure.....and hardly have authority to..... Make things happen.....

The implementation plan

The plan is too tight and the following need to be clarified or addressed:

- The skills levels at DHET are reviewed and where necessary beefed up
- DHET invests in a proper marketing and communications function to position work done by the SETAs. Currently, all the public hears are negative views about the SETAs.
- The nature of the SETAs is not articulated.
- What becomes of the current 6 aside board formation and the Ministerial appointments?
- The chosen option mentions Advisory Boards and these are not defined anywhere in the documents.

NSDS IV

The suggested goals are focusing on inputs and not outputs. The criticism leveled at SETAs is based on outcomes that no one defines upfront.

DHET could lead a research/project process to determine key ratios that SETAs could help industry work towards and achieve. These could be based on the suggested **OCCUPATION** format but set

The international skills benchmark for each occupation and the minimum base we should work from and improve.

Determine key ratios between occupational levels in order to foster resourcing that would drive the right productivity and competitive outcomes. For example each industry should have the ideal ratio qualified artisans to machine operators or something similar.

As an alternative we could consider the 3S Model of resourcing. This could better articulate the numerical relationship between the situational complement, the systemic and the strategic.

This way SETAs would be measured on how close to the norm their respective industries are. This would be measured against the ratios and the benchmarked competency levels.

RISKS

The proposed landscape poses a number of risks that must be stated

- Making SETAs part of the government administration machinery may cause the flight of many executives who were brought in from industry.
- As part of government and given state salaries, This may add to the flight of key personnel at the SETAs.
- The centralization of the major portion of levy income is in itself not an issue. However the delays we have experienced with the appointment of board member, reply to general communication and the issuing of certificates does not inspire confidence.

Sipho Ngidi
4 January 2016