higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

FRAMEWORK FOR THE

NATIONAL SKILLS DEVELOPMENT

STRATEGY

2011/12 – 2015/16

FIRST DRAFT FOR CONSULTATION, 29th APRIL 2010

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LIST OF ACRONYMS

DHET	Department of Higher Education and Training
HRDSA	Human Resource Development South Africa
MTSF	Medium Term Strategic Framework.
NSDSIII	National Skill Development Strategy
NSA	National Skills Authority
NSF	National Skills Fund
PIVOTAL	Professional, Vocational, Technical and Academic Learning
SETA	Sectoral Education and Training Authority
SSP	Sectoral Skills Plans
SDA	Skills Development Act
SETA	Sectoral Education and Training Authority

1. Background and Legal Context

This framework of the National Skill Development Strategy (NSDSIII) 2011/12 – 2015/16 is intended to guide the intensive work needed to develop the Sectoral Skills Plans (SSP) for adoption by September 2010.This framework should be read as a companion to the *Human Resource Development South Africa (HRDSA) Draft strategy for discussion 2010 – 2030*; *Together Doing More and Better: Medium Term Strategic Framework. A Framework to Guide Government's Programme in the Electoral Mandate Period (2009 – 2014*); *Budget Review 2010*; and other relevant government policy documents. The HRDSA is particularly important as the NSDSIII is a significant component of the HRDSA.

In accordance with the Skills Development Act (SDA) section 10(1)(a) each Sectoral Education and Training Authority (SETA) is required to develop a Sector Skills Plan (SSP) within the framework of the National Skills Development Strategy (NSDS). Sector Skills Plans are five-year Sector Education and Training Skills Development reports prepared by SETAs, aimed at identifying:

- The skills needs of industry / economic sectors (skills shortages, skills gaps and skills supply) based on the standard industrial classification codes allocated to each individual SETA by the Minister in the SETA establishment and re-certification process;
- Possibilities and constraints in the effective utilisation and development of skills in relation to government's priorities and the objectives of the HRDS, the NSDS, Provincial Growth and Development Strategies (including major projects) and relevant industry / economic strategies.

The NSDS is the overarching strategic instrument for skills development and guides sector planning. Consultation processes that inform the development of this Strategy will take place continuously during the NSDS development and implementation period.

These processes will culminate in the launch of the revised Strategy at the National Skills Conference in October 2010 which will be followed by the implementation of the next 5 Year National Skills Development Strategy.

The SSPs focus on an analysis by each of the SETA of its sector and associated skills requirements. Analysis of economic development and employment trends includes a consideration of national and sector growth and development strategies,

particularly those related to the national economic and development strategy, the National Human Resources Development Strategy and those related to the Industrial Policy Framework, innovation and technology and Rural Development. In accordance with the requirements of the Skills Development Act (1997) as amended (December 2008), the SSPs will reflect provincial growth and development strategies particularly the skills demand and supply issues identified through provincial skills development forums as specified in the Skills Development Act (December 2008 amendment).

2. Ending Poverty Though the Creation of Decent Work

The single greatest contributors to poverty are unemployment and low paid work. Government's position is clear: the new development and growth path for South Africa requires the participation of all economically active South Africans in productive activity. Our policy levers to achieve faster growth, higher employment and reduced levels of poverty include skills development which must assist not only support the formal private sector growth but also labour-intensive industries, infrastructure investment, public service delivery and rural development. Quality education and training is needed at all levels.

The role of skills development is central – but anticipating what skills will be needed, and when, is no easy matter. Careful planning is needed to support the human development needs necessary to fuel our aspirational growth path. Sector Skills Plans (SSPs) are expected to anticipate and promote sectoral economic growth trajectories and constitute our best guess at the skills needs of an essentially unknowable future. The Department of Higher Education and Training (DHET) has developed a guideline which it trusts will help SETAs to prepare plans to guide training interventions which will result in employment for those trained and productivity improvements for those who employ them – and also assist those with the necessary profile to embark on the creation of new ventures themselves. The plans must also support the government's broader strategies and point the way for the development of people with the profile needed for delivery of public services. Overall, preparing good plans is a top priority and whilst subject to continual review and updating, they need to be developed with special depth and care at the beginning of the period of a new NSDS.

