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DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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

I, Hlengiwe Buhle Mkhize, 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 “*The National Skills Development Plan (NSDP)*” 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 31 January 2018 to the Department of Higher Education and Training by e-mail, post or hand delivery to:

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Postal address:

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Prof HB Mkhize, MP

Minister of Higher Education and Training

Date: 12/12/2017



PROPOSAL FOR THE NATIONAL SKILLS DEVELOPMENT PLAN (NSDP)



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



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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]
CETC	Community Education and Training Centres
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
HSRC	Human Sciences Research Council
ICT	Information and Communications Technology
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
OECD	Organisation for Economic Co-operation and Development
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
SADC	Southern African Development Community
SAIVCET	South African Institute for Vocational and Continuing Education and Training
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
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 Plan 2030 (NSDP) has been developed to respond to the policy goals of the White Paper on Post-School Education and Training (“White Paper”) to improve both the integration of the post-school education and training system (“PSET”), and the interface between PSET institutions and the world of work. This is done in the context of the objectives of the Skills Development Act (SDA).

The NSDP is grounded in the overarching policy objectives of the White Paper which are:

- a PSET system that can assist in building a fair, equitable, non-racial, non-sexist and democratic South Africa;
- a single, coordinated PSET system;
- expanded access, improved quality and increased diversity of provision;
- a stronger and more cooperative relationship between education and training institutions and the workplace; and
- a PSET system that is responsive to the needs of individual citizens, employers in both public and private sectors, as well as broader societal and developmental objectives.

The NSDP addresses problems and opportunities in the skills landscape that were identified in a number of processes, ultimately being summarised and addressed in the White Paper. .. They include the need to integrate the organisations in the skills landscape with PSET institutions including Universities and Colleges; the need to outline a clearer mandate and role for SETAs for the longer-term; the need for better aligned funding, planning and monitoring mechanisms; and the reduction of multiple accountabilities.

A range of challenges relating to the SETAs need to be addressed, including: the lack of achievement of targets; governance challenges; complicated, expensive and wasteful administrative systems; complicated application processes for the public; and uneven capacity across the SETAs.

In a context of scarce resources for PSET and skills development, and a need for improved public accountability of the SETAs, it is necessary to re-examine systems and structures to ensure that we are making the best use of resources.

The NSDP also acknowledges, however, that there are many positive aspects of the landscape that can be built upon. The skills levy is an important resource to support the meaningful growth of skills development and the integration goals promoted by the White Paper provide an opportunity to align funding, planning and strategy to grow, develop and improve the quality of PSET institutions and delivery. In addition, there are many

opportunities for improving the cooperation between education and training and the workplace with the NSDP addressing ways in which this can happen. Furthermore there is willingness across social partners to work together to improve the use of the skills levy in all ways and to build the PSET system in the longer-term.

The NSDP has been developed following considerable consultation and engagement within the Department of Higher Education and Training (DHET) and extensive discussions with social partners through NEDLAC and NSA, which were concluded in July 2017. The revised proposals included here put forward a collective vision of all social partners for the institutions operating in the skills landscape within the PSET system. These proposals seek to integrate the feedback received from social partners.

The NSDP outlines the future roles of the Sector Education and Training Authorities (“SETAs”), the National Skills Fund (“NSF”), the National Skills Authority (NSA), and the Quality Council for Trade and Occupations and the improvements necessary to develop more effective skills planning mechanisms; and the roles of social partners in supporting formal skills development as part of PSET. The NSDP builds upon the goals of the National Skills Development Strategy III (NSDS III).

As such, the document has three sections:

- The principles and strategic goals of the NSDP;
- A summary of the new skills landscape; and
- An overview of the implementation priorities and processes to support changes to the skills planning landscape, the SETAs and other structures supported by the skills development levy.

The strategies outlined in the NSDP will be incorporated in the National Plan for Post-School Education and Training, to be released in 2018.

The original purpose of the Skills Development Act (SDA) is retained:

“to provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce”

The skills development levy will also continue to be used for this objective. It will also take into account the possibilities that emerge as a result of this work towards a truly integrated PSET system.

It is anticipated that once these proposals have been accepted there may be a need for statutory amendments to be made.

In making these changes cognisance will be taken of the need to manage any transitions in a manner that ensures that there is minimal disruptions to the system. For this reason it is anticipated that these changes will be introduced in a phased approach as systems and capacity is developed. Furthermore, the strengths of the system will be retained and built upon whilst addressing the challenges that have been identified by stakeholders.

