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DEPARTMENT OF HIGHER EDUCATION AND TRAINING

NO. 1088

10 NOVEMBER 2015

SKILLS DEVELOPMENT ACT, 1998 (ACT No. 97 of 1998): A CALL FOR PUBLIC COMMENTS ON THE DOCUMENT TITLED “PROPOSAL FOR 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)”

I, Bonginkosi Emmanuel Nzimande, Minister of Higher Education and Training, after consultation with the National Skills Authority (NSA), intend to promulgate a policy to re-establish Sector Education and Training Authorities (SETAs) under section 9(1) of the Skills Development Act, 1998 read with section 5(1)(a)(i) and section 5(1)(b)(i) and hereby invite organisations, interested stakeholders, the public and the current SETAs to submit their comments on the document titled “Proposal for 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)” to my Department.

All inputs and submissions should amongst others take into consideration the White Paper for Post-School Education and Training and all previous reports on the performance of SETAs, the Skills System Review Report, the Organisation for Economic Cooperation and Development (OECD) review of Vocational Education and Training and the National Development Plan (NDP) 2030.

Submissions and inputs should be submitted by 20 January 2016 to the Department of Higher Education and Training by e-mail, post or hand delivery to:

Email: SetaLandScape@dhet.gov.za; or

Postal address:

Department of Higher Education and Training,
Private Bag X174, Pretoria 0001, for attention of Ms M Erra

Physical Address:

123 Francis Baard Street, Gauteng, Pretoria 0001 for attention of Ms M Erra

All enquiries can be directed to the following officials:

Ms M Erra on Tel: 012 312 5432, Ms V Patuleni Tel: 012 312 5295 and

Mr N Radzilani Tel: 012 312 6088



Dr BE Nzimande, MP
Minister of Higher Education and Training

Date: 06/11/2015



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



PROPOSAL FOR

**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)

CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996, Section 22
*“Every citizen has the right to choose
their trade, occupation or profession freely.”*

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Executive Summary

The National Skills Development Strategy (NSDS) and Sector Education Training Authorities (SETAs) Landscape Proposal 2015 (NSLP 2015) sets out the vision for the “NSDS and SETAs within the context of an integrated and differentiated post school education and training system”, and the changes proposed for the skills development institutional landscape and funding framework to achieve this vision. The NSLP 2015 gives effect to the intentions of the ‘*White Paper for Post-School Education and Training: Building an Expanded, Effective and Integrated Post-School System*’ (WP-PSET) released by the Minister of Higher Education and Training (MHET) in January 2014, the aim of which being “to build an integrated post-school education and training system that serves the needs of the nation”.

In order to achieve better integration of the skills development institutional landscape into the post-school system, and improved coordination of the skills levies so as to support education and training programmes aimed at preparing people for the world of work, the NSLP 2015 proposes significant shifts to the intermediary institutions that support relationships between the post-school education and training system and the world of work, and the skills levy distribution model, namely that:

- Sector Education and Training Authorities (SETAs) have a more focused mandate to improve their understanding of skills needs and supply of required skills;
- the language of ‘occupations’ becomes the accepted terminology for workplaces and learning institutions;
- the skills levy distribution model be revised from a sector-specific funding model to a centralised cross-sectoral funding model;
- the National Skills Fund (NSF) manages the cross-sectoral funding needs to ensure better coordination of the skills levy;
- NSDS IV be occupations-based;
- the Department of Higher Education and Training (DHET) coordinates the skills planning process;
- the National Skills Authority’s (NSA) capacitation, and monitoring and evaluation roles be strengthened; and
- government departments be strengthened to enhance the integration of sectoral strategies.

Sector Education and Training Authorities (SETAs)

A clear message arising from the WP-PSET is the need for a more focused mandate for the SETAs, with the WP-PSET clarifying the key role of SETAs as “improving understanding of skills needs and supporting the supply of required skills, both of which requiring greater integration into the post-school education and training system” (Minister Preface, WP-PSET, 2014). The NSLP 2015 therefore proposes that:

- To better integrate the SETAs into the post-school education and training system, the SETAs:
 - be located as specialised service delivery units within the Department of Higher Education and Training; and
 - be renamed Sector Education and Training Advisory Boards (SETABs).
- To improve their stability and ensure long-term sustainability, the SETABs:
 - become permanent structures (as opposed to the current 5-year SETA terms);

- board composition be constituted similar to that of the current constituency based structures; and
- the industrial classification and demarcation of the current SETAs remain, although amalgamations and industrial classifications alignment may be required.
- The SETABs receive, of the total levies paid in their sector, funding to cover:
 - administrative costs (currently 10% but could be reviewed in light of changed functions);
 - the Mandatory, or Workplace Skills Planning Grants (currently 20%); and
 - a Sector Specific Grant (9.9% of the total levy).

The proposals in the NSLP 2015 aim to ensure that the proposed SETABs:

- continue to build relationships developed by SETAs with employers in their sectors;
- better understand the current and future training needs in and for workplaces;
- engage with the Department of Higher Education and Training (DHET), through the National Skills Fund (NSF), with regard to the proposed plans for their sectors in order for the NSF to allocate funds to the SETABs to ensure that education and training interventions and programmes take place to address scarce and critical skills areas; and
- facilitate the creation of workplace based learning opportunities for learners.

It is also proposed that the current SETA landscape is re-established for a period of 2 years (1 April 2016 to 31 March 2018) in line with an extended NSDS III (third National Skills Development Strategy), to facilitate consultation on, and the transition to SETABs with minimal instability to the system. The period beyond 31 March 2018 is hereinafter referred to as the 'post re-establishment period'.

The Language of Occupations

The NSLP 2015 proposes that the language of 'occupations' becomes the accepted terminology for and approach to describing jobs in the workplace and qualifications offered by learning institutions. Using the language of occupations, and accordingly the concept of occupational pathways:

- enables workplaces and learning institutions to map jobs and qualifications to broad occupational categories;
- enables employers, SETABs and DHET to collect better data through the workplace skills plans by using a common language to report occupations;
- enables the identification of skills gaps and updates in a commonly understood occupation;
- informs skills planning for employers, SETABs, NSF and DHET;
- informs qualification and curriculum development and updates;
- allows learners to progress seamlessly along a learning pathway from school to work or, after a period at work, be able to re-enter the learning system; and
- provides learners with optimal employability, and employers with well-rounded and relevantly trained workers.

National Skills Development Strategy IV

Building on the notion of the language of 'occupation', the NSLP 2015 proposes that the National Skills Development Strategy IV (NSDS IV) be framed in these terms. It proposes that NSDS IV should consist of four levels of 'occupation-based' elaboration, with Occupational Teams (proposed to be located within the DHET Skills Planning Unit) informing the work at levels 3 and 4 of the strategy:

- Level 1: indicates broad targets for each major occupational category of the Organising Framework for Occupations (OFO);
- Level 2: unpacks each major category of the OFO informed by sectoral priorities identified by SETABs and the national list of 'occupations in demand' developed by the DHET – Skills Planning Unit;
- Level 3: indicates broad generic interventions required to build the capacity and relevance of provider programmes; and
- Level 4: unpacks the level 3 interventions for each of the 'priority occupations in demand' with reference to Centres of Specialisation for each occupation.

Whilst NSDS IV should be drafted by the DHET and be finalised by the Minister of Higher Education and Training, it is proposed that wide consultation take place prior to its adoption, including with the Human Resources Development Council (HRDC). Once adopted it should continue to act as a guide for the broad allocation of skills levies and voted funds in a national Ministerial Statement covering the Post-School Education and Training system as a whole.

Skills Development Levy (SDL) and National Skills Fund (NSF)

As occupations can be applied in more than one economic sector, and as occupational destinations are reached after the required institutional and workplace-based learning is completed, it follows that a purely sectoral approach to skills funding is limiting. This means that a greater portion of the skills levy should be managed at a cross-sectoral level, and that voted funds and levy funds should complement each other.

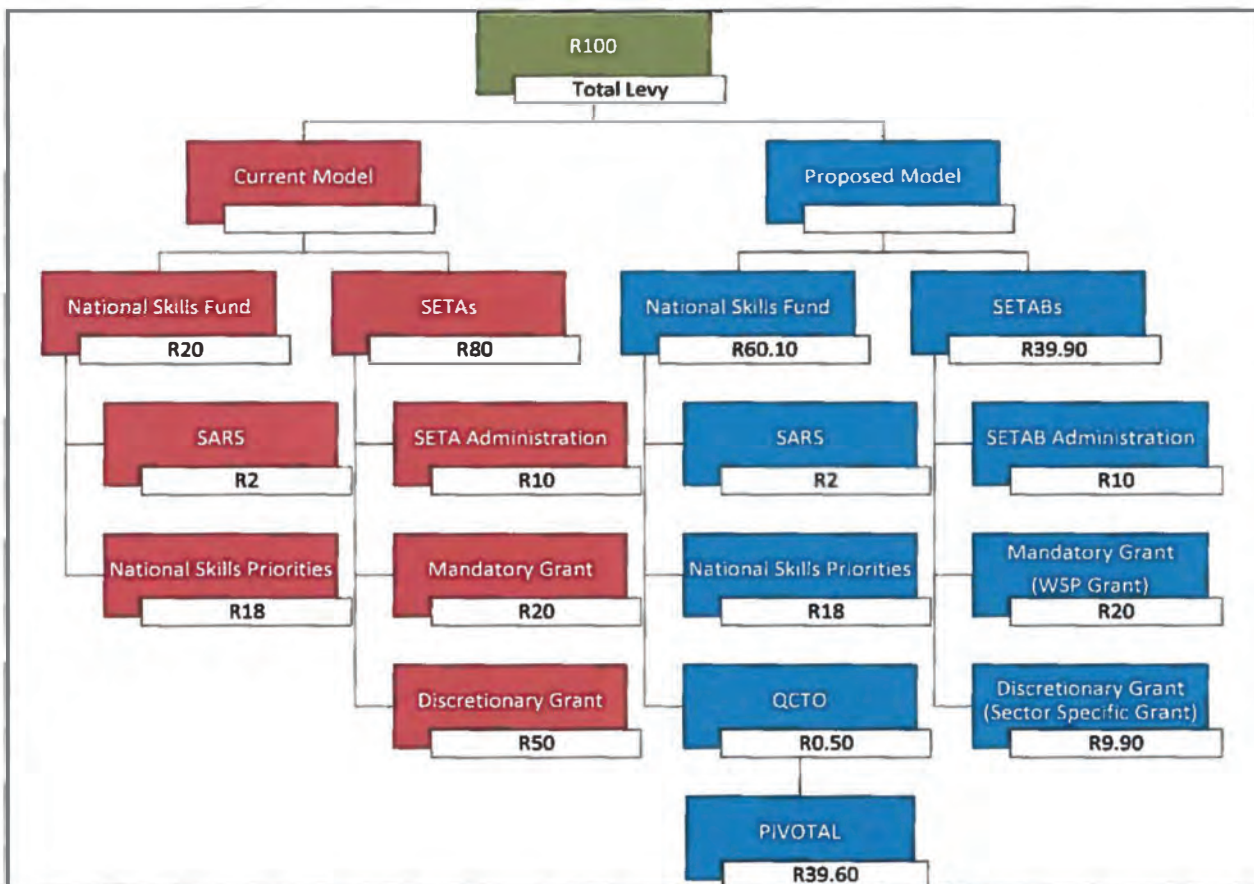
Therefore, and to ensure better coordination of the skills levy to support education and training programmes aimed at preparing people for the world of work, especially in support of the National Development Plan, the NSLP 2015 proposes that:

- 39,6% of the current SETA Discretionary Grant (80% of 49,5% of the total levy) be allocated to the National Skills Fund for Professional, Vocational, Technical and Academic Learning (PIVOTAL Grant),
- SETABs apply for discretionary funding from the NSF (9.9% of total levy) to address Sector Priorities that support and are aligned with National priorities as well as those interventions to be funded by SETAs through their Mandatory Grant (20% of total levy) for Workplace Skills Plan Projects, and
- the NSF allocates funds to the Quality Council for Trades and Occupations (0.5% of total levy) through an application process that is aligned with the development of qualifications that are scarce and critical. These funds will exclude the QCTO administrative costs (currently 10%).