3. The National Skills Development Strategy III (NSDS III) is a New Beginning

NSDSIII is not merely the successor to NSDS II 2005 – 2010 and NSDS I 2001 – 2005. There are several reasons for this:

3.1.   NSDS III must contribute to the achievement of the country's new economic growth and social development goals.

These are embodied in the new Medium Term Strategic Framework's strategic priorities[1], which are:

    i.   Speeding up growth and transforming the economy to create decent work and sustainable livelihoods
    ii.   Massive programme to build economic and social infrastructure
    iii.   Comprehensive rural development strategy linked to land and agrarian reform and food security
    iv.   **Strengthen the skills and human resource base**
    v.   Improve the health profile of all South Africans
    vi.   Intensify the fight against crime and corruption
    vii.   Build cohesive, caring and sustainable communities
    viii.   Pursuing African advancement and enhanced international cooperation
    ix.   Sustainable resource management and use
    x.   Building a developmental state, including improvement of public services and strengthening democratic institutions

The NSDSIII must examine the skills requirements of each of these priorities and, informed by the strategies that have been developed to take these forward, aim to support the development of the skills base on which the achievement of the MSTF goals will depend.   Government priorities such as speeding up growth and transforming the economy to create decent work and sustainable livelihoods; building economic and social infrastructure; and developing a comprehensive rural development strategy will be critical to NSDSIII and will therefore be informed by key strategic documents of government such as the National Industrial Policy Framework and the Industrial Policy Action Plan; the Land Restitution and Rural Development Strategies; the Anti-Poverty Strategy; the Technology and Innovations Strategy; the HRD Strategy for the Public Sector and new sector-specific plans that emerge.

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[1] Together Doing More and Better: Medium Term Strategic Framework. *A Framework to Guide Government's Programme in the Electoral Mandate Period (2009 – 2014). http://www.info.gov.za/view/DownloadFileAction?id=103901*

3.2. NSDSIII will rest firmly on Sector Skills Plans (SSPs)

We believe that it is through sectoral lenses that the character of future skill needs can best be anticipated. The SSPs will be taken forward building on the best information of sector analysis and forecasts, and informed by public strategies and plans in each sector. This is to be understood as an exercise in economic planning which informs human resource development planning in the form of sectoral skills projections.

3.3. High-level engagement between leadership of government departments and senior leadership of its social partners will be required.

The development of sectoral skills plans will be led by the Sectoral Education and Training Authorities, but the Department of Higher Education and Training will not approve these plans unless there has been demonstrable high-level engagement with government and its social partners at the highest level. This engagement must take place in:

- The development of the sectoral economic scenarios and the analysis of the implications of these for employment and skills trends; and

- The development of sectoral skills plans

DHET will require that there is 'sign-off' of relevant Directors General, and senior Business and Labour leadership in the sector.

3.4. Some areas will require cross-sectoral collaboration before sectoral plans are submitted.

Some strategies, such as the Rural Development Strategy and the Industrial Strategy Action Plan, will require cross sectoral coordination. For example, given the variety of interventions in the rural development strategy which straddle virtually all areas of public policy, the implementation of the rural development strategy will require that a range of activities in different sectoral plans be coordinated across sectors and agencies. This outcome is not, as some might suppose, only relevant to the agricultural sector as all sectors have, or should have, a footprint in these areas.

3.5. The draft Sectoral Skills Plans will be reviewed by the Technical Working Group of the HRDSA Council.

NSDS III will operate concurrently with the first five year term of the country's second Human Resources Development Strategy of South Africa (HRDSSA II). This Strategy embodies the lessons of the first strategy and has been significantly elevated in national importance. This is symbolised by the fact that HRDSSA will be steered, for the first time, by the Deputy President, and guided by the high-level Human Resources Development Council, launched in March 2010.

3.6. NSDS III is to be executed in a new environment

Public institutions of learning and institutions of the skills development sector are now in one department, With the birth of the Department of Higher Education and Training (DHET), the work of 'Skills Development', with its Sector Education and Training Authorities (SETAs) and National Skills Fund (NSF), can now more easily complement that of our public institutions the colleges, the universities of technology, comprehensive universities and universities. For the first time workplace learning can become the visible supplement to institutional learning and it need no longer be seen as the invisible dimension of learning for those on the road to professional, vocational or other occupational status. The potential for these partnerships to deliver more than the sum of their historical parts is great and must be realised in the interests of all South Africans.

There is another opportunity that DHET brings: whilst historically the public providers were junior partners on the skills development agenda, they are now centre stage and the need to equip them to play their new role is an urgent national priority. This does not mean that private providers no longer have a role to play. There are literally millions of people, particularly young people, who aspire to fill more rewarding jobs and there is therefore more than enough work for all – but, at least for the duration of this NSDS, priority will be given to upgrading the public colleges, universities of technology and universities so that quality provision can be made accessible to many more learners, particularly those who cannot afford market-linked fees.

3.7. NSDS III can learn from the lessons of the past.

NSDS I and II were pioneering efforts to ensure that the spending of the skills levies supported not only a narrow few but helped people located in different niches of the

labour force: the employed, the self-employed as well as the unemployed. However the numerical targets set for each category, which were cascaded down to each SETA through their Service Level Agreements, have been criticised for being too rigid and technical, with too little attention being paid to the economic conditions operating in different sectors. Some employers have also complained that SETAs have been required to serve too wide a spectrum of beneficiaries, and should be permitted to primarily serve the formal economy. The state, on the other hand, has often felt that insufficient attention has been paid to the skill requirements of government's strategies at national, provincial and local level.