2. Purpose of the National Skills Development Plan

- a) To address the expiry of the NSDS III on March 2016 (as extended to 31st March 2020 [National Gazette No. 40505 of 15 December, 2016] to allow for the finalisation and phasing in of the NSDP;
- b) To build on the important policy shifts that were introduced in NSDS III and highlighted in the White Paper, including the need to:
 - i) “provide greater levels of access to education and training in rural areas,
 - ii) increase collaboration between the skills system, government and industry,
 - iii) drive skills development primarily through the public education system, and in particular through universities and TVET colleges, and
 - iv) focus less on numerical targets and more on outcomes and impact”;
- c) To address challenges that emerged from NSDS III, including work placement difficulties for graduates and limited practical workplace experience, highlighting that workplace learning must be an integral part of qualification and programme design, and that tertiary institutions must be strengthened and changed where appropriate; and
- d) To provide a plan for the DHET to:
 - i) ensure that the levy-paying institutions contribute to the vision of the White Paper and in so doing support the work of the DHET with funds from the National Treasury (“Treasury”),
 - ii) indicate the roles played by DHET and the key institutions implementing the NSDP,
 - iii) guide the disbursement of the levy grant money, and
 - iv) indicate how the DHET will work with social partners to realise the intentions of the plan.

3. Overarching Principles Guiding Our Approach

3.1. Locating the NSDP within an Integrated PSET System

The NSDP is located within an integrated PSET System to support:

- a) the vision of “a PSET System that assists in building a fair, equitable, non-racial, non-sexist and democratic South Africa.”; and
- b) the DHET intention to ensure that the levy-paying institutions and levy funds contribute to the objectives of the White Paper (refer Introduction).

This overarching principle requires a greater level of integration within the PSET system, with a specific focus on the coordination of the planning, funding, monitoring, evaluation and reporting on the system. The DHET will take responsibility for driving the system by working closely with key social partners.

This overarching principle is intended to:

- a) encourage stakeholders to actively participate and articulate their concerns and objectives, and
- b) improve the quality, quantity and relevance of PSET in South Africa.

3.2. Contributing to wider national objectives

The NSDP will contribute to wider national objectives including, inter alia:

- a) the White Paper vision of a transformed PSET system which is expanded, equitable, diverse and integral to government’s policies, and which contributes to the development of the economic, social and cultural life of our country. This speaks directly to the Vision 2030 and the youth focus of the National Development Plan (“NDP);
- b) the White Paper statement that, “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.” (p3, 2013), and
- c) the strategies and priorities for development, with an emphasis on inclusive growth and employment generation, as set out in the NDP, the New Growth Path and other key policy documents of government. It is essential that the PSET system aligns to these so as to grow the pool of skills and knowledge needed for the country to attain its development goals for radical social and economic transformation.

3.3. Principles and Goals of the NSDP

The following principles and goals inform the policy statements of the NSDP:

1. *Advancing an equitable and integrated system*

- a) The NSDP carries with it the commitment to transformation and redress through a strong focus on addressing equity in relation to gender, race and disability, and ensures that skills development reaches those already in employment, those who are unemployed as well as those who are pre-employed (students);
- b) The levy-grant institutions will facilitate access to qualifications (and part qualifications) consistent with the imperatives of growth, employment creation and social development, and as registered on any of the three sub-frameworks of the National Qualifications Framework (“NQF”); and
- c) Funding from the fiscus will provide the base-funding for PSET institutions, complemented by levy-grant funding to enable the stability of the system. This will allow the move from ad-hoc projects to medium- to long-term imperatives, with a particular focus on quality provision and workplace-based learning.

2. *Greater inclusivity and collaboration across the system*

- a) Collaboration through partnerships within the public sector as well as between the public and private sector to support effective skills development;
- b) A focus on quality and articulation ensures effective pathways;
- c) Strong focus on workplace-based learning in both the public and private sectors;
- d) Partnerships will be forged across the skills development system with both public and private providers; and
- e) Effective and meaningful stakeholder engagement to support ownership and participation among stakeholders including social partners, individuals, employers, labour, providers, prospective learners, and the public.

3. *Focusing on support system for learners*

- a) Prospective learners and the public are aware of when and how to apply for programmes and have access to a simplified and centralised process;
- b) Improve efficiency and effectiveness of decision-making, planning, allocation of funds, implementation, and quality assurance; and
- c) Where possible and relevant, the use of technology will be harnessed to standardise processes across all SETAs, improve efficiencies and increase stakeholder involvement through on line portals and accurate data analysis for improved decision making.