If systemically applied and centrally managed, centralised cross-sectoral funding will enable better national coordination of the skills levy and will address the efficiency and effectiveness challenges that have been faced with the disbursement of these funds.

The following Skills Development Levy Distribution Model provides an explanatory summary of the current and proposed distributions of the skills development levy based on a levy amount of R100:

Skills Development Levy Distribution Model – Current and Proposed



Department of Higher Education and Training

The NSLP 2015 proposes that the DHET supports and manages skills planning, a set of services which will be shared across the National Skills Fund, Occupational Teams and the proposed SETABs and SETAB cluster management.

National Skills Authority

The NSLP 2015 proposes that the National Skills Authority (NSA):

- performs a monitoring and evaluation role over the SETABs, and
- oversees a dedicated training function for public officials and other persons performing specialised functions in the skills development system.

Government Departments

The NSLP 2015 proposes that the role of government departments be strengthened to enhance the integration of sectoral strategies into sector plans so that these departments are able to prepare training plans in line with centrally determined methodologies and templates. This will allow:

- the reconfigured NSF to recognise applications from government departments in terms of standard funding categories, and
 - the training budget to be focused exclusively on quality assured training linked to the achievement of occupational destinations.
-

The Minister of Higher Education and Training will consult widely on the proposals contained in the NSLP 2015, and all partners will be asked to contribute their views. Once these have been carefully considered a final policy paper will be published where after implementation will commence. This will involve legislative changes required by the policy as well as the establishment of task teams to take forward the policy propositions.

Abbreviations:

ABET	Adult Basic Education and Training
AIDS	Acquired Immune Deficiency Syndrome
ATR	Annual Training Report
BRICS	Brazil, Russia, India, China and South Africa
CAS	Central Applications Service
CBO	Community-Based Organisation
CDW	Community Development Workers [programme]
CHE	Council on Higher Education
CHW	Community Health Workers [programme]
CWP	Community Works Programme
DBE	Department of Basic Education
DHET	Department of Higher Education and Training
DoE	Department of Education
DST	Department of Science and Technology
DTI	Department of Trade and Industry
ELRC	Education Labour Relations Council
EPWP	Extended Public Works Programme
FET	Further Education and Training
FOTIM	Foundation of Tertiary Institutions of the Northern Metropolis
FTE	Full-time equivalent
GETC	General Education and Training Certificate
HEDSA	Higher Education Disability Services Association
HEQC	Higher Education Quality Committee
HIV	Human Immunodeficiency Virus
HSRC	Human Sciences Research Council
ICT	Information and Communications Technology
MEDUNSA	Medical University of South Africa
N-programme	NATED/Report 191 Programme (National Education)
NAMB	National Artisan Moderating Body
NASCA	National Senior Certificate for Adults
NC(V)	National Certificate (Vocational)
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NEET	Not in Employment, Education or Training
NGO	Non-Governmental Organisation
NQF	National Qualifications Framework
NSA	National Skills Authority
NSC	National Senior Certificate
NSDS III	Third National Skills Development Strategy
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
NSL	NSDS and SETA Landscape

NSLP 2015	NSDS and SETA Landscape Proposal, 2015
ODL	Open and Distance Learning
OECD	Organisation for Economic Co-operation and Development
OER	Open Education Resources
OFO	Organising Framework for Occupations
PALAMA	Public Administration, Leadership and Management Academy
PALC	Public Adult Learning Centre
PIVOTAL	Professional, Vocational, Technical and Academic Learning
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SACE	South African Council of Educators
SADC	Southern African Development Community
SAIVCET	South African Institute for Vocational and Continuing Education and Training
SANLIC	South African National Library and Information Consortium
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SDA	Skills Development Act
SET	Science, Engineering and Technology
SETA	Sector Education and Training Authority
SIPs	Strategic Infrastructure Projects
SSRTT	Skills System Review Task Team
SETAB	Sector Education and Training Advisory Board
TAFE	Technical and Further Education [system, Australia]
TVET	Technical and Vocational Education and Training
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNISA	University of South Africa
WIL	Work-Integrated Learning
WPBL	Workplace Based Learning
WP-PSET	White Paper for Post-School Education and Training
WSP	Workplace Skills Plan

1 Introduction

The National Skills Development Strategy (NSDS III), which steers the allocation of the skills levy and the SETA Strategic Plans, will end in March 2016. Should there be an NSDS IV? If so, what should its key objectives be? The NSLP 2015 sets out a case for a strategy that will be supported by the relevant structural arrangements. Sector Education and Training Authorities (SETAs) are currently established until 31 March 2016 and subsequently re-established until 31 March 2018. It is now time to consider and finalise the role and function that the SETAs should perform post the reestablishment period and consequently how they should be structured, their size, scope, governance and lifespan.

This is not the first time such questions are being asked. Since the passing of the Skills Development Act in 1998 and the Skills Development Levies Act in 1999 this is the fourth time that similar questions are being asked. The first time was when the SETAs were established in April 2000 and NSDS I was adopted (2001-2005) by the Department of Labour; the second time was when SETAs were re-established in 2005 and NSDS II was adopted (2005-2011); and the third time was in 2011 after a year's extension of NSDS II following the establishment of the Department of Higher Education and Training (DHET) where after the NSDS III was adopted (2011-2016).

As a result the context in which these questions are now being asked has changed. When they were first asked the Department of Labour, then responsible for SETAs and the NSDS, was not in sync with the Department of Education, with the former focusing primarily on the needs of the labour market and the latter on education. In 2010, following the establishment of DHET in 2009, no new integrative policy was in place and arguably the answers given were transitional. This has now changed. The Minister of Higher Education and Training released the *'White Paper for Post-School Education and Training: Building on Expanded, Effective and Integrated Post-School System'* (hereafter the White Paper or WP-PSET) in January 2014, setting out a framework within which the answers to the above questions must now be answered. The vision of the PSET system seeks to straddle the dichotomies of the previous two departments from which it formed and created a new 'middle space' embracing both the needs of economic growth and social development as well as the education and training system:

'Notional economic development has been prioritised, and the role of education and training as a contributor to development has begun to receive much attention. ... This is not to devalue the intrinsic importance of education. Quality education is an important right, which plays a vital role in relation to a person's health, quality of life, self-esteem, and the ability of citizens to be actively engaged and empowered. This White Paper reasserts these basic values that have informed the Constitution and which will continue to inspire everyone involved in education and training. However, few can argue with the need to improve the performance of the economy, to expand employment and to equip people to achieve sustainable livelihoods. This means improving partnerships, developing effective and well-understood vocational learning and occupational pathways, and improving the quality of the learning and work experiences along those pathways.' (WP-PSET: 2-3)

This represents a fundamental shift. No longer must the NSDS, or its implementing agencies, the SETAs, the National Skills Fund (NSF) and the QCTO, be seen as separate from the colleges and universities as was the case in the past. Going forward they must be seen as complementary institutions, enabling learners at learning institutions to seamlessly progress to workplaces and enabling workers to return to institutions of learning in ways that enhance economic growth and social development of the country.

2 Policy process followed

2.1 Policy advice considered

Prior to the publication of the WP-PSET, three detailed, independent policy processes were embarked on to advise the Minister on what path to follow with respect to the Sector Education and Training Authorities (SETAs):

- The Ministerial Task Team on SETA performance was gazetted in 2013 (hereafter referred to as the MTT); and
- Skills System Review Technical Task Team of the Human Resource Development Council (HRDC) published its report in October 2013 (hereafter SSR TTT).

The findings of the MTT were largely incorporated into the WP-PSET, and hence have been considered.

The recommendations of the SSR TTT were also considered. These considerations are captured under section 2.4.3 below.

The journey which led to the specific propositions contained in the NSLP 2015 also included a workshop with those engaged in the development of the above reports and consideration was given to other sources of information such as the Organisation for Economic Co-operation and Development (OECD)¹ report, September 2014.

2.2 Current problems

The reconfiguration of government in 2009 that gave rise to the establishment of the Department of Higher Education and Training (DHET) brought together institutional forms with different legislative frameworks, which operated parallel to one another. The newly established department inherited:

- from the Department of Labour: the skills levy Institutions (such as SETAs; NSF and QCTO) which derive their existence and mandates from the Skills Development Act (Act No. 97 of 1998) and Skills Development Levies Act (Act No. 9 of 1999), and
- from the now defunct Department of Education: the Higher Education Institutions, Technical and Vocational Education and Training Colleges, Adult Education and Training Centres, each deriving their existence and mandate from different pieces of legislation, such as the Higher Education Act (Act No. 101 of 1997), Further Education and Training Act (Act No. 98 of 1998; later Further Education and Training Colleges Amendment Act, Act 1 of 2013), later renamed the Adult Education and Training Act (Continuing Education and Training Act, Act No. 16 of 2006), and now abolished respectively.

¹ OECD (2014), Education at a Glance 2014: OECD Indicators, OECD Publishing. <http://dx.doi.org/10.1787/eqg-2014-en>

The establishment of the DHET, with its defined mandate to "bring about a skilled and capable workforce for an inclusive growth path", therefore gave rise to an urgent need for the integration of the inherited institutional forms into a single, integrated 'post school education and training' (PSET) system. The need for this integration has meant that the different constituent parts of the PSET system, including skills levy institutions, have had to interrogate their respective roles in relation to the reconfigured mandate, with a view to create workable solutions to identified service delivery hurdles.

Problem Statement

However, alongside these reflections, reports have shown that whilst certain improvements have been made over the past five years, problems with the day-to-day operation of SETAs persist. These can be listed as follows:

1. Many SETAs have failed to meet the annual targets agreed to in their Annual Performance Plans approved by the Minister, and the Service Level Agreements signed with the Director-General of Higher Education and Training. The table below illustrates examples for the 2013/14 financial year:

No	Category	Target	Achieved	Difference	Percentage Achieved
a	Bursaries	17 658	19 551	1 893	110.72%
b	Learnerships	86 211	75 503	(-10 708)	87.58%
c	Internships	12 072	8 017	(-4 055)	67.16%
d	FET placement	22 765	11 963	(-10 802)	52.55%

2. Collectively the SETAs have failed to disburse the levies collected, meaning that training that could have occurred did not. For example, R2,6 billion was not committed or allocated at the end of the 2014/5 financial year, and was instead transferred to NSF. It is acknowledged though that some SETAs have significantly increased the commitment of the levies received to address sectoral needs since the introduction of the SETA Grant Regulations on 3 December 2012;
3. All SETAs have developed their own application and disbursement procedures, which differ on issues such as: who may apply; what is funded; the length of the process; timing and methods of advertising application opportunities; application forms and processing procedures; corporate information requirements; payment of tranches; and monitoring and verification of reporting requirements. These differences make it very difficult for those who work with many or all SETAs, particularly the public and private education and training providers and occupational bodies, such as the professional bodies, to comply with the different administrative procedures. This is cumbersome, for potential learners trying to access learning opportunities.
4. Some SETAs with strategic importance have a low income due to the low wages of those in the sector, for example, the AgriSETA;
5. Delays in the allocation of grants a widespread complaint from employers. This impacts on the ability of the system to be timeously responsive to skills needs;
6. There have been persistent challenges with the governance of certain SETAs. For example in 2013/4 one SETA was placed under administration and in 2014/15 two more SETAs were placed under administration; and
7. The administrative costs of the system are high.

It is also true that since the release of the National Development Plan (NDP) a far greater emphasis has been placed on meeting national priorities, something which the SETAs were not originally set up to do under the Department of Labour.

In the light of the problems that continue to plague the system and the new challenges our country face, there is a widely held view that significant changes to the SETA landscape are required in order to support and achieve the skills development objectives of the priority goals that government has set out in the various Policies and Strategies.

