

FP&M SETA

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New grant regulations could have positive impact on FP&M sector

Introduction

The new *Grant Regulations regarding monies received by a SETA and related matters published in the Government Notice No. 35940 dated 3 December 2012*, has been received by many with mixed feelings.

The groundbreaking changes introduced by the regulations were in many instances unexpected and many FP&M stakeholders have raised concerns about the impact these could have on skills development in the sector.

But this begs the question of whether these changes will have a negative impact on the sector and the rate of participation in skills development initiatives or are there positive aspects to the new regulations? In attempting to answer we should pose the classic question – is the glass



half empty or half full?

Intent of the new regulations

The Minister of Higher Educa-

tion and Training, Dr. Blade Nzimande, indicated in the government notice that his intent with the regulations was to:

- ◆ stringently regulate the proportion of funds available for skills development that is spent on administration;
- ◆ make provision for SETAs to contribute to the cost of the work of the Quality Council for Trade and Occupations (QCTO);
- ◆ discourage the accumulation of surpluses and the carry-over of unspent funds at the end of each financial year;
- ◆ improve the quantity and quality of labour market information received by SETAs in the form of workplace skills plans, annual training reports and PIVOTAL training reports, to inform planning;
- ◆ promote National Qualifications Framework (NQF) registered and quality assured PIVOTAL programmes that address priority scarce and critical skills needs identified in sector skills plans (SSPs); and
- ◆ create a framework within which expanded use is made of public education and training providers for the provision of skills development programmes.

These are all good intentions especially when taking into consideration that SETAs in the past have been severely criticized for accumulating discretionary fund surpluses

intended to support skills development initiatives. The new deadlines for the transfer of unclaimed mandatory grant funding to the discretionary fund as well as the requirement for SETAs to spend or commit 95% of all discretionary funding within a financial year, will force SETAs to develop more effective and efficient grant disbursement processes.

The SETA funding contribution of 0,5% of skills development income to the work of the QCTO should enable the organisation to function effectively at a sectoral and national level. The immense scope of development work to be conducted by the QCTO in partnership with SETAs and industry stakeholders in order to provide occupationally-directed programmes across all sectors and disciplines over the next few years must not be underestimated given that the entire education and training quality assurance architecture has changed since the establishment of the QCTO in March 2010. It is envisaged that this restructuring would involve the complete re-registration of all occupationally directed programmes on the new integrated NQF that makes provision for the development and registration of QCTO qualifications.

The critical need to develop these programmes is also reflected through the weight that the Minister apportioned to the allocation of funding for PIVOTAL (professional, vocational, technical and academic) learning programmes that result in qualifications or part qualifications. The regulations make explicit provision

for 80% of the Discretionary Grant budget to be committed to PIVOTAL programmes. In so doing, the Minister has entrenched that this funding is committed to credit bearing NQF-aligned programmes that speak to the upskilling of the workforce from a human capital development perspective.

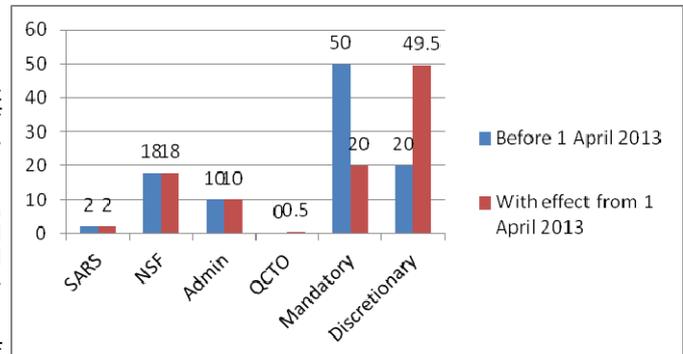
The emphasis on sector skills planning and labour market research is not a new concept. However, industry stakeholders have in the past been reluctant to share more than the absolute minimum information through WSP/ATRs in fear that they will lose their “competitive” edge. In recent years, however, it has become clear that industries and sub-sectors will continue to struggle in the global market if issues of commonality such as industrial strategies to address scarce and critical skills gaps are tackled in isolation. In order for industry stakeholders to benefit from the new regulations it is critical that industries develop industrial strategies aligned to key action programmes with a view to developing customized sector skills development plans that would address the future skills demand needs of industrial sectors.

Significant changes

The distribution of SETA levy income

The distribution of SETA levy income to the different funding categories has changed significantly in terms of mandatory and discretionary grant funding apportionments.