4. Strong Emphasis on Accountability

- a) Commitment to improving the monitoring and evaluation capacity in the system such that DHET can work with the NSA to understand the effectiveness, efficiency and impact of the work of the NSF, the SETAs and the QCTO;
- b) Mechanisms will be instituted to ensure that actions are taken based on findings from these monitoring and evaluation systems. This with a view to understanding the strengths, challenges and impact of the system; and
- c) The system will be reviewed where evidence suggests that there are obstacles that are preventing the realisation of the agreed upon objectives. This will ensure that the Minister can act where there is non-performance and re-allocate funding where this is not being utilised as per the objectives and agreed upon milestones.

5. Rationalising the system

- a) Ensure greater coherence across the skills landscape (SETAs, NSF, the NSA and QCTO). It has been agreed that some rationalization and streamlining of processes and structures should take place to consolidate the skills landscape to reduce overlaps, enable efficient use of scarce resources, and ensure effective collaboration.

4. National Skills Development Plan (NSDP): Implementation against Priorities

The NSDP priorities outline the strategic intention of the NSDP and highlight the key activities that will be undertaken to implement the NSDP.

This component of the document indicates how the SETAs, NSF, QCTO and the NSA will support and steer the system to support the PSET system and address occupational demand to enable economic growth, employment creation and social development. It explains the shift from a national skills development strategy to a national skills development plan, what the focus of this plan will be, and how DHET and, specifically, the Skills Branch, will ensure its implementation. It is anticipated that this will become a key chapter in the wider plan for the implementation of the White Paper.

The NSDP plan also considers the role that other stakeholders will play to enable its effective implementation and the realisation of the intended objectives and vision.

4.1. Focus of the National Skills Development Plan (NSDP)

The NSDP will focus on addressing skills priorities aligned to government policies to support economic growth, employment creation and social development whilst also seeking to address systemic considerations.

The NSDP therefore recognises the following as the strategic intentions and goals as well as the implementation considerations for the plan:

1. *Understanding demand*

- a) DHET is creating the capacity required for the analysis of development plans and labour market information. The analysis will result in an evidence based understanding of skills and occupation requirements to support economic and social development priorities. This will inform a systemic response through SETAs engaging with workplaces to determine key trends and establish priority occupations;
- b) DHET will undertake specific interventions to support the development of required capacity to determine occupational demand (occupational priorities). This will require that DHET continues to work in partnership with the higher education and research institutions. It is anticipated that this will contribute to building the capacity of the unit focused on labour market analysis to:
 - i. analyse the data that SETAs gather from the workplace to understand the demand for occupational qualifications (and part qualifications) nationally and within sectors, which will be reflected in a streamlined planning and reporting process. This rests on the assumption that the data is credible, and
 - ii. to consider the skills priorities emanating from government departments' development plans; and
- c) DHET will support and guide SETAs to use the analysis to verify occupations, in collaboration with employers and labour, across various groups (managers, professionals, service and clerical workers, artisans, plant and machinery operators and elementary workers) that are in high demand. This approach will also encourage an employer and labour voice.

2. *Steering Supply: Qualifications and Provision*

- a) DHET will engage with the quality councils to ensure that qualifications and related curricula are in place to meet the occupations in high demand. DHET, through the institutions it has established, will retain the responsibility for detailed learning

- programmes and materials for different sub-systems and across public and private providers;
- b) Within the context of the PSET planning framework, the DHET Skills Branch will communicate with the Community Education and Training, Technical and Vocational Education and Training, and Higher Education Branches regarding the skills demand analysis and ways in which this informs the enrolment planning process within the PSET institutions. This will be coupled with resources to support the improvement of the throughput and quality of these programmes and could include, inter alia, incentives for materials, lecturer development, and incentives for students; and
 - c) SETAs will participate in such discussions so as to encourage partnerships between institutions and workplaces and, where relevant, between public and private providers. This in turn will support the planning processes undertaken by the SETAs with workplaces linked to occupational learning programmes and workplace-based learning opportunities.

3. *Steering Supply: Funding Mechanisms*

- a) DHET will create a framework for collaboration between the Skills Planning Branch and the Community Education and Training, Technical and Vocational Education and Training (TVET) and Higher Education Branches for planning purpose to consider how best the SETAs can:
 - i. Fund institutions to increase enrolment and throughput in occupations,
 - ii. Support workplace and institution partnerships for integrated programmes, and
 - iii. Design and implement workplace-based learning incentives; and
- b) These funding mechanisms will ensure an alignment of funding sources to support occupational priorities and will allow for medium to long-term planning.