2.3 An Integrated Post-School Education and Training System

New opportunities have opened up with the establishment of the Department of Higher Education and Training (DHET) in 2009. New complementarities between the levy-grant system and the system of public provision of education and training, funded from the fiscus, have become possible: labour market actors – employers, workers and community members – are now able to speak to education and training providers in new ways. The SETAs have a key role to play in this new dialogue, both by bringing the voice of the economy and society to the education and training providers as well as by enabling learners to journey in a new two-way flow between studying at the education and training institutions (the colleges and universities) to workplace-based learning and then to the world of work.

To achieve this two-way flow it is, however, necessary to bring the previously divided voices from different constituencies together in a way which strengthens their collaboration. As will become evident in the pages that follow, it is proposed that engagement occurs within the Department itself, with the various partners providing advice and guidance at every stage of the process. To ensure that the various partners fulfil their respective roles optimally, it is also proposed that there be independent monitoring of the performance of the new sectoral arrangements by the National Skills Authority (NSA) in line with its monitoring and evaluation mandate.

2.4 Options considered

The above context and background led to consideration of four discrete options for the future of the NSDS and new sectoral arrangements beyond the post extension period. These are first listed and then discussed below:

- Option 1: Minimal change
- Option 2: Cluster SETAs
- Option 3: A National Skills Council
- Option 4: SETAs as an integral part of the larger PSET system

2.4.1 Option 1: Minimal change

This option has the advantage of causing minimal disruption to current service delivery. It does, however, leave major problems unaddressed and fails to embrace the opportunities created by the establishment of the Department of Higher Education and Training. Efforts to strengthen the performance of SETAs have been made over the past few years using a minimal change approach but, in spite of these, the problems have persisted. Minimal change is therefore not considered to be a viable option.

2.4.2 Option 2: Cluster SETAs

The WP-PSET identified the possibility of clustering SETAs:

... A significant restructuring of the skills system may well be required (post 2016), with a further reduction of numbers over the medium to long term. In the meantime, efforts will be made to bring about a greater degree of collaboration through the clustering of SETAs. The key challenges that can be addressed through clustering include: sharing of research within broad economic sectors; collaboration in relation to skills training along supply chains; making effective use of offices located in TVET colleges; sharing of resources at provincial and local level to improve access; the development of common approaches to qualifications and programmes that cut across different SETA sectors; and generally helping the Department and other stakeholders to address the implementation of the National Skills Development Strategy within available resources. (WP-PSET: 67-8)

Whilst the reduction of the number of SETAs over the medium to longer term is raised, it is not put forward as an immediate option. The reason why this is not a desirable option now is that it will cause major disruption to service delivery – experience in government has shown that mergers of institutions lead to major interruptions when staffing and systems are brought together under a single roof. In the SETA context, there is also a further concern: namely that by creating bigger sectoral bodies the distance between the management of the SETA and the companies it serves is increased – with more layers between beneficiaries and service provision inevitably being introduced. This may well further slow service delivery rather than achieve the desired acceleration.

The benefits of clustering, as listed above, can better be served by the centralisation of some of the functions historically performed by SETAs, as stated in the WP-PSET:

In the future, SETAs (or their equivalent if they are restructured) will be given a clearer and to some extent narrower and more focused role. The aim will be to locate certain functions (such as skills planning, funding and quality assurance) in well-resourced central institutions, thus enabling sector structures to focus on engaging with stakeholders in the workplace, establishing their needs and agreeing on the best way of addressing them, facilitating access to relevant programmes and ensuring that providers have the capacity to delivery programmes that have a genuine impact. (WP-PSET: 57-8)

The proposal to locate functions such as skills planning, funding and quality assurance in well-resourced central institutions is accepted and elaborated further under Option 4 below. Option 4 also proposes that the clustering of SETAs is a management function to be performed in the DHET and not a basis for restructuring of the SETAs themselves.

Option 2 fails to address how the 'clusters' could be coordinated nationally.

2.4.3 Option 3: A National Skills Council

This option is elaborated in great detail in the Skills System Review Technical Task Team of the HRD Council, published in October 2013 (SSR TTT). In its motivation for a National Skills Council it argues:

"10.3.1 Rationale for one National Skills Council

It is essential to the future effectiveness of the skills system that strategy is agreed centrally and not continuously debated in sectors. In particular contestation over funds must be removed from the system. The skills system must be viewed as an implementation structure that carries out policy determined by the Minister. This is not to say that the voice of stakeholders should be silent in the system, quite the contrary, but that the role of stakeholders must change significantly. There is a role for stakeholders in determining the overall strategy and plan for the skills system (which should be located in one place, not 21 or more locations) and a role for stakeholders in shaping implementation (which can be done in all parts of the system - without creating accounting authorities). The creation of a body that can provide coordinated and centralised guidance for implementing skills development legislation would ensure: more standardisation of service delivery; less complexity in the system, particularly for the users and beneficiaries of the system; more clarity in the allocation of resources; more accountability to ensure that the resources are used optimally to impact on raising the skills profile of the South African labour market." (SSR TTT: section 10.3.1)

The functions of the National Skills Council, as envisaged by the SSR TTT would be:

- National Skills Planning;
- Management of funds for skills development;
- Shared services;
- Standard setting and quality assurance of provisioning; and
- Monitoring and evaluation (SSR TTT: section 10.3.3).

The strength of this option is also its weakness – it envisages the building of a strong 'skills development' system. Such a system would entrench the silos within the Department of Higher Education and Training – with 'skills' separate from 'universities' and 'colleges'. It does not clearly articulate how such a National Skills Council would interact with the remainder of the PSET system. And whilst it places the Minister at the centre of the strategy, it does not indicate how the Minister would integrate a 'skills development' strategy with that for the colleges and universities.

There is a further problem with the list of functions allocated to the National Skills Council as, in the main, the WP-PSET envisages the functions to be performed by some other agency. For example, the WP-PSET envisages national skills planning to be coordinated by a 'credible institutional mechanism for skills planning' (WP-PSET: xvii), standard setting and quality assurance of provisioning to be performed by the three Quality Councils under SAQA (WP-PSET: 5) and monitoring and evaluation of SETA performance to be performed by the National Skills Authority (WP-PSET: Xvii/68).

However, what is important to note here is the proposal to centralise the funding and to introduce shared services. Both of these recommendations are incorporated in Option 4.

2.4.4 Option 4: SETAs as an integral part of the larger PSET system

Both Option 2 and Option 3 point to a greater degree of centralisation being required. This is also a feature of Option 4. However Option 4 proposes that the apex be the Minister supported by the Department – in a comparable way to the manner in which the universities and colleges operate.

In Option 4 the National Skills Fund manages the share of the levy funds historically known as the Professional, Vocational, Technical and Academic Learning (PIVOTAL) grant. The allocation of these funds will be made in line with the National Skills Development Strategy IV, which will incorporate sectoral priorities (submitted by restructured Sector Education and Training Advisory Bodies) and national priorities into approved occupational priorities for the country (after widespread public consultation).

The strength of this model is that it permits the Minister to bring alignment between the work of the skills system and the education and training provider system by means of a single, integrated Ministerial Policy Statement, and ensures that collectively the system meets not only sectorally determined priorities but also national strategic priorities.

Option 4, as with Option 2, envisages a form of clustering of the SETAs, however not through institutional mergers but through the form of management adopted within DHET itself – where high level managers will convene related sectoral bodies for collaboration and partnership ventures.

Option 4, as with Option 3, proposes the introduction of a ‘shared services’ system 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.

Some may feel that the weakness of Option 4 is the elevation of the role of government as opposed to the role of social partners in the governance of the system. This is to underestimate the benefit of working together in new ways for shared benefits. For instance, option 4 permits sectors that hold their promises of job creation to claim more funds than they contribute, whilst declining sectors will contribute to growth and development elsewhere – painful for some, but nationally necessary and ultimately in the collective interest of all.

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. An integrated PSET system provides employers, at a systemic level, with an opportunity to input into matters such as the prioritisation of programmes to be delivered, curriculum design, lecturer capability, areas of needed specialisation and the like, for which they have called for a long time. In other words, this option aims to usher in a responsive PSET system which serves the goals of society, as well as economic growth and job creation for the nation. It is recommended that this option be read with this larger perspective in mind.

Option 4 is the preferred option and is elaborated in the remainder of this document.

3 SETA Landscape Proposal

3.1 Vision, Mission and Value statement

With Option 4 in mind, SETAs will no longer be semi-autonomous entities, they will be delivery units of the broader DHET Post-School Education and Training system, and as such will share the vision, mission and value statement of the DHET from a sectoral perspective:

Vision: Leading Post-School Education and Training for growth

Mission: To provide national strategic leadership in support of an integrated Post-School Education and Training system towards improved quality of life of South African citizenry

Values: Integrity, Accountability, Commitment; Responsiveness, Proactiveness, Continuous learning, Rationality and Team work.

3.2 Learning pathways

The WP-PSET spells out the principal role of SETAs in relation to each 'sub-system' of education and training as being, primarily, to provide learners with workplace based learning opportunities and ensuring that the preparation they undertake is relevant to the workplaces they enter.

In relation to the universities, it states:

...universities should seek to build strong partnerships with employers to promote the expansion of workplace training opportunities, especially in those areas where qualifications or professional registration depends on practical workplace experience. These partnerships can benefit from the inclusion of SETAs which can assist in brokering university-employer collaborations as well as providing advice and resources to facilitate work-integrated learning.(WP-PSET:41)

In relation to the technical and vocational education and training (TVET) colleges, it states:

SETAs should play a role in forging relationships between colleges and employers, using not only their contacts but also their resources to incentivise employers to take on students for workplace learning opportunities.(WP-PSET: 16)

In relation to community colleges, it states:

Community colleges will have to link directly with the work of public programmes to provide appropriate skills and knowledge. These programmes include the Expanded Public Works Programme (EPWP), Community Works Programme (CWPs), the state's infrastructure development programme, and economic and social development initiatives such as the Community Development Workers (CDW), and Community Health Workers (CHW) programmes. Such programmes can provide work-

integrated learning opportunities while the colleges provide classroom and workshop-based learning. There is an important role for SETAs in facilitating such partnerships. (WP-PSET: 22)

Underpinning the proposition that SETAs must assist learners to find workplace based learning opportunities, is the notion that there is a learning pathway from school to work which must be traversed. It can be characterised as follows:

1. **School**—Where learning provides a generic foundation for life, citizenship and employment. Schools are also places where career choices are made.
2. **Theory**—Post-school learning where theoretical concepts, related to desired career destinations, are learnt in a way which promotes understanding and critical reflection and embodies broader societal values and knowledge.
3. **Practical**—Post-school learning where theoretical concepts are tested in laboratories and where physical skills are honed in an environment where time, cost, and quality pressures are reduced or absent. This includes simulated learning or project based learning.
4. **Workplace-based learning opportunities** – Post-school learning which takes place in a productive workplace under the supervision of a qualified and/or experienced person who inducts the learner into workplace systems and procedures as well as occupational and workplace ethics.
5. **Occupational assessment** – For some post-school learners there is a final assessment of occupational competence – a trade test, a license evaluation, a professional designation interview – to determine if the person has sufficient, suitable experience to be able to work independently, without supervision, across the range of tasks associated with their occupation, trade or profession.
6. **Lifelong learning** – On-going development and re-skilling in order to remain up-to-date, attain expertise as well as to be able to progress and, where so desired, change pathways.

It follows that funding should be structured in such a way as to support the successful progression of young learners from one stage to the next. Thus a learner that exits the basic education system and enters the post school system needs to be funded for theory, practical and workplace components using a seamless mechanism that combines both voted and levy funds. Workers in employment, as well as those in the informal economy or in social structures, should also be able to access financial support for further learning.