3.8. It is expected that SETAs will take full account of our many challenges

We face many national challenges and SETAs must build appropriate sectoral initiatives into their skills plans to address these.   To prompt these responses this NSDS has suggested a number of 'strategic questions' which it invites sectors to consider in their planning processes. These questions will be further elaborated once the challenges and 'categories of programmatic responses' have been introduced. The questions are listed in 5.7

4. Process and Timelines

The process envisaged has the SETAs commencing their sectoral analyses immediately with first drafts being ready for review by mid-June 2010. The proposed structure of this is provided in Appendix A.

While the sectoral analyses are underway, the strategic areas of focus for the new NSDS will be considered in a process to be led by the National Skills Authority (NSA) whilst at the same time the SETA landscape is being finalised.

Once the Minister has signalled his acceptance of the broad framework of this NSDS in early June, the SETAs will proceed to elaborate their draft SSPs based on their sectoral analyses and their responses to the broad framework of the NSDSIII and will submit first drafts of the SSPs in August 2010. This will require extensive consultation with Provincial Skill Development Forums and the senior leadership of government and its social partners.

The sectoral skills plans will be reviewed by:

- Panels of experts

- The leadership responsible for driving key sectoral strategies in both the public and private sector

- The Technical Working Group of the Human Resource Development South Africa Council.

The DHET intends that SSP will require 'sign-off' by major stakeholders in sectors before submission by SETA's. This will include:

- Director Generals of relevant Government Departments

- The largest employers and unions in the sector

- Relevant professional bodies and key stakeholders

5. Strategic Areas of Focus for the NSDSIII

It is clear that NSDS III requires a new modality. The new modality must recognise **that sectors are different in their skill needs but share a common commitment to the national vision of an inclusive society** – meaning that those that have been excluded should be actively embraced so that our future is brighter for all. It is to this new modality that we now turn.

5.1. Equity impact

South Africa is a country committed to the equality of all; however it recognises that too many still suffer unfair exclusion. It therefore is equally resolved to end such forms of discrimination. When this goal is analysed it transpires that there are at least six such forms of exclusion, which too often compound to create insurmountable barriers for some. They are briefly summarised below:

5.1.1. Class

South Africa is one of the most unequal societies in the world. Great poverty and great wealth co-exist side-by-side. Our social and economic history created this reality but it has no place in our future. This means we must change our practices now. We need to actively interrogate every opportunity to ensure that many more of those who currently or historically suffered from poverty and disadvantage are assisted to participate.

5.1.2. Race

Apartheid's dark legacy remains still – and must be challenged continuously. The call for broad-based black economic empowerment remains a matter of national urgency as all too frequently the poor are black with too few prospects for improvement.

5.1.3. Gender

Women remain vulnerable in spite of many advances made since democracy. The gender profile of too many of the most prestigious and rewarding occupations remains male – and where this is so, change is needed.

5.1.4. Age

Ours is a young society and yet far too many leave school with few prospects of finding decent work. Skills development, including induction to work, is a vital bridge from youth2 into productive and satisfying adulthood and needs to be facilitated. Young people are an important focus and a priority, but we must remember that older people may wish to enter educational institutions too.

5.1.5. Disability

Those with disabilities are too often excluded from contributing to society and its work. And yet if our growth path is to be genuinely inclusive this cannot continue.

5.1.6. HIV/AIDS

As Minister Nzimande has often said: 'We need to train for the future not for the grave'. The scourge of HIV/AIDS is eroding our efforts and it must be confronted at every turn – including in all skills development interventions.

If NSDS III sets out to contribute towards combating these challenges then its impact on each needs to be measured – against a baseline set prior to its commencement. And each economic sector needs to do likewise so that the impact of the strategy can be measured against such baselines. In addition to establishing a profile of the sector against each category, SETAs should indicate, for each success indicator, their targets against these categories.

5.2. Code of decent conduct

South Africa's inclusive growth plans are currently being endangered by a range of unethical practices such as fraud, corruption and 'tender-preneurship'. If these are permitted to proliferate then the poor will remain excluded whilst a few enrich themselves. Skills development is not only a site where such practices are evident; it is also a vehicle by means of which such practices can be challenged.

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[2] For planning and reporting purposes youth shall be deemed to be those between the ages of 16 and 24 years

Professional bodies have traditionally bound their members to 'Codes of Ethical Practice' and have debarred those who breach these codes from practising. Ways need to be found to encourage such 'peer policing' of ethical conduct – whilst, simultaneously avoiding tendencies for such practices from themselves becoming barriers for new entrants. Sectors, in partnership with others, need to find ways whereby 'codes of decent conduct' can be advanced across the board.

The success indicator shall be the adoption of a proposal which enjoys demonstrated support in the sector.

5.3. Learning programmes for decent work:

Historically there has been a tendency for both SETAs and their provincial counterparts to highlight short courses to meet specific needs. However in the new context outlined in the introduction above, the need for a wider spectrum of programmes is evident, particularly programmes which lay a broader foundation for work in a variety of contexts. This 'broader' foundation embraces not only the notion of preparation for full occupational competence but also preparation for critical citizenship. This is a matter that will be raised with the QCTO and other Quality Councils as they take forward their role of qualification design and quality assurance, but it is also a matter that sectors need to foreground.