4. *Developing the Capacity for Growing Supply*

- a) The DHET will be responsible for provision, and the SETAs will coordinate efforts to meet supply needs;
- b) Funding will come from the fiscus and be complimented by funding to institutions in support of occupational priorities. This additional funding will be aligned to the 5-year planning cycle (MTSF) and the 3-year funding cycle (MTEF) and will enable incentives to support institutions to build capacity to address occupations in high demand and, in some cases, to support additional bursaries in these areas; and
- c) DHET, through institutions responsible for materials development in each sector, will also take responsibility for ensuring that the materials required to deliver learning programmes against the occupational qualifications are in place.

5. Funding

There are two dimensions to the funding process:

- a) Support the funding of occupations in high demand through economic growth, encourage employment creation, and enable social development (49.5%),
- b) Support national imperatives that focus on the needs of the poor (20%).

5.1. Funding within Sectors

Supporting the funding of occupations in high demand (49.5%)

Funding will be approved for 3 years within a 5-year programme planning cycle, to ensure the stability of the system and to allow planning and effective and efficient distribution of funds to workplaces.

The process to be followed in the SETAs with respect to this funding is as follows:

- a) There will be a mechanism established with HET, TVET and CET sub-systems to ensure adequate funding for the provision of occupations in high demand;
- b) SETAs will be provided with a template which they can utilize to support 5-year planning against priorities and a 3-year budget plan: this will outline:
 - i. The programmes they will be supporting for existing employees, for unemployed, and for pre-employed (students) to access occupational programmes in high demand. These will include occupational qualification and workplace-based experience. The applications will indicate:
 - The number of individuals that will access the each programme and the workplaces where the learning will take place,
 - Funding to support the programmes, and
 - Funding to develop the capacity of these institutions to deliver these programmes; and
 - ii. The occupations in high demand programme and budget-planning template, once approved by the Accounting Authority of the SETA, will be submitted to the DHET for review approval by the Director General on behalf of the Minister.

5.2. Supporting National Imperatives

- a) The NSF, utilising the 20% of the skills levy, will continue to operate as a 'catalytic' fund and will support both unsolicited (proactive and reactive) and solicited proposals. This will enable the state to drive key skills strategies as well as to meet

- the training needs of the unemployed and vulnerable groups, and non-levy-paying cooperatives, NGOs and community structures;
- b) The catalytic fund will be used by the NSF to promote strategic partnerships and innovation in project delivery, and to drive change towards partnership-based programmes. The catalytic fund must contribute significantly to raising the low base of education and training in South Africa, guided by government policies aimed at promoting equity; and
 - c) As indicated in the White Paper, it is anticipated that the funding against the 20% will be made against National Priorities, that is,

“the NSF will be responsible for skills development aligned to national development strategies and priorities, including building linkages within the skills system and providing funds for government strategies such as youth programmes, building small businesses and cooperatives, and rural development. It will also fund research and innovation that is not confined to a particular sector”.

In particular,

“community colleges will build on the current offerings of the Public Adult Learning Centre (“PALCs”) so as to expand vocational and skills-development programmes and non-formal programmes. Formal programmes will include the GETC and Senior Certificate programmes currently offered, as well as the proposed new National Senior Certificate for Adults (NASCA) and skills or occupational programmes”.

This will build on the imperatives outlined in the NSDS III which states that,

“Our skills levy resources, especially the National Skills Fund, must strategically and programmatically support the production of priority skills in high-level occupationally directed programmes in the entire skills development pipeline, from universities and colleges to the workplace. In addition, the university sector must also find a way of systemically engaging in the identification of national development and economic needs, including engaging in other government processes such as IPAP2, the National HRD Strategy and the National Skills Development Strategy”.

This will include support for the HRDC and the NSA.

6. National Skills Development Plan: Institutional Landscape

This section discusses the skills landscape including SETAs, NSF, NSA and QCTO. Based on submissions the DHET is offering the following proposals.

6.1. Future establishment of SETAs

The DHET recognises that SETAs have a continued role to play within the PSET landscape as intermediary bodies between skills demand and supply.