For new entrants to the world of work the importance of the role of SETABs should be clear i.e. principally to secure workplace-based learning opportunities in the post-school education and training system across the different provider sub-systems and to ensure the relevance of their learning in the initial institutional phases, even whilst they are addressing wider learning issues.

There are a variety of ways in which workplace-based learning can combine with theoretical and practical learning – it can be integral to the qualification being issued (e.g. work integrated learning in the traditional diploma), it can follow the issuing of the qualification but yet be required for occupational recognition (e.g. professional candidacy leading to designation), it can follow institutional learning which is less than a full qualification (e.g. apprenticeship following a NATED programme) or it can be separate from the qualification but build on its general preparation (e.g. learnership or internship following the completion of [NC(V)]). Therefore and regardless of the form it takes, SETABs have a role in assisting learners to secure

such workplace-learning opportunities and, accordingly, and as discussed in section 3.3, SETABs need to understand the needs of workplaces and to inform institutions of learning of these needs.

3.3 SETABs as public sector ‘intermediaries’

The WP-PSET states that:

[SETAs’] focus will be narrowed to engaging with stakeholders in the workplace, establishing their needs, and ensuring that providers have the capacity to deliver against these. (emphasis added, WP-PSET: xvi)

Thus, in addition to finding workplace-based learning opportunities, SETABs are required to help the learning institutions understand what is required by workplaces. They are required to play the role of ‘public intermediaries’ facing both ways – on the one hand establishing what is needed by workplaces and conveying this to learning institutions, and on the other hand understanding the capacities and constraints faced by learning institutions and helping them to overcome such constraints and develop their capacity.

The role of ‘intermediary’ has been elaborated by researchers, Kruss and Petersen, who have been working in the Labour Market Intelligence Partnership (LMIP). This is a partnership funded by the DHET and carried out by the Human Sciences Research Council (HSRC) and the University of the Witwatersrand’s Research in Education and Labour (REAL) unit. These researchers have found that ‘Sectoral intermediaries play a key role in unblocking bottlenecks, addressing gaps and facilitating interaction. The bridging and networking role of public and private intermediaries provides multiple opportunities to promote better alignment and linkages.’² Their research confirms this in the sectors studied, namely in the AgriSETA for the sugar industry and the auto chamber in MerSETA for the automobile industry.

This is an argument against mergers, as mergers can potentially increase the distance between intermediaries and the people with whom they need to interface on both sides. There is therefore no policy prescription for further system-wide mergers of SETAs, although this does not preclude the possibility of individual mergers where justified to enhance operational efficiency.

3.4 Occupation as the ‘lingua franca’

There is a ‘language’ disjuncture between the two worlds with which the SETAs interface. Employers, both public and private, tend to use enterprise-based job-descriptions whilst the education and training providers tend to speak the language of ‘qualifications’. This is not a trivial issue.

Enterprise-based job-descriptions are often tied to a workplace grading systems, which differ widely. If learning were to be targeted at such job-specific destinations there would need to be a plethora of courses, each able to accommodate a small number of learners given the employment openings available. It would also mean that were a learner to be trained for such an opportunity and subsequently find that the employment opportunity was no longer available (for market or technology reasons), they would be ill-

²Glenda Kruss and Il-haam Petersen, ‘Understanding Interactive Capabilities for Skills Development in Sectoral Systems of Innovation: A Tentative Framework’, LMIP Working Document.

equipped to apply for employment elsewhere. And from the employer's perspective there would be a problem as well – their workforce would be narrowly skilled and hence be ill-equipped to adjust to market, technology or service-delivery changes required by changing circumstances.

The qualifications issued by learning institutions are also diverse, often with a weak link to job opportunities. In the TVET space qualifications are nationally determined. In the higher education band of the system, the qualifications are institution-specific making the map even more variable (although for the professions, institution-specific qualifications need to be accredited against a set of national criteria for professional recognition which makes them more 'national' in effect).

There is therefore a need for a 'lingua franca' at the interface between these two worlds. It is proposed that this be the language of 'occupations'. "Occupation" is a generic, socially-constructed language that is widely understood and used. For people with an occupational identity, employment can be sought in any workplace where the occupation is a requirement (in any sector where applied); and for employers, recruiting people with a quality-assured occupational qualification/trade/professional designation/license is a guarantee that the person has the skills associated with that occupation.

Both job descriptions as well as qualifications – from their respective spaces – can be mapped to occupations. The Organising Framework for Occupations (OFO) provides this 'language'.

A number of propositions flow from these observations:

- Firstly, all workplaces must be required to express their needs using the OFO. As this is already the case, confirm here with.
- Secondly, that learning destinations be expressed in occupational terms. Qualifications at learning institutions at all post-school institutions should therefore be mapped to one or more occupational destinations so that learners are informed, when they make qualification choices, of the occupational destination/s their learning might lead to. Clearly this will be more challenging for some qualifications than others; however the principle stands for all.

This has important implications for the South African Qualifications Authority (SAQA) and the Quality Councils (QCs) with which SAQA works.

- When qualifications are registered on the National Qualification Framework (NQF) the relevant possible occupational destinations (expressed in OFO terms) should be explicitly registered;
- There should be an alignment with the pathways outlined in the DHET's National Career Advice Portal (NCAP);
- There should be a shift away from sector-specific occupations to national occupations to optimise the mobility and employability of qualifying learners. Sectoral specialisation must either be woven into qualifications or workplace based learning requirements, or as elective modules to be provided as post-qualification specialisations.

This means that a vehicle must be established to build collaboration between SETABs when the content of occupation-linked qualifications are determined. In this regard the WP-PSET notes:

“An important development in the management of the Strategic Infrastructure Projects is the establishment of Occupational Teams. These teams will bring together representatives of employers, education and training providers, professional bodies and others such as trade testers and licence issuers. Their purpose is to address problems of curriculum relevance and alignment between institutional (theoretical) and workplace (practical) learning as well as work placement problems at a systemic, national level. The implementation of this concept in the Strategic Infrastructure Projects will be evaluated and extended across vocational and professional training generally wherever possible.” (WP-PSET: 65/6)

It is therefore proposed that such national Occupational Teams be established for all occupations in demand (be they identified sectorally or nationally) and that employer and worker representatives on these teams be identified and drawn from each of the sectors where the occupation is employed. The core functions of occupational teams will be to:

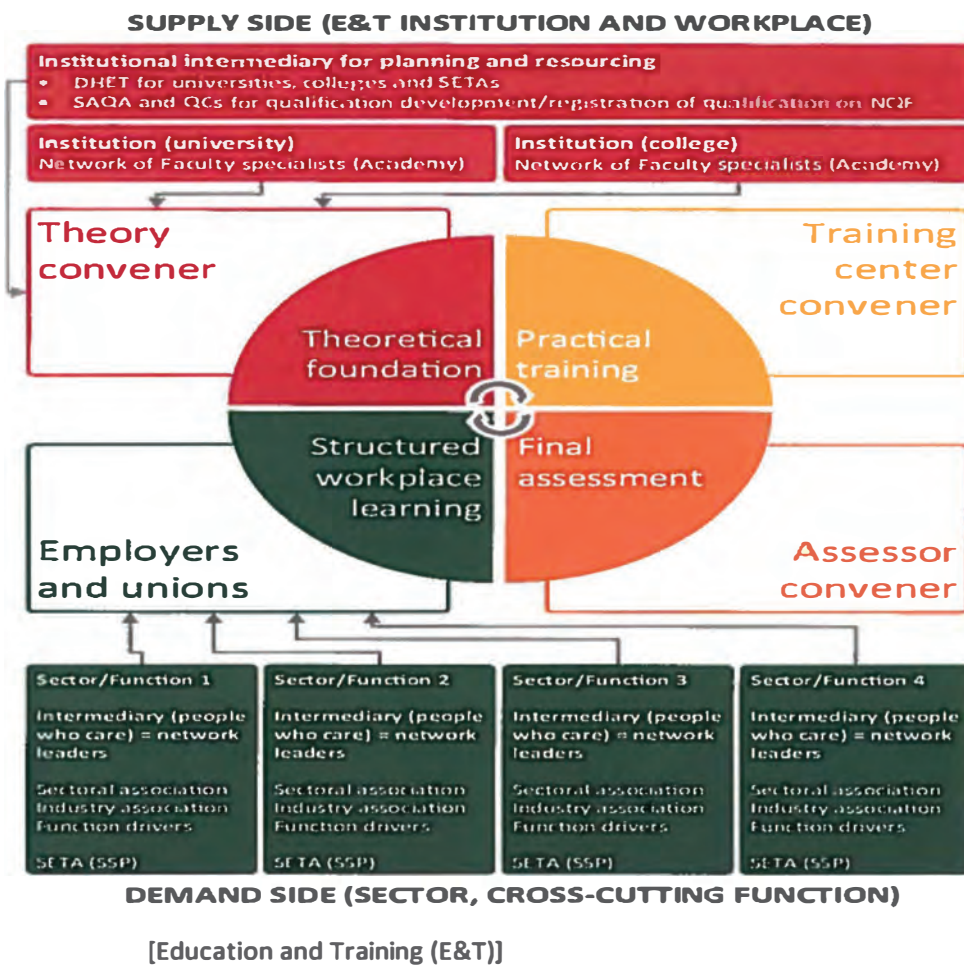
- Determine why there is a skills shortage or challenge;
- Analyse the problem and determine its basic causes;
- Propose solutions at each step along the learning pathway i.e. for theory, practical, workplace and/or assessment this will include sectoral specialisation where necessary;
- Provide quality assurance functions where required (e.g. assessment of capacity of providers to deliver required qualification and remedial steps needed, if inadequate); and
- Prepare reports to feed into mainstream planning and resourcing.

It is proposed that the DHET build these Occupational Teams in partnership with the SETABs and the established organisational associations such as the Higher Education South Africa (HESA) and the South African College Principals Organisation (SACPO).

Coordination of Occupational Teams should be undertaken by the DHET itself through the establishment or appointment of **Intermediate Bodies**, one for each major OFO or cluster thereof. A model for the establishment of Intermediate Bodies has been piloted by the ‘Skills for and through SiPs’ initiative, as shown below. However, going forward this model will need to be adjusted to accommodate all occupations as illustrated for the built environment below:

Occupational Clusters	Intermediate Bodies
Managers (public sector prioritised)	Department of Public Service and Administration
Professionals and Associate Professionals	Council for the Built Environment
Service and Clerical Workers	Services SETA
Trades	INDLELA, DHET
Plant and Machine Operators	Transport SETA and the Plant Hire Association
Elementary and Non-Trade Production Workers	Construction Industry Development Board

It is further proposed that Occupational Team reports that meet the quality requirements set by the DHET should be funded from the levy in a manner to be formally gazetted. The structure of occupational teams is illustrated overleaf:

Occupational Team Structure:

In some instances a cluster of occupations may fall under a single Occupational Team such as those that are governed by a single professional body e.g. a professional engineer, technologist and technician.

Note: these are national structures. This is needed to provide learners with optimal mobility.

3.5 National Skills Development Strategy IV

In the light of the above discussion, it is proposed that NSOS IV assumes an 'occupational' character, with four levels of elaboration:

- the first focusing on different major occupational bands of the OFO;
- the second providing detailed occupational priorities under each major category as derived from sectoral plans and research;
- the third being those measures that the education and training institutions need to undertake to deliver the needs as required, and
- the fourth elaborating these for each priority occupation, derived from Occupational Team reports.

NATIONAL SKILLS DEVELOPMENT STRATEGY IV (for illustrative purposes)**Educated, skilled & capable workforce for inclusive growth (2016 – 2021)**

Impact: **Reduced incidence of scarcity in critical occupational areas**
Rising skills profile of the South African citizenry

Output targets:

- Targets for managers (e.g. with a particular focus on the public sector and perhaps Small , Medium and Micro Enterprises (SMMEs) e.g. percentage of public servants have required professional designations);
- Targets for professionals (including researchers and teaching professionals);
- Targets for associate professionals;
- Targets for service and clerical workers;
- Targets for the trades (e.g. 30 000 artisans per year by 2030);
- Targets for plant and machine operators; and
- Targets for elementary workers.