With these two points in mind (the need to expand programmes that prepare people for full occupational competence as well as the need to embed social understanding and social purposes in all programmes), it is proposed that there are broadly four 'kinds' of programmes which it is believed SETAs should reference in their SSPs – with the sector's needs determining the weight to be given to each:

- Programmes to facilitate access, success and progression;

- PIVOTAL programmes

- Skills Programmes and other non-accredited short courses and

- Programmes that build the academic profession and engender innovation.

These are each considered in more depth below.

5.3.1. Programmes to facilitate access, success and progression

There are essentially three 'sub-programme' types envisaged under this heading:

5.3.1.1. Information and career guidance

In order for learners to succeed they need to be guided prior to enrolment on both the best match of their interests and abilities to occupational requirements as well as on their best prospects for employment and decent remuneration. These 'programmes' require input from the labour market as well as vehicles for matching potential learners to opportunities. The information gathered and support services generated need to be synchronised centrally and made available nationally, in every corner of the country. SETAs need therefore to submit information in a standard format and need to help expose learners to the work before they make their final decisions.

Success indicator:

1. *SETAs submit a comprehensive occupational profile of their sector and guide to employment opportunities in their sector in the format prepared by DHET by March 2013. Such a profile and guide to be updated by March 2016.*
2. *SETAs provide information on the steps taken to expose prospective learners to work in their sector.*

5.3.1.2. Recognition of Prior Learning

People who seek to enrol on learning programmes without the standard entry qualifications need to be afforded the opportunity to have their skills acquired through experience measured against that which they require to attain. The result of this measurement should determine their current skill profile as well as the gaps which they need to fill if they are assessed to be not yet fully competent.

Success indicator: All principal sectoral and national programmes to include RPL access routes by 2016. Number of learners assisted to access further learning to be counted against programmes entered.

5.3.1.3. Raising the base

These are programmes which make it possible for adults and youth to have access to education and training opportunities that will enable them to acquire a minimum qualification at Level 4 of the NQF. Foundational Learning Programmes as well as Adult Education and Training Programmes fall under this heading. They are broadly envisaged to fill in the learning gaps left by an incomplete or inadequate schooling and to enable learners to enrol on other programmes leading to occupational success.

Success indicator:

Where sectoral or national programmes specify an entry requirement of NQF Level 4 or above, these programmes must be complimented by the provision of either Adult Education and Training or Foundational Learning Programmes which enable those who do not meet these requirements to have the opportunity of doing so. Number of learners assisted to access further learning to be counted against programmes entered.
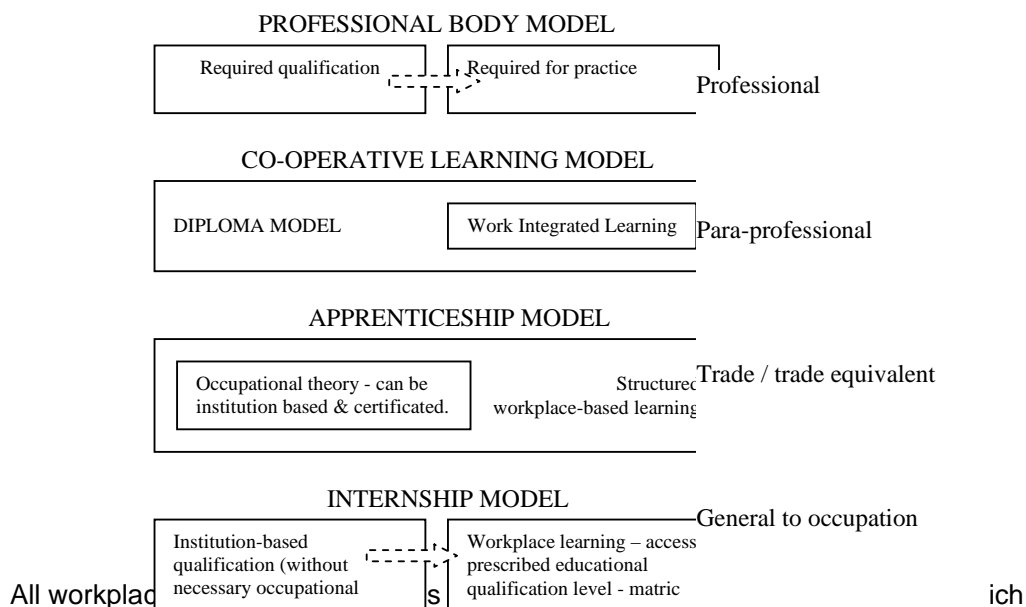
5.3.2. PIVOTAL occupational programmes