DHET proposes:

- a) The SETAs will be maintained and re-positioned as statutory bodies without a limited life span. SETAs will be subject to rigorous performance reviews on an annual basis. Mechanisms will be established should a SETA fail to fulfill its mandate. Where the review finds evidence of non-performance this will result in the de-establishment of the SETA;
- b) It has been agreed that some rationalisation of the institutional landscape will be necessary. There may, however, be a few changes based on the revision of SIC codes (Standard and Industrial Classification of all Economic Activities) to ensure that the SETAs are consistent with SIC amendments. A process will however be initiated immediately to identify the necessary structural rationalisation within the SETA landscape. The process will be informed by both financial viability considerations as well as the value chain logic for sectoral demarcation. The process will ensure that the criteria and approach are adequately consulted upon before final decisions can be proposed and implemented;
- c) SETAs to cut costs by sharing resources and establishing a system of shared services. Areas to be shared include but are not limited to information technology, human resources and regional offices to ensure a more efficient use of resources. It is anticipated that with the introduction of these shared services it will be possible to reduce the administrative costs of the SETAs. These funds could be re-allocated to support improved quality assurance arrangements. A process to undertake a business case analysis for establishing a shared service will inform the scope of shared services as well as a business case analysis for quality assurance arrangements between the SETAs and the QCTO; and
- d) A standardized system that includes a Central Application System for all service providers, workplaces and providers (public and private) to apply for funding will also be investigated as part of this process. In this way it will be possible to promote priority programmes aligned to supporting economic growth, employment creation and social development. It will also be possible to address the quality of learner data systems, which at the moment are disparate, unreliable, not easily available, and sometimes non-existent. In order to track learners effectively and determine the education and labour market outcomes of all those who are supported, a solid data and information management system will be essential. This will have to be linked to improvements taking place across the DHET.

Actions:

- a) The DHET will provide detailed guidelines for shared services and a framework for their operation. A process will be put in place to identify which services can be shared, and to
 - i. develop a business case, and implementation and transition plan, and
 - ii. outline the provisions that guide the appointment and remuneration of SETA staff in accordance with government remuneration policies; and
- b) The transition and implementation plan will identify the period and process of putting the shared services into effect.

6.2. Accounting Authorities

- a) SETAs will continue to have stakeholder driven governing bodies (accounting authorities): The DHET has considered the relationship between stakeholders and SETAs and recognizes the many challenges facing these governing bodies;
- b) Stakeholders from business, labour, and government will continue to nominate representatives onto the accounting authority in an equitable manner across the three parties. Representatives will continue to be appointed by the Minister;
- c) The DHET will stipulate a maximum number of accounting authority members consistent with the principle of creating manageable structures. The decision about numbers on the accounting authority will take into consideration the nature of the sector (for example the number of sub-sectors) and the need to support effective decision-making and good governance. The accounting authority will continue to have governing powers and steer the sector in terms of the scope (mandate and functions) of the SETA as stipulated below;
- d) The DHET will define the role and responsibilities of the accounting authority. This will include a clear statement regarding conflict of interest and guidelines regarding the number of meetings per annum and the rates at which members of the accounting authority are remunerated. This is to ensure that the various challenges pertaining to the accounting authorities are addressed, and that authorities are focused on strategic issues rather than operational; and
- e) The DHET retains the responsibility for appointing an administrator when required. DHET will issue a more detailed document that defines the processes pertaining to the appointment of an administrator whether the SETA has a CEO in place or not. These processes will aim to ensure that the governance challenges are addressed and that a clear intervention plan is developed and implemented within a defined time frame.

6.3. Scope of the SETAs

The White Paper notes the challenges that relate to the wide role of the SETAs and argues that the development of “a tighter, streamlined focus for the SETAs is a key step in strengthening them”.

The DHET will tighten the mandate and functions of the SETAs to enable the SETAs to effectively contribute to the realization of the objectives laid out in this document. This includes:

- a) responsibility for understanding demand and signaling the implications of these trends for supply planning;
- b) steering the system to meet this demand;
- c) ensuring that there is the institutional capacity to deliver these programmes; and
- d) managing the plans, budget and expenditure of the SETA as well as partnership arrangements.

Throughout these functions SETAs will focus on building their relationship with workplaces.