A major difference is that the mandatory grant portion has been reduced to 20% (as per the graph above) and the discretionary grant portion has been increased from 20% to 49,5%, with 0,5% of SETA skills levy income allocated to the QCTO to fund their operations.



Some may argue that levy paying firms will be worse off as a result of the reduction in the mandatory grant, but we could also argue that those employers who actively engage in skills development and who offer their workers and unemployed learners the opportunity to register for full and part occupational qualifications will gain. As a result of the change, there will be more discretionary funding available for employers, accredited training providers and public HET and FET institutions to register employed and unemployed learners and to provide NQF registered full qualifications and part qualifications such as credit bearing skills programmes, learnerships, apprenticeships, graduate and post graduate programmes in line with the sector strategies contained in the SSP. The new regulations practical solution to address the core mandate of the skills development strategy.

Small enterprises (employing less than 50 employees) will be assisted by the SETA to ensure that they are not marginalized during the process.

Mandatory Grant Applications

It is important to note that mandatory grant applications (WSPs and ATRs) for the 2013/14 financial year is still due on 30 June 2013.

However, this is more than 3 months into the training year which commence annually on 1 April. As a result, the planning sequence and the training sequence are not aligned which makes it difficult for firms to effectively report on training conducted during the training year.

From 2014/15 (and onwards) WSPs and ATRs must be submitted annually by 30 April. This will make it far easier for firms to implement their workplace skills plans in line with the training year and the end of the financial year. This will also ensure that the disbursement of discretionary grants features much earlier in the calendar as opposed to the current practice of opening discretionary grant funding windows towards the end of the year thus impacting negatively on the release of discretionary grants to the industry and the registration of learners at academic institutions. It will also enhance the planning and research processes of the SETA as the SETA will be able to identify new skills development trends, scarce and critical skills needs and the extent of participation in the skills development drive much earlier in the year.

The regulations also call for SETA Boards to approve the criteria for mandatory grants and to set quality standards for the approval of WSPs / ATRs. SETAs will be required to monitor WSP implementation to ensure that mandatory grant funding received was used to fund education and training programmes and to ensure that firms approach the implementation of their WSPs with more care and conviction.

Although the signing-off of the WSP/ATR by representatives of the Skills Development Committee (including employer and labour representatives) is not a new requirement in the FP&M sector, the new regulations now explicitly calls for evidence of consultation with the recognized trade unions and sign-off by the labour representative appointed by the union “unless an explanation is provided”. The definitions for “evidence of consultation” as well as for an “acceptable explanation” will be clarified by the SETA Board and will form part of the criteria for mandatory grants.

Discretionary Grant Applications

The previous grant regulations described in detail the categories of discretionary grants that SETAs were supposed to fund. The new grant regulations no longer detail the categories but call for alignment of the discretionary funding strategy with the implementation of the SETA’s SSP.

As the SSP will now be used as the definitive input document in the SETA discretionary fund strategy, it is very important (as mentioned above) for the SETA to receive up to date and relevant information via the WSP/ATR submission process so that the SSP will truly reflect the needs of the sector.

Funding of PIVOTAL programmes has been a key theme of NSDS III and this is reflected in Par 3 (6) of the new grant regulations where it is determined that “a SETA will be required to allocate 80% of its available discretionary funding within a financial year to PIVOTAL programmes that address scarce and critical skills in the sectors.” (A PIVOTAL programmes is

defined as “Professional, Vocational, Technical and Academic learning programmes that result in qualifications or part qualification on the NQF”.)

In the FP&M sector, the majority of occupationally directed learning programmes are registered on the NQF and credit bearing skills programmes, learnerships, apprenticeships and bursary programmes are provided through a range of private and public training providers. The FP&M SETA will continue to fund these programmes under the PIVOTAL grant funding window.

However, the challenge remains for the FP&M SETA and its stakeholders to develop more occupational qualifications to address those occupations where no NQF-aligned credit bearing training programmes exists, to address scarce and critical skills needs and to convert those qualifications, trades and skills programmes not yet registered on the NQF, to occupational qualifications that will meet NQF registration requirements.

As part of their WSP/ATR submissions, firms that wish to apply for discretionary grants must submit a PIVOTAL training plan and report to the SETA. These PIVOTAL reports will be used to gather data and to report on progress in the collaborative effort of government, employers, trade unions, SETAs and providers to address scarce and critical skills, particularly through work integrated learning.

Public Education and Training Institutions

Great emphasis is placed in NSDS III on the use of public education and training institutions for the delivery of scarce and critical skills programmes. The regulations stipulate that a SETA must specify in its Annual Performance Plan how it will allocate “discretionary grants in a manner that prioritises the offering of skills development programmes to address sector needs through public education and training institutions”.