Section 22 of the Bill of Rights of the South African Constitution states, under the heading 'Freedom of trade, occupation and profession' that: 'Every citizen has the right to choose their trade, occupation or profession freely. The practice of a trade, occupation or profession may be regulated by law.' It is from this right that the term PIVOTAL has been derived. It is an acronym that stands for "Professional, Vocational, Technical and Academic Learning". The DHET's first Five Year Strategic Plan defines PIVOTAL programmes as follows:

> *"Pivotal programmes are those 'Professional, Vocational, Technical and Academic Learning' programmes that meet the critical needs for economic growth and social development. They are also programmes that generally combine course work at universities, universities of technology and colleges with structured learning at work. This is achieved by means of professional placements, work-integrated learning, apprenticeships, learnerships, internships and the like. To achieve this goal, there must not only be improved access to, and success at post-school learning sites, such as universities and colleges, but there must also be structured bridges to the world of work and quality learning upon arrival there."*

PIVOTAL programmes are distinguished from the next group of programmes – skills programmes – because they reach beyond a particular application or specialisation and signal to the labour market that graduates are able to meet the full range of challenges normally associated with the occupation. This cluster of programmes is critical in a context where broader, more generic occupational skills are required by those who must be able to flexibly respond to a rapidly changing world.

The term 'PIVOTAL' aggregates the traditionally divided realms of the professional, the para-professional and the artisan and focuses instead on the fact that they all combine institutional and workplace learning, albeit it in different ways. <u>This bridging between the two worlds is a defining feature of PIVOTAL programmes</u>. The challenge for SETAs and the beneficiaries of relevant NSF funding is to partner with institutions of learning to provide the bridge to the world of work and, as shall be seen shortly, a special grant is proposed for this purpose. It would apply to all of the different types of partnerships between workplaces and learning institutions – such as are illustrated below:

PROFESSIONAL BODY MODEL

| Required qualification | Required for practice | Professional |

CO-OPERATIVE LEARNING MODEL

| DIPLOMA MODEL | Work Integrated Learning | Para-professional |

APPRENTICESHIP MODEL

| Occupational theory - can be institution based & certificated. | Structured workplace-based learning | Trade / trade equivalent |

INTERNSHIP MODEL

General to occupation

| Institution-based qualification (without necessary occupational | Workplace learning – access prescribed educational qualification level - matric |

All workplace programmes should be ones in which meaningful employment contracts are established – including COIDA provisions and minimum wage rates.

Success indicators (shall be the achievement of agreed targets set. To arrive at these the following process is proposed:
SETAs and relevant NSF catalytic grant beneficiaries should:

(1) **Set broad targets** *by occupational level to be achieved by 2016 (by OFO classification Level 1). These targets should reflect identified scarce skills. Where relevant to the sector discrete targets should be set for the number of artisans to be trained by 2016. These shall be aggregated into national targets before the commencement of NSDS III in April 2011.*

(2) *Targets to indicate the* **proportion** *of young learners and employed learners to be trained.*

(3) **Report on** *the number of learners funded, broken down by NQF level, CESM category, programme model type (as per diagram above) and equity profile, that they support. The number of those who pre-employed and employed prior to commencement shall also be indicated, as too should the number supported and number who successfully complete.*

(4) **Report on** *the partners that entered pivotal agreements:*

    a. Employers broken down by size (large, medium or small), ownership (state/not for profit/profit) and geographic location (province/locality)

    b. training institutions that entered pivotal partnerships – broken down by category (NGO/NPO, college, UoT or university) ownership (public/private/not for profit); geographic location (province/locality);

    c. Successful completion rate by partnership types.

(5) *In 2016 report on the findings of at least one tracer study showing the employment rate of learners from these programmes. The national target is at least 70% employed on completion of programme.*

5.3.3. Skills programmes and other non-accredited short courses

Skills programmes are best understood in the negative: they are not PIVOTAL, in the sense that they do not include an academic qualification that, linked with workplace experience, qualifies an individual to enter a particular trade or profession. They will tend to be shorter programmes with a specific application or specialisation in mind. They include workplace specific programmes (how to operate a new technology or how to learn new roles envisaged by a new form of work organisation) or, in the informal economy, how to increase the returns on effort or how to undertake community ventures, for survival or exchange. These programmes also include programmes such as those required for Continuing Professional Development (CPD) which enable graduates from PIVOTAL programmes to remain up to date and relevant. QCTO definitions will be referenced once adopted by their Board. In order to clarify the grant obligations of SETAs against those of the National Skills Fund a distinction is drawn between two types of skills programmes – although in reality they share many features in common.

5.3.3.1. Skills programmes and other short courses for the employed

These programmes are those traditionally contained in Workplace Skills Plans although they include others identified in the Sector Skills Plans which may be funded by SETA discretionary funds.