At a second level of detail, targets for individual priority occupations could be set, informed by the National Scarce Skills list, itself informed by sectoral targets set out in sectoral briefs and those derived from national strategies such as the SIPs or Phakisa.

Example for illustrative purpose

At a third level setting of targets, measures to improve the throughput of learners entering the system and progressing to completion under standard headings such as:

- Career development services e.g. x% of Grade y learners to receive such services;
- Lecturer development e.g. y% of lecturers of targeted occupations to attain minimum standards by 2021;
- Qualification and Curriculum development e.g. 100% priority occupations to have up-to-date qualifications;
- Syllabus/Curriculum development e.g. 100% priority occupations have up-to-date syllabi/curriculae;
- Learning materials (including open learning) e.g. open learning material available for x% of priority occupations by 2021;
- Learner support measures e.g. such measures to be in place in all public institutions;
- Placement targets e.g. y% of successful graduates placed in workplace based learning;
- Assessment (including RPL), e.g. pass rates to rise to y% in 2021;
- Infrastructure development; and
- Innovation and research.

And at a fourth level, a strategy for each priority occupation is outlined, in relation to identified Centres of Specialisation, as derived from the reports of the Occupational Teams (as has been piloted in the 'Skills for and through SIPs' report, released in September 2014). These plans can be linked to specific projects, development plans or other growth and development initiatives.

3.6 The roles of SETABs in NSDS IV

Basic roles of SETABs

The primary roles of SETABs post the reestablishment period will, in the light of the discussion above, be to:

1. Determine the skill needs of employers by occupation using the OFO for the sector;
2. Secure workplace-based learning opportunities for learners;
3. Support institutional and workplace-based learning of the current workforce;
4. Support education and training institutions to meet skills needs; and
5. Perform system support functions and manage the budgets linked to their mandate.

3.6.1 Role 1: Determine the skill needs of employers by occupation using the OFO for the sector

It is worth restating here the pronouncement by the WP-PSET that:

The focus of the SETA mandatory grant will be exclusively on gathering accurate data on sector skills needs. Companies will be expected to submit one comprehensive document annually, which includes information about current levels of skills, experience and qualifications of employees, all training that is taking place in that workplace, and their skills priorities and gaps for both the short term and the medium term. Submission of the above will entitle the employer to 20 per cent of their levy (that is, the mandatory grant). (WP-PSET: xvii)

However the WP-PSET also states:

The DHET will consolidate initiatives towards developing a central skills planning system. It will establish a planning unit that will work with key public institutions to develop a national skills planning system. The SETAs will supply sector-specific, reliable quantitative data to the national central planning process, engage with key stakeholders to test scenarios that emerge from the central skills planning process, and plan to support provision in priority areas. The DHET, with the SETAs, will use the national and sectoral information on skills demand to plan supply. (WP-PSET: xvi)

What is therefore envisaged is a system whereby the work of the SETABs will be complemented by a central skills planning system. The SETABs will therefore no longer be solely responsible for this planning but will play a key role in submitting information collected from workplaces in their sector and supply sectoral research briefs; however this will need to comply with templates and methodologies that are determined centrally by the DHET.

The information so gathered will be used to inform the publication of national and sectoral lists of occupations in demand which will in turn be referenced in the NSDS IV and will guide resource allocation of both levy and voted funds (see section on financing below).

Skills planning by SETABs will need to increasingly align with the timeframes and cycles of the public education and training institutions – such as is illustratively explored below:

Five yearly PSET planning cycle:

	Year 1	Year 2	Year 3	Year 4	Year 5
Five yearly	Sectoral briefs (with government strategies embedded) and national research inputs	Occupational prioritisation followed by OT analysis linked to the creation of Centres of Specialisation (providers)	Institutional specialisation review linked to year 2 and performance assessment	PQM revision / 5 year enrolment and placement plans reviewed, infrastructure plans). DHET proposal and HRDC review.	NSDS for next five years (in occupational x institutional terms) = Ministerial statement for priority skills

The reference in year 5 above to the publication of a Ministerial Statement builds on lessons learnt from the university sector. Currently the Minister publishes a Ministerial Statement detailing the allocation of resources to different universities. It is proposed that this practice should be expanded to the entire PSET system and hence should frame the allocation of voted and levy funds to occupations in demand and necessary support measures (see financing below). It should derive from the NSDS targets.

A complementary annual planning cycle is also required. A conceptual model is outlined below which will require further development through consultation and research:

Annual PSET planning cycle:

Annual Planning Cycle	
January:	Determine funds available (Voted, NSFAS, SETA levy, NSF, other);
February:	Market opportunity for pivotal grant for qualifying employers (i.e. those that have submitted WSPs). Providers should be encouraged to support this campaign and to enter partnership with employers for their graduates, where possible;
March:	Employers apply for grants for occupations they require and for which they have workplace approval (PIVOT grant applications);
April/May:	Decisions made regarding allocation of grants for following academic year;
June/July:	Employers and providers informed of allocations of grants. Priority given to those with partnership agreements and mentors;
August:	Providers plan for their annual enrolments, throughput and placement targets;
Sept / Oct:	These are analysed and finalised, informed by national requirements;
Nov/Dec:	Sign off of enrolment and placement plans; and
Next January:	Learner recruitment and selection finalised. Grant disbursement and M&E determine funds available.

The planning cycles above serve as an illustration only of the principle of alignment and will, in all likelihood, need to be nuanced to take multiple disbursement dates into account.

3.6.2 Role 2: Secure workplace-based learning opportunities for learners

The WP-PSET clearly highlights the identification of workplace-based learning opportunities as a primary role of SETAs:

A key role of the skills system structures will be to support efforts to implement workplace based learning that complements formal education and training. [WP-PSET: 57/8]

Currently there is a great deal of confusion as to how this can be achieved, arising from the diversity of policies, procedures and communication channels used by the twenty-one different SETAs. It is therefore extremely difficult for providers to establish a coherent vehicle for securing workplace based learning opportunities for their learners and/or graduates, particularly where these potentially straddle a number of SETAs. There are also widely varying levels of efficiency in the system – with some grants, once allocated, taking considerable time for actual disbursement because of the complexity of the requirements and because of capacity constraints in the SETAs.

The first policy proposition is therefore that this confusion should end, and a single, streamlined system be instituted for all SETAs. This means that there should be a common application procedure, a common set of requirements for different categories of grants and a common set of timeframes and deadlines for all to easily understand. This is an urgent priority and should be established and implemented by no later than April 2017. The model that is currently being implemented for artisan development provides a foundation which can be built on for all occupations

Standardisation must go beyond timeframes and procedures - it should extend to the grant amount issued for different purposes: for example, the amount given to employers for the provision of workplace based learning opportunities for each occupational category should be the same (with formulas developed to take account of sectoral conditions). There should also be standardised ways of taking into account different learner circumstances (for example, with special provision being made for learners with disabilities).

A general principle is proposed that grants should only be provided to compensate employers for providing NQF quality-assured workplace-based training. Where learners obtain time-based work exposure only (without a final NQF-recognised assessment of some sort) private sector employers should be incentivised through the tax-rebate or broad-based black economic empowerment point system only, whilst public sector employers should fund time-based work exposure from funds outside their 1% training budget commitments.

A standard approach to learner stipends, in collaboration with the Department of Labour's Employment Conditions Commission, should also be instituted.

It is therefore proposed that a process be embarked upon to determine the formulae/procedures to be used to determine the funding norms and standardised stipend categories.

3.6.3 Role 3: Support institutional and workplace based learning of the current workforce

The systems, procedures and grants set for new entrants to the labour market will need to be adjusted to meet the needs of the current workforce. This will require a range of measures to cater for the current work force including, inter alia:

- Foundational learning opportunities such as literacy and numeracy for employees to qualify for enrolment in further learning programmes (this may be needed at different levels);
- Recognition of Prior Learning as many employees will have acquired skills informally or on-the-job;
- New occupational qualifications or part qualifications required flowing from modifications to existing ones;
- Completion of occupational qualifications as many employees will have only partially met the requirements set for occupational competence, and without which they have reduced mobility;
- Progression as many will desire opportunities to attain qualifications in advance of those they already hold. This will require attention to the articulation of different occupations;
- Specialisation modules as many will require augmentation of skills as technology and work organisation changes;
- Continuing professional development for employees have already qualified but who now need to stay in touch with changing technologies and methods;
- Bridging training if a change in employment is desired or if current employment ends.

Some of the above measures may need to be sectorally determined (such as changes to technology or markets in a particular sector) – however many will require national policy and programmes. A combination of sectoral and national prescriptions will therefore be required, indicatively illustrated below:

Sectoral responsibility	National responsibility
<ul style="list-style-type: none"> ▪ RPL execution and resourcing ▪ Specialisation modules required exclusively for the sector or indeed for a specific workplace ▪ Continuing professional development within sector ▪ 	<ul style="list-style-type: none"> ▪ New occupational qualifications where required or modification of existing qualifications ▪ Methodology for new/adjusted qualifications ▪ Adult Basic Education and Foundational Learning programmes ▪ RPL policy and resourcing framework ▪ Modular learning opportunities to complete occupational qualifications ▪ Programme articulation for occupational progression; ▪ Continuing professional development ▪ Bridging training ▪ Training for new employment

A clear distinction should be drawn between these two categories as it is later proposed they be funded through different funding channels.

3.6.4 Role 4: Support education and training institutions to meet skills needs.

The WP-PSET repeatedly states that it will be the responsibility of SETAs to support the development of the capability of learning institutions to deliver what is needed sectorally or nationally, e.g.:

The roles of the SETAs and the NSF will be simplified and clarified, and their capacity built in line with their core functions. ... Their focus will be narrowed to engaging with stakeholders in the workplace, establishing their needs, and ensuring that providers have the capacity to deliver against these. (Emphasis added, WP-PSET: xvi)

SETAs and the NSF will also use the discretionary grant to fund skills development capacity in public education and training institutions. (WP-PSET: xvii)

This support may take a variety of forms, including support for the governance and management of institutions. However, routinely, the support will be directed to ensuring that the programmes on offer at institutions lay the appropriate theoretical, and often practical, foundation required to prepare learners for entry into the workplaces where they can then develop their occupational competence. These support measures may also assume a standardised character in areas such as:

- a. Qualification and curriculum development
- b. Syllabus / Curriculum development
- c. Lecturer or support staff development incl. workplace updating for staff
- d. Learning material development
- e. Lecturer support material development
- f. Career counselling
- g. Equipment and equipment commissioning
- h. Infrastructure
- i. Research required to support the above, and
- j. Other items where specified.

It is envisaged that as the systems mature, the advice of the Occupational Teams (OTs) will be expressed in formalised ways (under headings such as indicated above), and the DHET /NSF will determine the standard grants to be associated with each (using formula which take account of various contexts). The DHET / NSF will also establish means to evaluate the advice provided by OTs.

Centres of Specialisation

Because of the costs associated with the provision of these support measures, a process will be initiated whereby particular institutions will become associated with the provision of learning directed towards particular occupations. These will become Centres of Specialisation for these occupations and will then qualify for dedicated support in these areas. Policy prescriptions have yet to be developed on the processes to be followed to determine which institutions specialise in which areas, although clearly this will be both a bottom-up as well as a top-down process; meaning institutions will distinguish themselves as centres of specialisation while the prescriptions and standards are developed and adjusted on an on-going basis as the benchmarks keep on rising / increasing

SETA offices in TVET colleges

The WP-PSET states that:

Partnerships between colleges and SETAs will be facilitated by the establishment of offices representing the SETAs in each college. These offices should represent all the SETAs in that college, and work to promote and facilitate the relationship between the college and individual SETAs in the interests of both. (WP-PSET: 16)

These offices will increasingly become nodes through which information regarding available workplace-based learning opportunities in the surrounding area will be channelled to the college from all SETAs by means of the standardised procedures envisaged. They will also help to build the occupational identities of the colleges they serve and consolidate relevant applications for support.

