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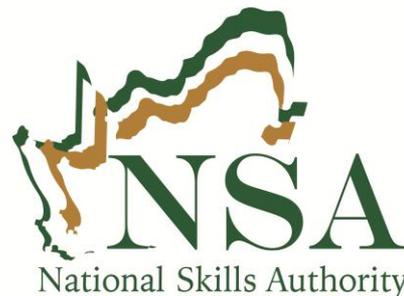
Department:
Higher Education
REPUBLIC OF SOUTH AFRICA

NATIONAL SKILLS AUTHORITY

CONSULTATION ON THE

*PROPOSAL FOR THE NEW NATIONAL SKILLS DEVELOPMENT
STRATEGY (NSDS) AND SECTOR EDUCATION AND TRAINING
AUTHORITIES (SETAs)*

*WITHIN THE CONTEXT OF AN INTEGRATED, DIFFERENTIATED POST
SCHOOL EDUCATION AND TRAINING SYSTEM*



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■ Brief introduction of the NSA

- **VISION**

- NSA - Leading skills development

- **MISSION**

- To provide strategic advice towards an improved National Skills Development system

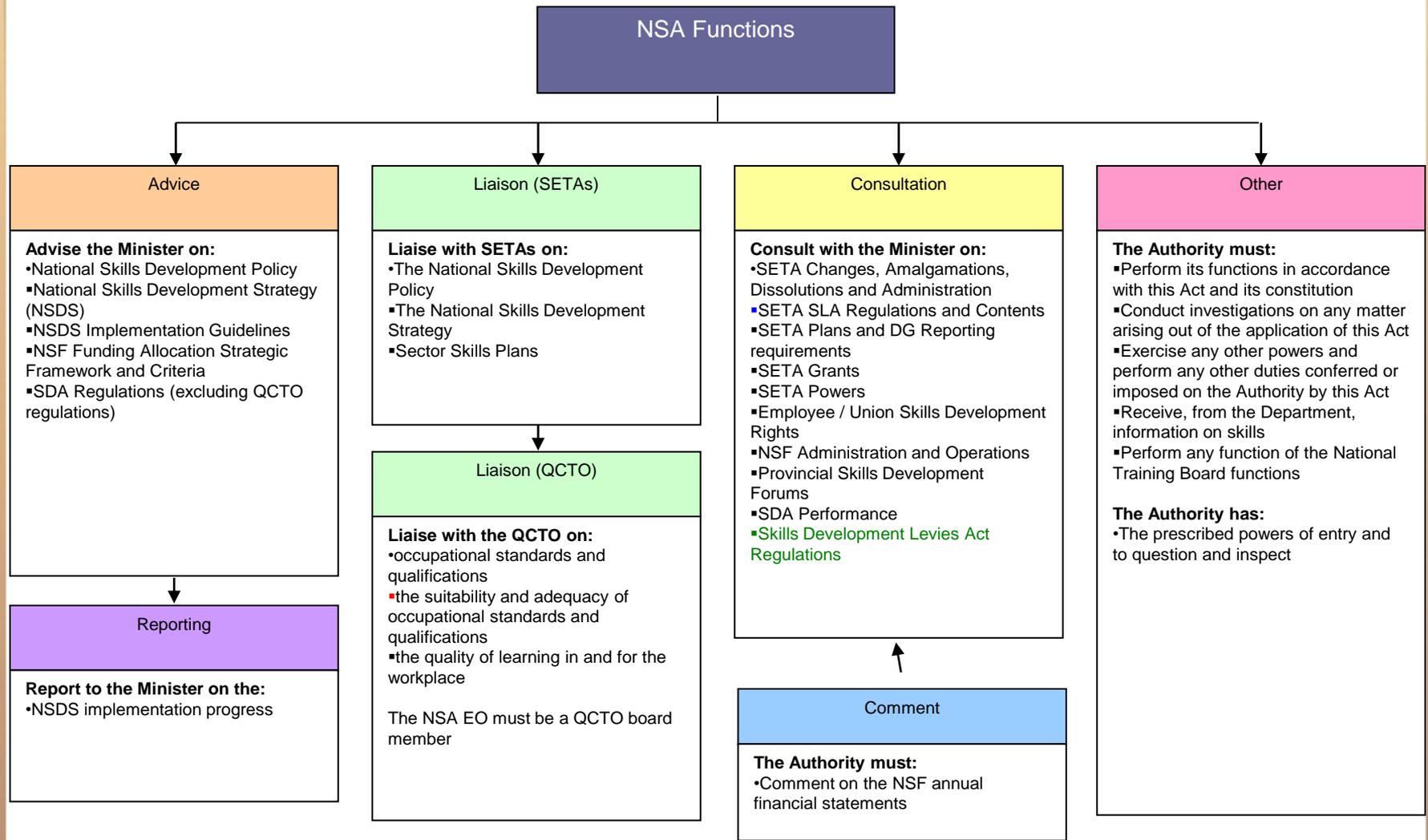
- **VALUES**

- **Committed** – motivated, diligent, passionate and disciplined in our approach
- **Decisive** – assertive towards our cause
- **Integrity** – acting in an honest, ethical, transparent, loyal, trustworthy and reliable manner
- **Proactive** – being forward thinking, visionary, adaptive and innovative in our approach
- **Results driven** – being client focussed, goal oriented, performance oriented, responsive, exemplary, punctual and productive
- **Inclusive** – collaborate, participate and consult to promote altruism and team spirit with stakeholders