Success indicator:

(1) At least 80% of large employers submit WSP and ATR claims;

(2) At least 60% of medium sized employers submit WSP and ATR claims;

(3) At least 40% of small firms submit WSP and ATR claims;

(4) SETAs to set targets for the number of the following categories of enterprises they plan to assist through their discretionary grant programmes:

    a. Non-levy paying firms in their sectors ;

    b. New venture creation initiatives;

    c. Co-operatives, NGO or NPO in their sectors.

    d. Other (specify)

    (NOTE:

    i. It is expected that SETAs will make special efforts to support enterprises that foster rural development.

    ii. The support to some of these enterprises may be conditional upon securing catalytic grants from the NSF – this should be specified in the SSP.)

    The total number of category (4) firms to be supported will be aggregated on finalisation of SSPs and NSF Catalytic Grant claims.)

5.3.3.2. Skills programmes and other short courses for the unemployed

These programmes are those traditionally funded by the National Skills Fund. They may be referenced in government programmes seeking NSF funding or may be those drawing funds 'bottom-up'. They are targeted at those who are already in the labour market (i.e. not the young pre-employed for whom pivotal programmes will be largely the most appropriate intervention).

Success indicators:

(1) Catalytic Grants: The NSF shall enter Catalytic Grant agreements with SETAs, government departments or other claimants to achieve targeted national goals. The targets (expressed in terms of number of learners to be trained, broken down

by equity criteria) shall be set once the Catalytic Grant applications are concluded but shall be listed under the national strategic headings as per the 10 MTSF outcomes:

(1) Speeding up growth and transforming the economy to create decent work and sustainable livelihoods
(2) Massive programme to build economic and social infrastructure
(3) Comprehensive rural development strategy linked to land and agrarian reform and food security
(4) Strengthen the skills and human resource base
(5) Improve the health profile of all South Africans
(6) Intensify the fight against crime and corruption
(7) Build cohesive, caring and sustainable communities
(8) Pursuing African advancement and enhanced international cooperation
(9) Sustainable resource management and use
(10)   Building a developmental state, including improvement of public services and strengthening democratic institutions

Special emphasis will be given to priority 3 and every effort will be made to initiate and support projects with rural development as their goal.

(2) SOCIAL DEVELOPMENT FUNDING WINDOW GRANTS:
The target under this heading shall be formulated on a per learner cost estimate based on the allocation of funds to this goal.

5.3.4. Programmes that build the academic profession and engender innovation

Too often the academic profession – the researchers and innovators that pioneer new frontiers of knowledge and develop its useful applications – are seen as inhabiting another world to that occupied by the skills development community. This is far from true. Without this profession, industry would stagnate, competitiveness wither, social understanding would stagnate and pressing health, social and economic problems would remain unresolved. It is therefore appropriate that both the SETAs and the National Skills Fund support the development of this cadre of society – on whose shoulders its future may well depend.

Success Indicator: This imperative can be pursued in a number of ways and the indicators of its success can both be measured in terms of the increase in the number of people filling these ranks (broken down by equity profile) as well as by the knowledge products or socially useful innovations that are found. SETAs and the NSF are invited to explore both of these dimensions as they consider their contribution to the achievement of this goal.

5.4.   Programme Delivery Partners

As indicated in the introduction, NSDS III will operate in a new environment – one where full partnerships between workplaces and institutions, both public and private, can be struck. However, it has also been argued that at this time there is a special case to be made for the uplifting of the capacity of public providers – given the gap that exists between their current capacity and that which is required to dramatically increase the number of learners served – particularly where many of these learners come from poor homes unable to pay market-set course fees. This places renewed focus on the capacity of public partner learning institutions to deliver programmes that are of the required relevance and quality. This should not be read to infer that there is no role for private providers – however it does signal that a special emphasis is to be paid to uplifting public providers and where private providers can assist with this task their contribution will be highly valued.

It is generally acknowledged that there is much room for improvement in this area and hence a special focus of the new NSDS must be to focus resources – both financial and human – on building improvements in this area. The improvements required may be in any one of a number of areas, including:

– Infrastructure of facilities;
– Curriculum and qualification design;
– Lecturer, teacher or trainer development (a matter of national priority);
– Learning material;
– Student information and support;
– Facilitation of partnerships between public and private providers; and
– Even subvention of the wages of key staff members or the creation of dedicated 'chairs' for required programmes.

Success indicator:

(1)   SETAs each partner with at least (x number) institutions/faculties, of which at least (y number) are public institutions/faculties. Arising out of these partnerships the institutions should attain accreditation for the delivery of the targeted programmes from the QCTO. (Figures to be finalised when SSPs are signed off.)

*(2)   Each sector should seek to build at least one **Network of Institutions of Sectoral or Occupational Excellence**. NOTE: the word 'network' anticipates*

a web of college and universities across a single geographic location (broadly defined) with special expertise in a particular sector or career pathway.