SETA offices in provinces

The DHET plans to establish provincial offices. The current SETA provincial offices will increasingly be integrated into a coherent network of service delivery units that will interface with providers, employers and government agencies in the province in a streamlined fashion. An emerging provincial artisan model that facilitates a common approach to artisan development across the whole province will be referenced as policies in this area unfold.

3.6.5 Role 5: Perform system support functions and manage the budgets linked to their mandate.

SETABs will have a range of support functions to perform to enhance the capacity and relevance of the PSET system as a whole. Amongst these are the following:

1. Recommend changes to the OFO and be submitted to DHET as required;
2. In relation to qualification development under the Quality Councils (CHE and QCTO in particular), the SETABs will nominate workforce representatives to optimise the relevance of occupational qualifications relevant to their respective sectors, as well as develop required Modules of Employable Skills and RPL Toolkits for the informal economy and customised workplaces;
3. In relation to functions to be performed by Occupational Teams, SETABs will recruit and support workforce representatives onto Occupational Teams and ensure that they address sectoral priorities and specialisations, whilst also providing learners with optimal mobility. [these may be the same people as 2 above.];
4. Recommend Centres of Specialisation for industry clusters in their respective sectors and partner with them; and
5. Conduct workplace approval audits using the criteria determined for the occupation set by the relevant agency i.e. the qualification curriculum specialists or Occupational Teams.

3.7 SETABS funding of training

The WP-PSET clearly states that:

SETA funding of training will come from the discretionary grant. This will be for programmes intended to support existing businesses – for training both existing workers and potential new entrants to the labour market. Providers could be public, private or even the employer’s own in-house training institutions, provided they have the capacity to provide all or substantial parts of qualifications. (WP-PSET: xvii)

The question, however, that arises for public providers is how should these discretionary grants relate to the funds allocated from the fiscus via DHET (hereafter referred to as ‘voted funds’) for Ministerial approved programmes.

Historically the answer to this question has either assumed that the qualifications funded from the SETAs are different from those funded from voted funds (for learnerships or internships for example) or the funds have been used to ‘top up’ short-falls in voted funds on a basically ‘first come first served’ basis. Going forward a more carefully structured approach is proposed based on the learning pathway concept presented earlier in the NSLP 2015 (i.e. that the learning to be funded is not different from institutional programmes but is complementary to such programmes leading to occupational competence):

- In the first instance, levy grants should primarily be used to incentivise employers to provide quality-assured workplace-based learning opportunities leading to occupational qualifications or designations in demand signalled by sectoral or national prioritisation³. As this will frequently be a requirement that follows the completion of a quality assured institution-based learning programme (pre-, integrated with or post- such learning), it is proposed that there be a formally managed relationship between the two. 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.
- It follows that levy grants will only be used to fund the theoretical component of learning where there is a clear motivation as to why voted funds cannot be used (e.g. where existing workers require access to theoretical learning to progress at work and where this has not been budgeted for by the institutions).
- However levy grants may also be used to support institutions to build their capacity to deliver needed programmes. This too will need to be systematically compared to the ‘earmarked’ component of voted funds which frequently target such matters as well. A systematic alignment of policy and legislation on this will be developed and implemented no later than 2018. In the interim, institutions seeking access to levy grants for such measures will be required to motivate why ‘earmarked’ grants from voted funds have not been used.

One consequence of these proposals is that voted funds will in future be more formally required to be responsive to labour market or service delivery demands. Voted funds will therefore also need to be

³This priority should be seen to include ‘modules of employable skills’ (MESs) as meaningful components of larger occupational programmes.

utilised for the NSDS objectives and targets. However voted funds will also need to address programmes that do not have a direct link to such demands and a funding policy framework to provide for both will be developed.

Another consequence of these policy proposals is that there will need to be complementarity between the allocations of voted and levy funds. This will require central coordination – as without such coordination alignment will be difficult to achieve. It is therefore proposed that the PIVOTAL grant component of sectoral levies (i.e. 80 percent of what is currently the SETA discretionary grant be directly managed by the National Skills Fund).

The National Skills Fund will ensure that national occupational targets are met– with contributions from all the sectors where the occupation is applied. The allocation of funds from the National Skills Fund should therefore also be broadly covered in a single Ministerial Statement – covering the allocation of both levy (PIVOTAL grant) and voted funds. Such a Ministerial Statement will need to follow a carefully planned, but simple and clear, process of consultation and advice, such as is illustrated below:

1. NSDS targets set at aggregate and specific levels for occupations in demand (as outlined in section 3.5).
2. The reconfigured National Skills Fund creates funding with occupational purposes, each with allocations informed by the NSDS targets.
3. SETABSs submit to the reconfigured NSF proposed plans for the achievement of their sector occupational priorities. These plans should be supported by (actual or indicative) employer commitments to provide workplace-based learning opportunities and partnership agreements with institutions that provide institution-based plans for specific capacity-building initiatives.
4. Institutions submit enrolment and earmarked funding proposals for voted funds (informed by NSDS targets and their role in relation to the achievement of these in their areas of specialisation which should take into account reports from Occupational Teams. These applications may also include applications for capacity support from the levy funds and/or 'earmarked' funds (each with a clear area of responsibility). Priority can be given where clear partnerships are in place.
5. DHET undertakes a process to align the above applications to the NSDS and to prepare a draft Ministerial Statement for the Minister's consideration, which should be subject to public review.
6. The Minister of Higher Education and Training considers the advice provided and determines the final Ministerial Statement, where after it is published.

As indicated, to achieve this it will be necessary to centralise the PIVOTAL grants of SETABs and, whilst SETABs must be given the opportunity to apply for a component of the consolidated fund, they will no longer have an automatic right to it. This follows from not only the need to align the levy with voted funds but also from the following considerations:

- Certain national, sectoral or provincial strategic plans (such as the National Development Plan, the New Growth Path, the Industrial Policy Action Plan, the Agricultural Policy Action Plan, the National Infrastructure Plan and Operation Phakisa) may demand heightened attention to some occupations over and above others;
- In certain instances one employer or one sector may be able to offer more workplace-based learning opportunities than their current levy income can fund (e.g. agriculture has a low levy income because of the low wages of farm workers but has a large training demand and is key for

the country's food security and rural development plans), whilst another may not be in a position to spend their entire income;

- Certain 'occupations' may be in demand across a number of sectors (e.g. civil engineers required for water, transport, local government, construction, etc.) and it will be necessary to determine, across sectors, how to address this demand (and meet targets set) taking into account the capacity of institutions as well as the number of workplaces on offer;
- Firms exempt from paying the levy may be in a position to provide workplace-learning opportunities which they are not qualified to apply for without an 'open' procedure; and
- This will lessen the build-up of non-allocated or non-disbursed funds arising from internal challenges in SETABs³ and will strongly support those that efficiently disburse funds.

This policy proposition coincidentally aligns with that put forward by the recently published OECD Report 'A Skills beyond School Review of South Africa' which recommends that South Africa should:

"Reform funding flowing from the Skills Levy so as to shift responsibility for discretionary funding to the National Skills Fund and simplify the administration of the mandatory grant." (2014, p84).

The DHET supports the OECD proposal that the PIVOTAL grant component of the levy should be integrated into the National Skills Fund (NSF). This brings the added advantage that the National Skills Fund could also contribute to the priorities identified in a structured and planned fashion. The Director General of DHET, as the Accounting Authority of the NSF, would be the Accounting Officer for these funds. SETAs will become Service Delivery Unit of the DHET, and with this shift it is proposed that they have a name-change – from Sector Education and Training Authority (SETA) to Sector Education and Training Advisory Body (SETAB). A consequence of these proposals is that the SETABs shall be responsible for the following:

1. Their administrative budgets linked to the execution of their mandated functions, although the quantum of these budgets will be reviewed in the light of their changed functions;
2. The management of the Mandatory Grant (to become known as the Workplace Skills Plan Grant) with a particular focus on quality assurance and the submission of accurate data associated with the allocation of this grant (they will however work with national templates and be required to submit consolidated report in a standardised fashion). In performing this function SETABs will build linkages with workplaces in their respective sectors and deepen their knowledge of them;
3. The management of 20% of their traditional discretionary grant (to become known as Sector Specific Grants) which will address matters of strategic importance to the sector which fall outside of the purview of the National Skills Fund; and
4. The management of 'projects' approved and funded by the National Skills Fund derived from their sector skills plans (including those linked to the achievement of occupational targets).

This proposed change is summarised in the table below:

100% levy	Current levy / grant system	Proposed levy / grant system
20%	National Skills Fund	National Skills Fund
10%	SETA Administration	SETAB Administration plus cluster management and shared services (% to be reviewed given changed functions)
20%	SETA mandatory grant to employers	SETAB Workplace Skills Plan grant
0,5%	SETA allocation to QCTO	National Skills Fund for QCTO
20% of 49,5% (9.9% of the Total Levy paid)	SETA sector discretionary grant	SETAB Sector Specific grant
80% of 49,5% (39.6% of the Total Levy paid)	SETA PIVOTAL grants	National Skills Fund (ring-fenced) – utilised for PIVOTAL programmes

Note 1: the levy contribution to the QCTO (0.5%) allocation will henceforward be managed from the National Skills Fund and not from individual SETABS.

Note 2: At this stage it is envisaged that the primary applicants for the ring-fenced PIVOTAL grants will be the SETABS, 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. Under this new arrangement neither sectors nor individual employers will be restricted to claiming grants linked to their levy contribution. If they contribute to national targets they will be entitled to claim more than they contributed.

Note 3: The implications of these changes for government departments will be separately elaborated, however, and in broad terms, the full 1 percent of departmental training budgets should be subject to rules set nationally i.e. be committed to quality assured training.

Note 4: These changes will require legislative changes.

Note 5: The percentages used signal the current and proposed subdivision of the sectoral levy. These may change after consultation and consideration of the advice received.

3.8 Sectoral and national responsibilities

The WP-PSET states:

In the future, SETAs (or their equivalent if they are restructured) will be given a clearer and to some extent narrower and more focused role. The aim will be to locate certain functions (such as skills planning, funding and quality assurance) in well-resourced central institutions, thus enabling sector structures to focus on engaging with stakeholders in the workplace, establishing their needs and agreeing on the best way of addressing them, facilitating access to relevant programmes and ensuring that providers have the capacity to delivery programmes that have a genuine impact. [WP-PSET: 57/8]

The SETABS roles outlined under section 3.6 has elaborated on this statement. Below is a summary of the roles and functions that will reside with SETABS and what roles will reside nationally.