Details of each of these functions include:

- a) Understanding demand and signalling implications for supply:
 - i. The purpose is specifically to encourage skills and qualifications in occupations that *support economic growth, encourage employment creation and enable social development*. This includes an analysis of the implications of these trends for supply planning. SETAs will support the process of determining and outlining the demand for occupations in their sector through:
 - Engaging workplaces to enable them to provide increasingly relevant data on the skills of their existing workforce as well as projected skills needs (against occupations). This will be against the revised template currently being developed by DHET to replace the WSP/ATR,
 - Engaging stakeholders (including but not limited to employers, labour and government) to ascertain their perceptions of future trends in their sectors and the implications of these for the demand and supply of skills, and
 - Engaging the relevant unit within DHET to explore the implications of the findings from the workplace data and stakeholder engagement with respect to sector trends.
 - b) Steering the system
 - i. The SETAs will manage and use the levy-grant mechanism to support the process of collecting information and steer the system to ensure that funding concentrates on driving the provision of quality qualifications and/or workplace-based experience, and

- ii. These will target the existing workforce, pre-employed (students) and the unemployed and will inform the career guidance processes to encourage individuals to play their learning and occupational pathways within this context;
- c) Supporting the development of the institutional capacity of public and private education and training institutions:
 - i. The delivery of programmes against qualifications (on all the sub-frameworks) in occupations that support economic growth, encourage employment creation and enable social development for workers, unemployed and pre-employed (students), and
 - ii. Facilitate workplace-based experience as part of a qualification or for graduates post-qualification again with a specific focus on occupations that support growth, encourage employment creation and enable social development; and
- d) Performing system support functions and managing the budgets and expenditure linked to their mandate. This includes:
 - i. Administering the skills grants against the agreed upon priorities and timelines, and
 - ii. Working with the shared services to ensure a consistent application process for workplaces and potential learners.

6.4. Quality Assurance Function

The White Paper highlights the complexity with respect to the manner in which quality assurance functions are implemented in this sector and argues that the system needs to be streamlined and simplified, namely:

- a) SETAs should only undertake quality assurance related issues as they pertain to the workplace. This requires that the functions carried by the SETA ETQAs (Education and Training Quality Assurers) as well as those undertaken by the National Artisan Moderating Body are effectively integrated into the QCTO (Quality Council for Trades and Occupations) as initially anticipated. This process is already underway and will consolidate the role that the QCTO plays in ensuring the quality of occupationally-related programmes;
- b) This shift in function will also support the refinement of the role of the SETAs and reduce the quality assurance complexity for providers who will only be required to engage with one quality council; and
- c) It is recognised that during the transition process certain SETAs might have to fulfill a limited delegated quality assurance function, but this should be phased out as the QCTO takes on these responsibilities from 2020.

There are several cost implications in this regard. The funding allocation of the skills levy will be reviewed to ensure the funding is in line with a reduction of quality assurance functions

previously performed by the SETAs. Further, based on the QCTO business case, the skills levy allocation as well as the fiscal allocation will be reviewed to enable the QCTO to achieve its mandated objectives. The skills levy determinations for the QCTO should also be in line with the longer term planning of the system so as to ensure an allocation of the skills levy over a 3 to 5 year planning period.

The QCTO will engage with the National Skills Authority on a regular basis in relation to its mandate. Mechanisms will be identified to ensure that the priorities of the QCTO are determined by the demand identified through the skills planning system. The extent to which this results in qualifications being taken up and resulting to the intended outcomes will be monitored through the SETAs, NSA and the QCTO.

It is further recognised that the skills planning system will support programmes against qualifications that are quality assured by other quality councils, namely the CHE and Umalusi, and that articulation, through improved relations between the quality councils, and institutions, will be encouraged and supported through the allocation of funding.

6.5. Planning, Reporting and Accountability

It is recognized that the current cycle is not consistent with the overall government planning cycle. This does not allow SETAs working with their workplaces to effectively plan and implement programmes in demand. This creates certain budgeting and expenditure challenges. High levels of uncertainty make it difficult for stakeholders to interact with the government planning cycle.

The planning cycle will in future align with the Medium-Term Strategic Framework (MTSF) 5-year planning cycle and the MTEF 3-year budget cycle. Thus SETAs and the QCTO will establish their 5-year priorities against defined outcomes, a 3-year budget against this plan and submit annual performance plans (APPs) in accordance with the requirements of the Public Finance Management Act, No 1 of 1999. These plans will be reviewed within the context of the DHET plans for the PSET system.

The APP will allow the DHET to review the annual performance of SETAs to ensure that the SETAs and the QCTO have met the agreed upon milestones. This will form the basis for the monitoring of the SETAs.