(3)   NSF support these initiatives against strategic objectives

5.5.   SKILLS DEVELOPMENT LEVIES

There are two conduits through which the skills levy flow: the SETAs and the National Skills Fund (NSF). In order to address the priorities discussed so far, the following grant architecture is proposed:

5.5.1. SETA Grants

5.5.1.1.   WSP and PIVOTAL GRANTS

In order to advance partnerships between workplaces and learning institutions it is envisaged that special incentives will have to be designed. In order to do this it is proposed that the Workplace Skills Plan grant be modified – as outlined below:

Firms will continue to submit WSPs and Annual Training Reports and in return receive a Workplace Skills Plan grant – however, it is proposed that this grant now consist of two parts:

a.   A guaranteed 40%[3] of levy paid **PLUS**

b.   An additional 'pivotal grant' calculated on a standard cost per learner per programmes basis (set by programme type and level) multiplied by the number of students accepted onto accredited workplace learning programmes. (This component is NOT limited to the levy paid by the firm.)

Since the second component may well stretch the grant paid to firms beyond the historical 50%, the SETAs will have to have a degree of authority over the payment of this component (based on the availability of funds) - however, it is envisaged that this discretion will not extend to the first 10% of grant claimed.

This pivotal component of the WSP shall carry with it an incentive for learning institutions as well – where a firm accepts learners or graduates from a particular institution, that institution will earn a complimentary 'reward' from the SETA.

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[3] *The 40% figure is a matter on which the DHET specifically requests comment.*

This grant shall be funded both from the 10% of previously mandatory grants as well as from a component of discretionary grants according to a national determination. DHET is investigating practical and efficient ways in which to support such a grant mechanism and will elaborate on them if/when the principal of such a grant is finalised.

5.5.1.2. Discretionary grants

This grant would be at the SETAs discretion, and would be dedicated to the achievement of its approved Sector Skills Plan.

5.5.2. NSF Grants

5.5.2.1. Catalytic Grants

Minister Nzimande has referred to the National Skills Fund as a 'catalytic' fund – enabling the state to drive key skill strategies as well as to meet the training needs of the unemployed and vulnerable. The National Skills Fund is therefore a national resource which can be used to both initiate as well as to respond to national skill priorities. It can be used to target gaps and compliment resource shortages for national priorities. Some of the ways in which it might *respond* to targeted needs are considered below, but in addition to being responsive it can itself trigger interventions needed to meet national strategic goals. The NSF would assess sectoral plans against national goals and use the fund portion of the skills levy to strengthen the overall achievement of the NSDS.

For the NSF to play a responsive, catalytic role it is envisaged that SETAs, in their approved SSPs, could highlight priority skill interventions that they would like to make but for which they do not have the required resources. These could be submitted together with their SSPs and would enable them to secure NSDS-long commitments from the NSF for supplementary funding. This would assist those SETAs with a currently low levy income to secure additional resources to meet strategic skill priorities into the future.

Again, where government departments have priority skills programmes (derived from government's 12 point MTSF), they could submit proposals for NSF funding – and funding for up to the full NSDS period for the programmes could be agreed.

The above priorities could be finalised *after* the submission of requests by the identified parties had been received.

For other priority agencies seeking to support national priorities, the national priorities would have to be set before Non-government / Non-profit Organisations as well as the for-profit sector could be invited to apply.

> These priorities would have to be set *before* the publication of tender specifications – although social partners could be actively invited to participate in their determination.

5.5.2.2. Provision for 'bottom-up' claims

Historically provision has been made for 'bottom up' grant requests under the Social Development Funding Window (SDFW). A dedicated quantum of NSF could continue to be dedicated to meeting these requests.

5.5.2.3. Research and innovation bursaries

Provision of bursaries for research and grants for promising innovation work is envisaged to be made available from the NSF via the National Research Foundation. The bursary fund will target national priorities and programmes as agreed between the DHET and the NRF. Innovation grants may be supported through alternative channels.

5.6. Proposed architecture of the NSDS III:

It is proposed that NSDS III should be built on the basis of the above discussion and should consist of the following sections:

Vision	A skilled and capable workforce to support an inclusive growth path	Funding Levers	
		SETA	**NSF**
Ethical code	*Code for decent conduct (5.2)*	SETA discretionary grants – compliment other grants[4]	NSF 'catalytic grants'
Equity	Address six key: class, race, gender, age, disability and HIV/AIDS (5.1) **(IMPACT measures set for each in national and sectoral terms).**		
Strategic objectives and impacts (for 5.3 measure number who access, succeed to attain occupational competence or targeted competence and find employment or generate employment after training)			

	5.3.1 Promote access, success and progression:
	  – Information and career guidance
	  – RPL
		SETA discretionary grants	NSF 'catalytic grants'

[4] SETAs may use discretion to provide grants for e.g. assistive devices for people with disabilities.