- **LEGISLATIVE AND OTHER MANDATES**

- The National Skills Authority (NSA) is a statutory body that was first established in 1999 in terms of Chapter 2 of the Skills Development Act of 1998, the Presidential Proclamation No 44 of 2009 and subsequent proclamations assigned the responsibility for skills development to the Minister of Higher Education and Training.
- The White Paper for Post-School Education and Training (WP-PSET) of 2013 sets out a new role for the NSA as monitoring and evaluation of the SETAs.

NSA Summary of Functions



NSA STRATEGIC GOALS AND PRIORITIES

- To ensure internal capacity within the NSA
- To provide national skills development policy instruments advice (legislation, policy, strategy)
- To provide national skills development system performance information
- To ensure sound stakeholder engagement for skills development

Priorities

- Align the role of the NSA with SDA and WP-PSET mandate
- Strengthen the capacity of the NSA and Secretariat
- Provide advice on the National Skills Development Policies to the Minister and make inputs /participate in other DHET related policy development process
- Review Skills development legislative framework to support integration of education and training and the national priorities of government (inclusive of the NSF framework.
- Develop capacity of skills development stakeholders
- Research, develop and innovate to promote beneficiation and business enterprise development opportunities
- Monitor and evaluate the work of the SETAs and the implementation of the NSDS III
- Promote and communicate skills development
- Support post school education and training to realize national priorities

■ Background on the process

- The 3rd term NSA Board started formal discussions on the review of the NSDS and the Seta landscape in March 2014 in preparation for March 2016
- The NSA invited a HRDC presentation on the Skills System Review Report
- Ministerial Technical Task Team Report on the Performance of the SETAs was considered
- The Green Paper for Post School Education and Training guided the initial review
- Unfortunately the 3rd term of office - NSA lapsed and the 4th Board commenced 9months later
- In the meanwhile the DHET conceptualised the review and bounced the initial thinking with targeted audience in October 2014 (workshop with labour, business, state, community, etc)
- DHET Task Team refined the outcomes of the limited consultations further and started internal government process in order to release the current NSLP document
- Cabinet approved the release of the discussion document
- Minister consulted the NSA which also agreed to the public comment process
- Closing date for inputs was extended to the 20 February 2016 and all PSDFs should comply
- NSA consultations are outside the DHET timelines but will be part of NSA advice to the Minister

DHET - WHY THE NEED FOR A REVIEW

Paradigm, Shift within the Skills Development System

- Historic purpose of SETAs (increasing access to training, redress and transformational goals remain important, the primary focus should be to support inclusive economic growth through training. Government has resolved that economic Growth is a priority in order for there to be increased employment, income generation resulting in greater levels of labour absorption).
- Obstacles to growth and absorption levels within the economy is lack of human capacity. Without high level skills, the scope of innovation, new industry development and job creating initiatives is limited. SETAs need to respond to urgently to steer away from a Skills crisis.
- SETAs should not be seen as independent institutions accountable to their stakeholders. They are an important component of the state. SETAs must drive skills development in their sectors through stakeholder processes to shape the sector development strategies that are credible and effective, and then to monitor and evaluate implementation and assess the impact of their interventions.
- There is a need to build skills development system capacity to drive skills development for the sectors; these skills are varied high level skills such as economics, research, labour market analysis, systems and monitoring and evaluation skills in addition to tactical and brokering skills to obtain agreement from stakeholders to implement skills development initiatives to support economic growth and development.

DHET-What is the problem we are aiming to resolve?

- **Integrative problems:** The skills development system, underpinned by the levy-grant system, was developed in the 1990s by the Department of Labour.
- Department of Labour was, at that time, driven by a different set of imperatives (responsiveness to labour market needs) to that of the Department of Education (access to quality teaching and learning for all) and as a result the policies of the two departments were not aligned.
- And although the Department of Higher Education and Training was established in 2009, it has taken time to resolve historical differences based on these separate traditions.
- The 'White Paper for Post-School Education and Training: Building an Expanded, Effective and Integrated Post-School System' (hereafter WP) published by the Minister of Higher Education and Training in early 2014 seeks to bridge this divide and provide a 'both access/quality and responsiveness' model for the post-school education and training system