Functions	SETABs responsibilities	National responsibilities
1. Determine the skills needs of employers by occupation using the OFO for sector	<ul style="list-style-type: none"> ▪ Support firms and quality assure submission of workplace skills plans and reports ▪ Prepare sector briefs ▪ Identify occupations in demand in the sector 	<ul style="list-style-type: none"> ▪ Set templates, planning cycles and timeframes ▪ Undertake complementary research and data collection ▪ Set up and manage data systems (national specifications) ▪ Consolidate occupations in demand nationally and sectorally
2. Secure workplace-based learning opportunities for learners	<ul style="list-style-type: none"> ▪ Secure employer applications for grants ▪ Evaluate applications against priorities for the sector ▪ Submit applications to the NSF Pivotal Grant section ▪ Quality assure workplaces 	<ul style="list-style-type: none"> ▪ Set standard procedures and timeframes (including national on-line application systems for PIVOTAL grants) ▪ Set standard grants amounts for occupation groups or occupations e.g. trades in general or diamond cutters. ▪ Set standard unemployed learner stipends with DoL ▪ Ensure priority occupations in demands are addressed
3. Support institutional and workplace-based learning of the current workforce	<ul style="list-style-type: none"> ▪ Recommend changes needed to the OFO and be submitted to DHET as required ▪ Recommend new occupational qualifications where required or modification of existing qualifications ▪ Specialisation modules ▪ Continuing professional development within sector ▪ RPL execution and resourcing 	<ul style="list-style-type: none"> ▪ Manage and update the OFO ▪ Methodology for new/adjusted qualifications ▪ Approve new occupational qualifications where required or modification of existing qualifications ▪ Adult Basic Education and Foundational Learning programmes ▪ RPL policy and resourcing framework ▪ Modular learning opportunities to complete occupational qualifications ▪ Programme articulation for occupational progression ▪ Continuing professional development ▪ Bridging training ▪ Training for new employment
4. Support education and training institutions to meet the skills	<ul style="list-style-type: none"> ▪ Identify and support appropriately qualified representatives who contribute to the work of Occupational Teams 	<p>Standard definitions, grant procedures and grant levels for each of the items listed below:</p> <ul style="list-style-type: none"> ▪ Qualification development

Functions	SETABs responsibilities	National responsibilities
needs	<ul style="list-style-type: none"> ▪ Identify Centres of Specialisation in areas that interface with appropriate workplaces where the occupation/s is/are applied ▪ Work with the relevant quality councils (e.g. Assessment Quality Partners of QCTO; Professional Bodies for professions) to help identify workplaces that meet the requirements set for workplace based learning ('approval' procedures) ▪ Input sectoral needs into national processes 	<ul style="list-style-type: none"> ▪ Curriculum development ▪ Lecturer or support staff development incl. workplace updating for staff ▪ Learning material development ▪ Lecturer support material development ▪ Career counselling ▪ Equipment and equipment commissioning, and lecturer training ▪ Infrastructure ▪ Support workplaces to meet approval criteria set ▪ Research required to support the above, and ▪ Other items where specified.
5. Perform system support functions and manage the budgets linked to their mandate.	<ul style="list-style-type: none"> ▪ Manage administrative budgets linked to the execution of their mandated functions ▪ The management of the Mandatory Grant (to be known as Workplace Skills Plan Grants) ▪ The management of 20% of their traditional discretionary grant which will address matters of strategic importance to the sector which fall outside of the scope of the NSF ▪ Submit PIVOTAL grant claims and manage 'projects' approved and funded by NSF. ▪ Recommend changes to the OFO to be submitted to DHET as required ▪ 	<ul style="list-style-type: none"> ▪ Determine national criteria for the execution of mandated functions ▪ Set standard procedures for PIVOTAL grants, including on-line application procedures ▪ Management distribution of PIVOTAL grants ▪ Set national grants / formulae ▪ Determine priorities against the NSDS

The above table underlines the shift that is proposed with regards to SETABs functions post the reestablishment period. The changes proposed are primarily in response to the policy prescriptions of the WP-PSET, however they also flow from the many challenges that are currently being experienced, such as the wide range and complexity of the various systems relating to grant applications, the uneven efficiency of grant processing in many cases and the incidences of corruptions and fraud that continue to plague certain SETAs. The proposed functional shifts require a number of significant structural changes which are explored in sections 3.9 and 3.10.

3.9 Sectoral Structural Implications

3.9.1 SETAs to SETABs: Governance Implications

The WP-PSET is quite clear that there will be a ‘focusing’ of SETA functions post the reestablishment period:

“The roles of the SETAs ... will be simplified and clarified, and their capacity built in line with their core functions. SETAs will focus on developing the skills of those in existing enterprises and the development of a skills pipeline to such workplaces. Their focus will be narrowed to engaging with stakeholders in the workplace, establishing their needs, and ensuring that providers have the capacity to deliver against these.” (WP-PSET: xvi)

The meaning of this paragraph can now be unpacked from the summary tables in sections 3.7 and 3.8 above. SETABs will manage, under streamlined, national prescriptions, the disbursement of the 20% Mandatory (Workplace Skills Planning) Grant, the 9,9% Sector Specific Grant (historically the sectoral component of the Discretionary Grant) as well as their administrative budgets (currently 10% but will be revisited in the light of the changed functions outlined).

Each of the twenty-one Sector Education and Training Advisory Boards will be established as a Specialised Delivery Unit of the Department of Higher Education and Training in terms of Section 7B of the Public Service Act (1994, Proclamation 103 of 1994). These Specialised Delivery Units will be established by means of a government gazette published by the Minister following standard government procedures. They will be part of the Department of Higher Education and Training but will have their own specific identity as defined.

The Gazette will outline the powers and functions of the SETABS as sectoral Specialised Delivery Units. It will also specify the roles, composition, appointment procedures, remuneration and other matters relating to the Advisory Boards. The Advisory Boards will not have executive functions. Concurrently, the Minister will effect changes to the Skills Development Act and Skills Development Levies Act in partnership with the Minister of Finance.

The central rationale for effecting this change is standardised and centralised accountability processes and procedures to account for the utilisation of skills levies as public funds. It is critical to provide a close relationship between workplaces and the institutions that prepare learners for them, namely the universities and colleges. While oversight of the latter institutions is separate from that of the SETABs, the chasm between them will persist. By placing oversight of the sectoral structures in the Department, bridges between the two can be systemically forged. It will also enable a system to be put into place to prepare learners for occupations that straddle different sectors.

SETABs will be able to submit consolidated sectoral applications to the National Skills Fund, and a condition for their consideration will be endorsement by their relevant advisory structures. SETABs will however no longer be restricted to the income from their sector. If adequately motivated against the criteria set in the NSDS, SETABs and employers can qualify for more than what they contributed.

The oversight of the SETABs by the Department will be undertaken in a clustered fashion as outlined below to foster collaboration, where appropriate.

This proposal will mean that a smooth transition from the current situation to the proposed new situation can be seamlessly effected.

3.9.2 SETABs' term of office

Given the critical role that SETABs must now play in the post-school education and training system, it no longer makes sense for them to have only a fixed term of office, renewed every five years. It is proposed that they be established as permanent structures, subject to the provision that they may be merged, divided or closed following clearly articulated legal procedures. Their functions and authority will however be amended.

3.9.3 SETABs' scope of coverage

In order to perform the first function set out under section 3.8, (to determine the skills needs of employers), it is desirable that the SETABs remain as close to their constituent workplaces as possible. It is therefore proposed that the twenty-one SETAs remain as constituted, although mergers and industrial classification alignment may be required.

This policy proposal may appear to be somewhat in tension with the WP-PSET, which states that:

... A significant restructuring of the skills system may well be required (past 2016), with a further reduction of numbers over the medium to long term. In the meantime, efforts will be made to bring about a greater degree of collaboration through the clustering of SETAs. The key challenges that can be addressed through clustering include: shoring of research within broad economic sectors; collaboration in relation to skills training along supply chains; making effective use of offices located in TVET colleges; sharing of resources at provincial and local level to improve access; the development of common approaches to qualifications and programmes that cut across different SETA sectors; and general helping the Department and other stakeholders to address the implementation of the National Skills Development Strategy within available resources. (WP-PSET: 67/8)

However, in the light of the discussion on the role of 'intermediaries' (section 3.3) summarised above, it is proposed that instead of achieving the objective of greater collaboration between SETABs through SETAB mergers, that this objective be advanced by enhanced management of SETABs from within the DHET through a process of internal capacity building and restructuring of the Skills Branch. This is further discussed below.

3.9.4 The composition of SETAB Boards

The broad architecture of the new SETAB Boards will remain unchanged, with one important exception. The role of government departments will be strengthened on SETAB boards for three reasons:

- Firstly, because government is the largest employer in the country and departments have a key role to play in providing workplace based learning opportunities;
- Secondly, because the role of government, from the perspective of the National Development Plan (i.e. the role of government as the mouthpiece of the 'developmental state'), is particularly important when sectoral briefs are developed. It is critical that the sectoral strategic plans of the different sectoral departments inform the sectoral briefs and priorities set; and
- Thirdly, because the spending of government's training funds should be steered to support national and sectoral priorities.

The strengthened role of government departments in SETABs comes with changes in the roles to be played by these departments – in particular it is proposed that they prepare training plans in line with methodologies and templates determined centrally (so that the NSF can 'recognise' their applications in terms of its standard funding categories) and secondly that their committed one percent of personnel budget dedicated to training should focus primarily (approximately 80 percent) on quality assured training. All time-based exposure programmes that are not quality assured, should be funded from other funding sources, or, in the case of the private sector, should be incentivised through tax incentives and broad-based black economic empowerment (BBEE) points.

The interpretation of this prescription will need to be interrogated on a sector-by-sector basis, but no fewer than one senior government official (at the level of Chief Director or above) must be represented on each SETAB Board, drawn from sectorally relevant departments. Where such representation is already in place, the status quo can be confirmed.

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, provided that their respective Directors-General formally mandate such a veto. Where departments fail to execute this function, the plans will be deemed, after a specified period, to be approved and may be submitted without such approval but with an account of steps taken to achieve such approval and reasons for their failure.

3.9.5 Administration budgets of SETABs

A review of the administrative budgets will also be required, firstly to address questions of efficiency and effectiveness in the light of the changed functions to be performed; secondly to address malpractices which have continued to dog too many SETAs since their inception; and thirdly to control the level of remuneration of SETAB managers; staff and boards which are highly uneven and in some cases have risen to levels which are unacceptably high. It is envisaged that the cap on administration costs will be revised and national pay level bands will be set.

The administration budget will no longer cover contributions to the QCTO. These will be managed from the National Skills Fund directly in future.

A fraction of the administration funds of SETABS will also be used to fund the Shared Services function. It is also envisaged that a calculated fraction of the historical administration budgets of SETABS will be directed to the DHET to fund the cluster management of SETABS (see discussion on 'National Structural Implications', Section 3.10 below).

3.10 National Structural Implications

The implications of the above policy propositions for the national coordination of the skills system are significant. These are individually explored below:

3.10.1 The Human Resource Development Council of South Africa

It is envisaged that once the Department of Higher Education and Training has developed a draft National Skills Development Strategy IV, this will be released for public comment and will also be submitted to the Human Resource Development Council for input. The Minister will take all comment into account before finalising the Strategy (NSDS IV).

3.10.2 The National Skills Authority

The WP-PSET explicitly envisages a new role for the National Skills Authority (NSA) going forward. It states:

A restructured and refocused National Skills Authority will concentrate specifically on monitoring and evaluating the SETAs. This implies that it will become an expert body with high-level monitoring and evaluation skills. (WP-PSET: Xvii/68)

There will be a close relationship between the NSA and the DHET Skills Branch with regard to the monitoring and evaluation of SETAB performance. There will also need to be role clarification between the NSA and DHET's Skills Planning Unit. An exercise will be undertaken to determine the role of each and the nature of collaboration between them envisaged.

Discussions within the NSA on this new role have generated a new, related proposal. This proposal is that the NSA should oversee the establishment and running of a dedicated training unit whose primary task is the training of government officials and others in the execution of the functions outlined in this document. This role has been developed in consultation with the Turin Centre of the International Labour Organisation and is based on many of its principles. It is recommended that a detailed proposal on this be formulated and once finalised by the Minister of Higher Education and Training, it should be implemented. Funding for this training institute should be from the National Skills Fund. The training unit should prioritise the training of SETAB staff and boards as well as the staff of DHET responsible for the management of this system.

The NSA should report directly to the Minister of Higher Education and Training.

3.10.3 The Department of Higher Education and Training

Under the policy proposals in this document, the DHET has an expanded array of functions and duties which are discussed below.

Skills Planning

The DHET has funded an extensive research project, entitled the Labour Market Intelligence Partnership (LMIP), to guide it in the establishment of a 'credible institutional mechanism for skills planning'. This work is due to be completed in 2015. It is premature to anticipate the outcome of this work at this stage, however; it is assumed that it will provide the national functions identified under national skills planning.

The SETAB Cluster co-ordinators, under the authority of the Skills Branch will have a strong relationship with the Skills Planning Unit within the Skills Development Branch structures, once established.