	– Educational base		
	5.3.2 PIVOTAL occupations	Pivotal grant & discretionary grants	NSF 'catalytic grants'
	5.3.3.1 Short courses for the employed	WSP grant & discretionary grants	NSF 'catalytic grants'[5]
	5.3.3.2 Short courses for the unemployed	SETA discretionary grants	NSF SDFW
	5.3.4 Programmes that build the academic profession and engender innovation	SETA discretionary grants	NSF NRF bursaries
	5.4 Strengthen our own capacity and that of our delivery partners to enhance achievement of other strategic objectives. Measure improved success profile of institutions – as throughput etc.	SETA discretionary grants	NSF 'capacity building grants'

5.7.   Strategic Questions to guide SSPs

If this architecture is accepted then SETAs would be required to prepare the final section of their Sector Skills Plans with reference to each heading. They would, in other words, ask themselves the following STRATEGIC QUESTIONS:

a) 'How, in the context of our sector, will we contribute towards the achievement of the national equity goals?
b) 'How will we ensure that targeted learners are helped to overcome access, success and progression barriers?
c) 'Which programmes will we deliver in order to both meet our sectoral strategic goals as well as contribute towards the national priorities?
d) How can our sector expand the number of PIVOTAL partnerships entered into by our member firms?
e) 'Who are our delivery partners and how can we contribute towards the goal of expanding the capacity of our partners in general and the public providers in particular?

Responses to these questions expressed in the sectoral skills plans will be reviewed for 'sign-off' by major stakeholders in sectors before submission by SETA's. This will include:

• Director Generals of relevant Government Departments

• The largest employers and unions in the sector

• Relevant professional bodies and key stakeholders

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[5] NSF 'catalytic grants' for the employed might be for expansion initiatives or new investments.
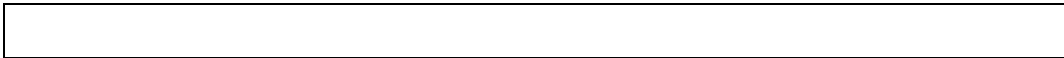
We expect the SETAs to provide a service to the broad sector so that sectoral skills plans for the next five years enjoy broad support and legitimacy. They must be informed and credible skills plans for the entire sector so that each sector has the human capacities it needs to achieve faster growth and higher employment so that as a nation, we reduce levels of poverty.

6. Timeframes and required outputs

DATE	DELIVERABLE	RESPONSIBILITY
30 April 2010	Proposed NSDS III made public	DHET
End May 2010	SETAs prepare basic analysis of sector and commence scenario planning and strategic consultations (internal, with external expertise where appropriate)	SETAs
End May 2010	Advice to Minister on proposed NSDS III architecture and grant structure by NSA	NSA
Early June 2010	Minister signals his decision on architecture of NSDS III and grants.	Minister
June 2010	DHET conveys Minister's decision on NSDS III architecture to SETAs to enable them to prepare SSPs (including NSF Catalytic grant procedure)	DHET
June 2010	DHET conveys Minister's decision on NSDS III architecture to government departments (including NSF Catalytic grant procedure)	DHET
End August 2010	SETAs submit first draft SSPs to DHET and Strategic Partners for initial review. Submissions include 'Catalytic' Grant applications to NSF.	SETAs and government departments together
End September 2010 / October 2010	Skills Summit at which: - SETA landscape announced - Draft NSDS III targets announced and commented on by Minister; - NSF Catalytic Grant applications by MTSF outcome category announced and commented on by high level strategy drivers	Minister and DHET and key strategic partners (e.g. HRDSA Council)
October	DHET and Strategic Partners comment on SSPs and NSF Catalytic Grant applications	DHET and Strategic Partners
November	NSF Catalytic Grants finalised.	DHET
January 2011	SSPs signed off	SETAs
February 2011	NSDS III published (informed by SSPs)	DHET
February/ March 2011	SLAs entered with SETAs and Catalytic Grant agreements finalised	

Appendix A: Guideline for Sectoral Analyses

The primary function of a SETA, in terms of the Skills Development Act, is to develop a sector skills plan within the framework of the national skills development strategy. In order to fulfil this function, SETAs collect information, research sector labour market trends and analyse national and provincial growth and development strategies. These activities are undertaken on a continuous basis in order to prepare 5 Year SSP's or to update these annually. There is no prescribed methodology for SSP research and SETAs have the scope to build and implement methodologies which are appropriate and applicable to their sectors.

The minimum requirements are that SETA's for each specific economic sector (as determined by the standard industrial classification codes allocated to each SETA) should:

1. Analyse the economic performance and outlook of the sector including:

    1.1. interventions and strategies being considered or implemented to transform the sector

    1.2. significant regional variations, and rural needs

2. Analyse the particular labour market context for the sector including:

    2.1. Employment trends and scenarios

    2.2. Scenarios for changing skills needs and changes within occupations

    2.3. Remuneration trends and scenarios

    2.4. The medium and long term scenarios for demand for labour against this context

    2.5. Regional variations and rural needs in 2.1 – 2.4

3. Analyse skill needs including:

    3.1. The supply of skills against the demand for labour within the specific sector;

    3.2. The gap between demand and supply of skills and identifying priority areas for skills development, including scarce skills; and

    3.3. Any regional variations and rural needs

4. The source of the data used in the sectoral analyses (labour market reports, economic reports and education and training reports generated by a wide range of bodies including other government departments and specialised research agencies) must be rigorously referenced.