The DHET will undertake a 3-year review of the contribution that each SETA and QCTO makes to the intended objectives of the system and on this basis determine adjustments to the next 3-year MTEF budget against its 5 year MTSF plan and priorities (medium term outcomes). These will then be reviewed for the extent of alignment to the performance outcomes and ultimately to the National Development Plan.

Standardised timelines across SETAs will be set with clear milestones for:

- a) Reaching agreement in the sector about the occupations that are required for economic growth, employment creation and social development;
- b) Issuing requests for 3-year proposals for programmes that result in qualifications for workers, unemployed and pre-employed in these occupations and/or that support workplace-based experience for those in qualifications and/or graduates;
- c) Working with the branches within DHET to establish the funding required to support the development of the capacity of providers to deliver the institutional component of these qualifications;
- d) Awarding grants to workplaces and providers (in line with the agreements with the different branches of DHET) to enable the delivery of these programmes/workplace experiences; and
- e) Advertising when applications can be made by learners for these different programmes.

There will be an increased standardisation of processes related to the key functions of the SETAs which will allow for DHET to monitor the extent to which the SETAs are attaining the goals in the APPs. Further, it will create certainty for stakeholders, employers, labour, and provider institutions, and potential learners. Finally it will provide DHET with a clear mechanism for sanction should SETAs not meet these milestones.

6.6. Funding Allocation

The DHET recognizes that any changes that are made should be consistent with the initial purpose of the skills development levy, and that:

- a) Changes should only be designed to increase the efficiency and effectiveness of the use of the levy to meet the demand for skills in the economy and to support growth in terms of access whilst maintaining a focus on quality; and
- b) Allocations should be undertaken in a manner that is consistent with the principles outlined and ensure a strong sense of accountability.
- c) There should be a focus on ensuring that stakeholders remain involved at all levels which will ensure the full involvement of all employers. Mechanisms will be put in place to ensure that all eligible employers are paying their levy and are able to see the results of this allocation.

Thus taking into account the concerns raised and the imperatives of the system, the following is proposed:

1. Sector Education and Training Authorities (SETAs) and the Quality Council for Trades and Occupations (QCTO):

- a) 20% of the SETA levy paid in the sector will continue to go to SETAs, to be paid to workplaces as per mandatory grant process and in accordance with the current focus of the grant;
- b) The department recognises the importance of using this mechanism to consistently collect reliable and credible data that is most relevant for skills planning and evaluation. The current templates are considered too complex to complete and are therefore under review;
- c) A maximum of 10% of the SETA levy paid by the sector will be allocated to support the administrative functions of the SETA. This will provide for the SETA's organisational stability to perform its roles. A percentage of this amount will be used to support the shared services once they are established. Further as the shared services results in cost saving, monies saved can support other priorities such as QCTO (see below);
- d) 0,5% of the SETA levy will be allocated by the SETAs to QCTO to ensure that it is able to perform the relevant quality assurance functions for intermediate level vocational and occupational programmes offered by both public and private providers;
- e) Funds from saving from the shared services could be allocated towards supporting additional expenses incurred by the QCTO as it takes responsibility for the functions that have previously been delegated to SETAs; and
- f) 49.5% will go to SETAs levy to support occupational programmes that are required to support economic growth, encourage employment creation and enable social development. This should allow for the delivery of a range of programmes and will not be restricted to those that are described as scarce skills. This is important so as to ensure that the system does not inadvertently prevent programmes that reach large numbers and enable them to access employment from being offered. SETAs will have to follow the programme planning and budget cycles and DHET will intervene if programme targets and appropriate grant allocations are not met. As a last resort, if these issues cannot be resolved, the DHET has the right to claim this money and allocate this against priorities.

Note: it is intended that the workplace data will be analysed sectorally and centrally so as to allow for an economy wide analysis of the occupations that are needed to support economic growth, encourage employment creation and enable social development to inform national planning for Post-school education and training as well as sectoral planning through sectoral briefs. Use of data will be within the rules of the POPI Act where relevant.

It is noted that DHET does not yet have the capacity to undertake this analysis of all the WSPs and will therefore rely on partnerships with the higher education institutions (and public research institutions) that it has been working with, and developing, through its research grants.

2. National Skills Fund (NSF)

- a) 20% will be allocated to the NSF to focus on programmes that will address the needs of the poor (marginalised and disadvantaged groups) in a manner that supports the equity imperatives outlined in this document. The focus will be on skills development offered through the community education and training system;
- b) The NSF will continue to support wider government strategies such as youth programmes, building small businesses and cooperatives, and rural development. It is anticipated that government departments and agencies will partner with the NSF in this area of work; and
- c) This money will also be allocated to research into the PSET system as well as to institutional development. As such it could, for example, be used in the form of incentives to support institutions to develop human and infrastructure capacity to grow the enrolment and throughput of programmes that are in high demand. In this regard the NSF will act as a catalytic fund to encourage institutional development and improved provision system wide.