One of the issues that the Grant Regulations are trying to address is the current practice of industry to exclusively use private education and training providers in the delivery of industry skills development programmes. The Grant Regulations are not attempting to exclude the use of private provisioning but to restore a reasonable balance between private and public provisioning. “At present, there is very limited use of universities, Public FET colleges and public Adult Education and Training Centres.” One of the main reasons for this is that public providers do not meet the specific skills development needs of industry in terms of occupational specific curricula and delivery methodology. It will therefore be imperative for industry stakeholders (including private providers) and the SETA to enter into partnerships with public institutions to address the misalignment of programme offerings and the specific skills development needs of the sector through a public-private partnership model until public institutions have the full capacity to offer occupational-directed programmes.

The new grant regulations emphasizes the view that learning provisioning for ETD programmes will always be more cost effective and sustainable through public institutions, who should have the capacity and infrastructure to deliver on the skills development mandate and are strategically located in areas of need e.g. rural areas. Quality education and training provisioning must be enhanced through direct and effective partnerships with workplaces. By utilizing the existing infrastructure and geographical reach of public institutions, the FP&M SETA and sector will be able to extend its skills development efforts nationally and into the currently marginalized rural areas.

Assisting small companies

The new Grant Regulations makes provision for skills development support to small enterprises, although one would like to see more emphasis in the regulations on SMME development. SETAs are required to provide simplified mandatory grant applications for small enterprises. Small enterprises will not be required to submit PIVOTAL plans and reports but “will be asked to provide information on participation in PIVOTAL programmes and the impact of these programmes” through a suitable template designed by the SETA for the provision of information by small enterprises.

In the Grant Regulations Guidelines, the Department of Higher Education and Training (DHET) is calling on SETAs to ensure that their discretionary funding strategy “support small enterprises of different types” and SETAs will have to provide evidence that their discretionary projects aimed at SMMEs or cooperative development are supported by small enterprises and are achieving impact.

The grant regulations must be more explicit with regard to entrepreneurship and rural development and we are of the view that it is in the area of SMME development that these skills needs could be addressed. It will also be important for SETAs to address the payment process of both mandatory and discretionary grants to ensure that small enterprises are not disadvantaged. SETAs must show commitment to small enterprises by paying what is owed to them on time.

Grant Regulations Guidelines

The DHET has issued guidelines for the implementation of the Grant Regulations with the purpose of granting “room for SETAs to be creative” as they understand that “all sectors are different”. “Each sector has different dynamics and contextual conditions. It would not be helpful for the Department to state how SETAs should allocate resources to achieve the implementation of sector specific plans set out in SSPs. However, what this means is that the SETAs themselves need to put time and effort into the development of policies that are carefully aligned to the objectives set out in their SSP.”

Conclusion

So, is the glass half empty or half full? It will be up to each individual stakeholder in the FP&M sector to reach their own conclusion. As a SETA, we elect to see the glass as almost overflowing!

The new regulations will free up more discretionary funding to be used towards the realization of the FP&M sector’s skills priorities as contained in the SSP, with a renewed focus on meaningful education and training through the provision of PIVOTAL learning programmes. The SETA Board will be able to monitor the implementation of these and other discretionary funding initiatives and the impact thereof on the sector more effectively than it could ever monitor the implementation of programmes funded through mandatory grants. The revised timeframes for the processing of mandatory applications and the commitment and spending of discretionary funding will force all SETAs to re-design their application, allocation and payment processes and the FP&M SETA for one, is up for the challenge.

We will require the support of all the FP&M stakeholders to implement the new Grant Regulations successfully and we call on all to make full use of the mandatory and discretionary grant application opportunities in the 2013/14 skills development year!

New Home for FP&M SETA

FP&M SETA staff in Gauteng and the Western Cape will soon be relocating to new office premises.

The move has been necessitated by growth in the organisation and we hope that our new location will enable us to serve you, our stakeholders, better. **We are expecting to move premises during April 2013.**

Our Johannesburg Office will move to Braampark Office Park, Forum 1, 2nd Floor, 33 Hoofd Street, Braamfontein, Johannesburg.

Our Cape Town Office will move to Palms Centre, Sir Lowry Road, Woodstock, Cape Town.

Our Durban Office will remain at its current location: 2nd & 3rd Floor, Umdoni Centre, 28 Crompton Street, Pinetown. Tel: (031) 702-4482.