Shared Services

To address the many efficiency challenges currently being faced by many SETAs, and to further reduce the administration costs of the system as a whole, it is further proposed that a Shared Services Unit be established in the DHET Skills Development Branch to manage a range of standardised systems and procedures for the SETABs; and collaborates with the NSF for on-line application and disbursement procedures to businesses and institutions.

The menu, from which the selection of shared services to be prescribed, is indicatively listed below:

SHARED SERVICE FOCUS AREAS
Corporate governance (risk management, audit.)
Business management (planning, monitoring, control, performance management, communication, culture development.)
Human Resource (HR) management support (development, HR administration, payroll structures and administration, recruitment.)
Financial management (see discussion on NSF in section 10.4 below)
Information and Communications Technology (ICT) management
Knowledge management
Contract management
Facilities management
Document management
Project management
Central grant management services

More work is required to determine which of the above functions, and indeed which portion of each function, should be delivered by SETABs directly and which should be located in a central service capability nationally. National policy in each area will be set although the implementation thereof may be allocated to SETABs or may be performed nationally.

Initial work has begun under the auspices of the Strategic Infrastructure Projects (SIPs) and was shared with the SETA CEOs in November 2014. Development work with SETAs has commenced. This work will be further developed expeditiously and then piloted prior to national rollout.

3.10.4 Occupational Teams and Intermediate Bodies

Section 3.4 outlines the central role of Occupational Teams, and their associated Intermediate Bodies, as intermediaries between workplaces and training institutions. It is recommended that the DHET formally establish Intermediate Bodies under the Skills Planning Unit and that they be charged with the responsibility of establishing and managing national Occupational Teams for each of the occupations identified to be in demand by sectors or through national research and listed on the national or on sectoral scarce skills lists.

The Higher Education South Africa (HESA) and South African College Principals Organisation (SACPO) should be invited to partner with the department in this endeavour, as too should the SETABs who should identify sectoral occupational experts to participate in these teams.

The work of the Occupational Teams should be funded from the National Skills Fund and inform the development of the third level of the NSDS IV. This funding can be sub-divided into tranches so that Occupational Teams have access to resources to undertake work that may be required for the preparation of reports.

3.10.5 SETAB Cluster management in DHET

As indicated in section 2.4.2, it is not proposed to further merge SETABs unless specific conditions prevail. However in order to promote closer collaboration between SETABs, as outlined in the referenced section, it is proposed that the Chief Director responsible for SETA Coordination be supported by five new Directors. The Director for each cluster should have at least ten years working experience in one or more of the sectors to be served and should enjoy respect at CEO level of key firms and departments. They should also be willing to undergo intensive training in all the roles and functions to be performed.

It is proposed that the five clusters within the Department be as follows:

Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5
<i>Public Sector Services</i>	<i>Financial Sector and Services</i>	<i>Food, tourism & recreation</i>	<i>Resources and infrastructure</i>	<i>Manufacturing & Technology</i>
Local Government SETA (LGSETA)	Insurance Sector Education and Training Authority (INSETA)	Agricultural Education and Training Authority (AGRISETA)	Mining Qualifications Authority (MQA)	Manufacturing, Engineering and Related SETA (MERSETA)
Education, Training and Development Practices SETA (ETDP)	Banking Sector Education and Training Authority (BANKSETA)	Wholesale and Retail SETA (WRSETA)	Transport Education and Training Authority (TETA)	Media, Information and Communication Technologies SETA (MICT)
Health and Welfare SETA (HWSETA)	Financial and Accounting Services SETA (FASSET)	Culture, Arts Tourism Hospitality and Sports SETA (CATHSSETA)	Construction Education and Training Authority (CETA)	Chemical Industries Education and Training Authority (CHIETA)
Public Service SETA (PSETA)	SERVICES SETA (Services)		Energy and Water SETA (EWSETA)	Fibre Processing and Manufacturing SETA (FP&MSETA)
Safety and Security SETA (SASSETA)				Food and Beverages Manufacturing Industry (FOODBEV)

3.10.6 National Skills Fund

In section 3.7 it has been proposed for reasons elaborated in that section, that the Pivotal Grant proportion of the levy income be managed by the National Skills Fund (NSF). As indicated, it is accepted that this will require a legislative change to the Skills Development Levies Act, which will require the concurrence of the Minister of Finance.

The PIVOTAL Grant will need to be managed separately from the current NSF income as its purpose will remain distinct. The current NSF income will focus on support for the community college / survivalist / public programme sector as well as national priorities set by government.

The primary purposes of the PIVOTAL Grant will be:

1. 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. These will be need to be classified into at least the following groups *for optimal alignment with voted funds to be achieved*:
 - a. Workplace-based learning required for the completion of a qualification (e.g. work integrated learning required for the completion of a traditional diploma);
 - b. Workplace-based learning required following the completion of an institution-based qualification which leads to a recognised occupational destination (e.g. an apprenticeship following the completion of a college programme leading to a trade or a professional candidacy programme following a professional degree for designation as a professional);
 - c. Workplace-based learning leading to occupational proficiency which follows the completion of a general foundational academic programme (e.g. an occupational qualification based on a learnership or internship following the completion of an NC(V) or general degree – but where the two are not intrinsically linked); and
 - d. Workplace-based learning where the learning is institution-based leading to an occupation in demand within institutions (e.g. a PhD programme for lecturing staff in areas in demand at university, teaching practice for teachers in areas in demand and research projects which will augment the capacity of researchers in research institutions.)

It is NOT envisaged that levies will fund workplace-learning EXPOSURE which is not quality assured, but is simply time-based. These opportunities will be incentivised through different means such as tax incentives from National Treasury or Broad Based Black Economic Empowerment (BBBEE) points from the Department of Trade and Industry. It follows that government departments', which provide such 'exposure' opportunities, will fund this learning over and above their 1 percent training commitments. The 1 percent training commitment, like the private sector levy, will fund quality assured education and training only.

The above four categories will need to be further broken down and carefully designed to complement the allocation criteria of voted funds which will primarily focus on theoretical and practical learning at public education and training providers.

As indicated in section 3.7, standardised grants (such as is currently the case for artisans) will be developed to cover each of the above categories in due course.

2. 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;

3. To support measures to upgrade Centres of Specialisation to deliver programmes required for occupations in demand for sectoral or national economic growth and social development strategies. These grants may also be used to fund practical training centres where these are separate from the institutions of learning;
4. To augment the training budgets of institutions for theoretical education and practical training in areas where there is an identified shortfall of graduates for occupations in demand only where voted funds, whilst prioritised in these areas, are still demonstrably insufficient, and
5. To augment the funding of the QCTO for defined functions and to fund the SETAB Cluster Management Function and Shared Services Component within the DHET, the Occupational Team reports that meet specified quality standards, and other measures needed to enhance the efficiency and effectiveness of the skills levy disbursement system.

Standard procedures for the application of these grants will be developed. SETABs will be invited to submit consolidated proposals for grants under each category, however they will not automatically be granted the funds for which they apply. Each application will need to be motivated and past expenditure performance will be taken into account. Clear evidence of the involvement of sector stakeholders as advisors to the SETAB must also be a key criteria for allocation of Discretionary Grants. All applicants will be required to demonstrate the capacity to spend the budgets claimed within the financial year. 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. On-line applications for grants from individual employers will also be developed.

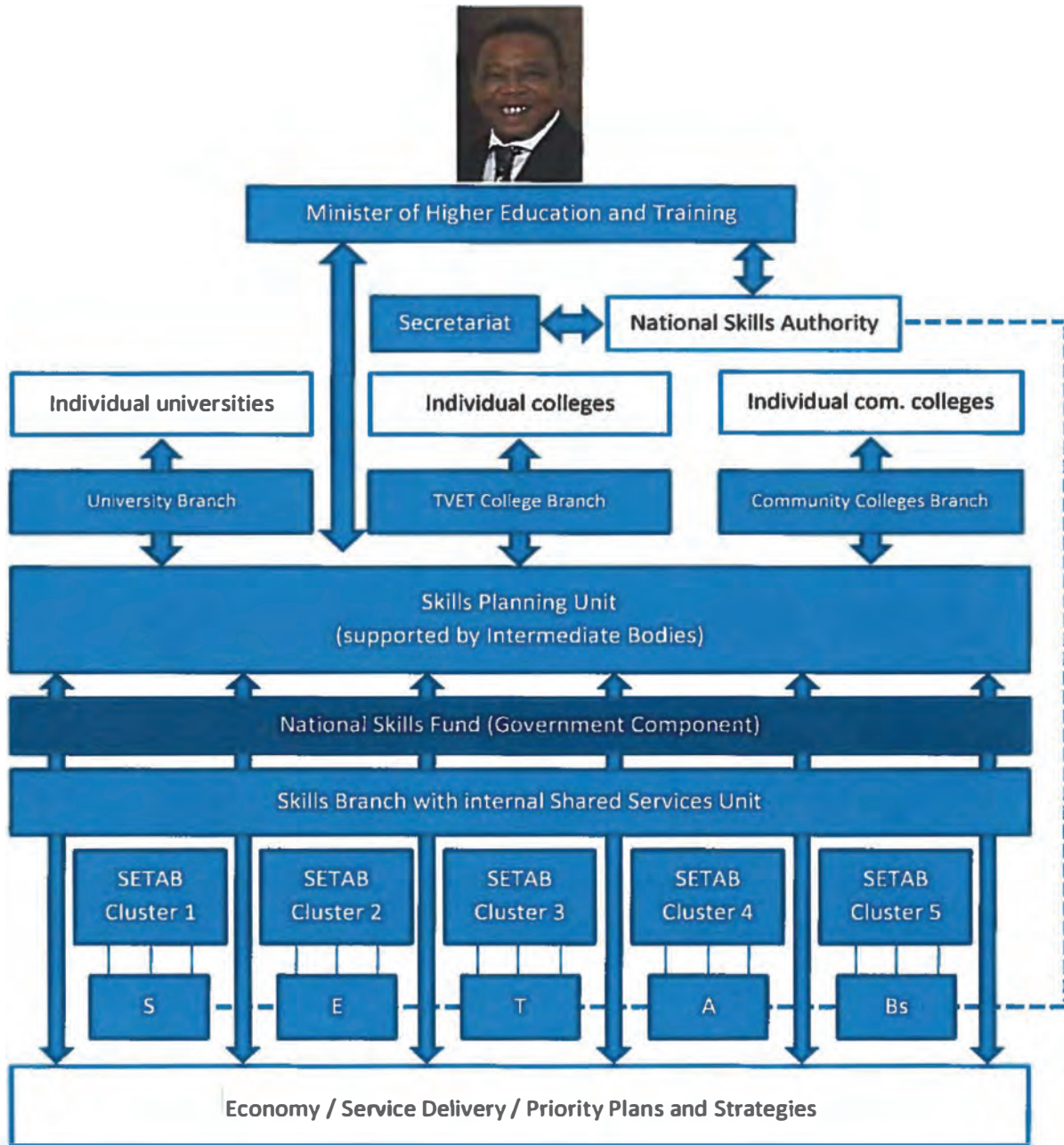
The NSF will augment their capacity to manage these funds. The transition from SETABs to the NSF will only be effected once the necessary systems and controls are in place. April 2018 is currently the target date for this transfer, allowing for the necessary legislative processes to be completed and the preparations to be completed.





As indicated above, it is proposed that the HRDC should advise on the NSDS targets and the NSA should, as currently prescribed in legislation, frame the spending of the NSF.

4 Way forward

The Minister of Higher Education and Training will consult widely on the NSLP-2015, and all partners are herewith asked to contribute their views. Once these have been carefully considered a final policy paper will be published where after implementation will commence. This will involve legislative changes required by the policy as well as the establishment of task teams to take forward the policy propositions.

5 Summary of structural implications of policy



-  Indicates Executive Authority (Minister)
-  Indicates internal to DHET
-  Indicates external to DHET
-  Indicates DHET government component