3. National Skills Authority (NSA)

Finally, with respect to the National Skills Authority (NSA): this document acknowledges, as highlighted in the White Paper, that there have been a number of concerns about the role played by the NSA. To address these concerns:

- a) The NSA will be strengthened, restructured and refocused. DHET will continue to engage with Treasury, and consult stakeholders about ways to ensure the effectiveness and efficiency of the NSA including the strengthening of the accountability and governance framework. This could include the possibility of reviewing future representation on the SETA boards including the possibility of increasing the level of expertise. In addition, individuals already represented on SETA boards cannot be on the NSA board to reduce conflicts of interest;
- b) The NSA will ensure that the systems are in place to support, monitor and evaluate the SETAs and QCTO implementation of the NSDP. This will include a focus on ways in which funds are allocated, who accesses these programmes and the extent to which these ensure the intended outcomes and impact. This will also take into account the work of the NSF;
- c) DHET will augment its secretariat support to provide the NSA with increased monitoring, evaluation and budget analysis capacity. This will allow DHET to furnish SETA performance reports to the NSA to allow for deliberation on the SETA performance within the context of the NSDP; and
- d) The NSA may commission additional evaluations to understand SETA contributions to and impact on the overarching system objectives as outlined in the M&E

framework for the NSDP. Where challenges are identified, the NSA will make recommendations on required changes to the Minister.

7. Monitoring and Evaluation

DHET will improve monitoring, evaluation and reporting capabilities by developing a monitoring and evaluation framework for the NSDP and the The DHET will further outline the outcomes and indicators and intended impact of the PSET system. This will include the extent to which:

- a) Occupations in demand being produced in the education and training system;
- b) Employers find recruitment easier;
- c) Labour indicates that individuals are able to progress in learning and career pathways;
- d) The unemployed are finding employment in fields in which they are trained; and
- e) The quality of services is improving – such as health and education.

Monitoring the SETAs' APPs will focus on outcomes achieved and the extent to which this appears to be contributing towards the intended impact within each sector and of the PSET system.

At the three-year point, the NSA will commission evaluative work to determine the extent to which the SETA, NSF and QCTO work is contributing to the objectives of the NSDP and NSDS III. This will include making recommendations on areas that need to be adapted in order to strengthen this contribution.

8. Capacity Development within the DHET

This plan requires considerable capacity to be developed within DHET. This includes the ability to develop milestones, templates and standardised processes. Further, the department will require the capacity to plan with the other DHET branches within the context of the overarching PSET plan. This includes focusing on planning, supporting enrolment planning, and creating mechanisms to support improved provision. In addition, DHET will put in place the capacity to review the APPs of the SETAs. This will include monitoring capacity as well as budget analysis capacity.

9. Role of Partners and Stakeholders

All social partners will need to support the principles and proposals outlined in this plan as agreed under the National Skills Accord, 2011 (“Accord”). In the Accord parties agreed that:

“action and implementation should be a hallmark of the partnership, with constituencies identifying areas where they can make firm commitments as well as identifying actions that other constituencies would need to undertake”.

The Accord consists of eight commitments covering key areas across the PSET system. [Note: there has been some adaptation of the commitments in line with developments that have since taken place, though the substantive meaning of the commitment has not changed. The commitments broadly include the imperative to:

- a. Expand the level of training using existing facilities more fully;
- b. Improve the role and performance of TVET colleges;
- c. Increase internships and placement opportunities available within workplaces;
- d. Improve the level of training in occupations in high demand;
- e. Improve the funding of training and the use of funds available for training and incentives on companies to train;
- f. Set annual targets for training in state-owned enterprises;
- g. Improve SETA governance and financial management and stakeholder involvement; and
- h. Align training to the NDP and ensure that there is effective planning at the national and sectoral level.

The NSDP recognises the important role that other government departments play with respect to both supporting training of their own employees and supporting the development of individuals in occupations in high demand. Further, the NSDP recognises that government departments must work actively with social partners to achieve these commitments.

The important role of the HRDC in creating the opportunities to involve these different social partners is recognized. These relationships need to grow to address arising challenges in the system and to collectively identify solutions.