New telephone numbers will be communicated in due course via our website: www.fpmseta.org.za



Joyous Celebration for Masonite Class of 2012

Masonite celebrated the graduation of 151 unemployed learners on Friday, 8 February 2013 at their dedicated Education and Development Centre in Estcourt, KwaZulu-Natal. 126 learners completed the General Education and Training Certificate: Wood Products Processing Level 1 (WPP1) and 25 learners completed the National Certificate: Wood Products Processing Level 3 (WPP3).



These young adults have acquired not only valuable wood products processing skills, but many other essential workplace skills, as well as life skills.

Present at the graduation ceremony, apart from a very good turnout of learners,

Time to Walk the Talk

In November 2011, South Africa reached an important milestone when its social partners - government, organized labour, business and the community constituency signed the National Skills Accord. This signified a collective expressed acknowledgement that the unemployment rate had reached unacceptable levels and was proving to be a stubborn hindrance to many efforts being made to ensure that this country has a formidable foothold in a highly competitive global arena.

In one-on-one briefing sessions held between the Minister of Higher Education and Training, Dr Blade Nzimande and the SETAs in November last year, he clearly articulated the expectations of Government regarding the eight commitments that underpin the National Skills Accord with a view to spur SETAs on to engage their respective constituencies to realize the ideals of the National Skills Accord.

Four of the commitments relate directly to practical steps that employer organizations falling within the FP&M sector can take in collaboration with the SETA.

These commitments are about:

- ◆ Expanding the level of training by using existing facilities more fully;
 - ◆ Making internship and placement opportunities available within workplaces;
 - ◆ Improving the role and performance of FET Colleges; and
 - ◆ Aligning training to the New Growth Path and improving Sector Skills Plans.
- The FP&M SETA Board and Staff appreciate and value the support it has received

were Masonite Managers and Supervisors, Mentors and Coaches, the Department of Labour as well as FP&M SETA staff from the Durban Regional Office.

Since 2006, Masonite has been offering around 150 learnership opportunities a year for unemployed youngsters from the area. To date, well over a thousand learners have completed their learnerships successfully and these learnership initiatives have been the success story of the region, and a project that the FP&M SETA and sector can be very proud of.

Close on a thousand learners apply each year through the local Department of Labour in the area, who then screen the candidates and supplies Masonite with a list of candidates to enrol on the programme. Over the years, the number of young black females has increased, and they have proven their worth, despite early prejudices that they "could not do this men's work". Many of the certificated learners have been employed in similar production environments throughout the country.

Irene James, Managing Director of Dionysus, the training provider in this long term project, attributed the success of the

from all its stakeholders in the past two years of its existence. It is with this commitment in mind that we are making a clarion call to all our stakeholders to double their efforts and help us make a meaningful contribution to the National Skills Accord and the scourge of unemployment. Let's join hands to give effect to the slogan coined by the Minister where he pleads with all employers to "turn every workplace into a training space".

Some of the initiatives that FP&M SETA will be rolling out shortly are:

- ◆ The placement of FET and university learners and graduates at the workplaces. To this end, databases communicated to SETAs by public and private learning institutions operating within the FP&M space will be the main source of information;
- ◆ Playing a facilitative role in establishing closer relationships between learning institutions and firms falling within the FP&M sector with a view to ensure the relevance and currency of training offered by learning institutions. These relationships could entail putting in place mechanisms for more focused and rigorous interrogation of the skills required by the FP&M sector and the meaningful and realistic actions that need to be taken to address the identified shortfalls; lecturer – workplace mentor/supervisor exchange programmes; enhancement of the learning institution – workplace relationship that could immensely benefit the learner and lead to a seamless occupational learning pathway for a learner pursuing a career in the FP&M field.

project to the relationship of trust between Dionysus and Masonite, Masonite's subscription to a culture of learning, careful selection of candidates, customised learning materials and competent and caring facilitators.

During the graduation ceremony, WPP1 candidate, Melvin David, stated that one of the most valuable lessons learned was to work as a team of diverse members, all with a common goal. He also highlighted that they had been given exposure to the various departments, from the wood yard, to the fabricating department.

The WPP3 representative, Vumani Mnguni, spoke about the difficulty of getting up in the middle of the night to start his shift at the Masonite Mill. However, he expressed an understanding that this was typical of a production environment.

The class reps expressed their appreciation towards their facilitators, Todd Clark and Bheki Hadebe and the administrative assistant, Sbo Dlamini, for their assistance and support.

The next intake of 165 learners on the WPP1 and WPP3 learnerships at Estcourt commences on the 25th February 2013.