DHET - System-level problems

Aligning the labour market and E&T cannot be done through a sectoral lens (as many occupations are cross-sectoral e.g. electricians work in 17 economic sectors and training them sectorally makes little sense from the provider perspective)

- Each SETA has its own systems and procedures making it very hard for anyone outside of each sector (students, public providers, professional bodies and others) to interface with the system;
- The SETA systems are very complicated, there are a range of ways in which these processes can be aligned and simplified but this requires a national system;
- SETAs have very uneven capacity – a handful are excellent, the majority are weak and one or two are dysfunctional. Attempts to remedy the situation through the appointment of
- Administrators has been very uneven;
- The cost of managing 21 different systems is excessive – streamlining will be more cost effective;
- There is a remaining schism between the public provider system (colleges and universities) and the SETA system (with their link to employers and their ability to provide incentives to them). ⁶

DHET - Strategic Focus

- Better serve the national priorities of government by prioritising skills development of occupations in demand
- Strengthen the role of stakeholders particularly government departments on SETA boards
- Address efficiency and effectiveness of the SETAs and the entire skills development system
- Support the NDP, NGP, IPAP, Operation Phakisa, etc.

DHET - Roles of SETAs (WP)

The primary roles of SETAs post-2016 will be:

- Determine the skill needs of employers by occupation using the OFO in their sector, report to Occupational Teams under DHET for cross-sectoral consolidation and analysis. *(DHET will consolidate across sectors, generate national scarce skill list and inform providers);*
- Support the development of institutions to meet these needs (from qualification design to qualification delivery);
- Secure workplace-based learning opportunities for learners;
- Support institutional and workplace-based learning of the current workforce;

Differences/Overlaps: SSR, WP and MTT

Skills System Review	White Paper	Ministerial Task Team on SETA Performance
<ul style="list-style-type: none"> • National Skills Council to <ul style="list-style-type: none"> • National Skills Planning • Management of funds for skills development • Shared services • Standard setting and quality assurance of provisioning (focus on QCTO) • Monitoring and evaluation. (p. 77 of SSR Report) • SETAs not 'Authorities' but sectoral structures of Council 	<ul style="list-style-type: none"> • No National Skills Council • Skills Planning Unit in DHET and • SETAs and NSF continue to manage funds but tighter focus • Silent on shared services • Standard setting and quality assurance remains with the three QCs and SAQA – but SETAs to help place learners across all three sub-systems (universities, TVET and community colleges) not just TVET • M&E of SETAs for NSA 	<ul style="list-style-type: none"> • SETA Role: Tighter focus • NSF Role and Funding • Disestablishment of NSA • Role of Skills Levy and Grant Mechanism (Mandatory reduced and Steer DG) • Funding allocation • Maintain Levy • Public Sector participation and Levy • Skills Planning • Supporting improved supply • Organisation of the SETAs (SETA Landscape) • Programmes • Reporting Mechanisms of SETAs • Governance issues (Training, Constitution, Procurement Practices and streamline stakeholder landscape)

DHET - Scope of outputs of Reviews/Reports

For both private and public:

1. Council/AA – Streamlining stakeholder arrangements
2. Governance
3. Institutional Arrangements: NSF, NSA, Educational Institutes and QCs
4. Tighter Function and focused roles
5. Skills Planning
6. Funding Arrangements
7. Operations: Shared Services, Policies and systems (inc reporting and information systems)
8. Monitoring and Evaluation

DHET-New NSDS : To steer planning & resources

- New NSDS should focus on occupations in demand identified by skills planning with input from SETABs as well as national strategic projects of government
- New NSDS should have 4 “levels” with high level targets set for main occupational groups: Managers, Professionals, Associate Professionals, Service and Clerical workers, Artisans, Plant & machine operators and elementary workers, and individual occupations

New NSDS : To steer planning & resources

Educated, skilled & capable workforce for inclusive growth

▪ **At a first level of detail - Output targets:**

- ❖ Targets for managers (e.g. focus on the public sector and SMMEs e.g. y% of public servants have required professional designations);
- ❖ Targets for professionals (e.g. as percentage of 1000 population);
- ❖ 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;
- ❖ Targets for trained elementary workers.

▪ **At a second level of detail**, targets for individual priority occupations under each heading (cf. national scarce skills list)

- ❖ informed by sectoral targets set out in sectoral briefs and those derived from national strategies such as the SIPs or Phakisa.

DHET - New NSD Strategy

- **As a third order set of targets**, general measures to improve the access & throughput of learners entering and succeeding could be set 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 syllabus/curriculum;
 - ❖ 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 learning;
 - ❖ Assessment (including RPL), e.g. pass rates to rise to y% in 2021.
 - ❖ Infrastructure development
 - ❖ Innovation and research
- **And as 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.

DHET - Seta Landscape review options

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 Department of Higher Education and Training.
- Using a minimal change approach, efforts to strengthen the performance of SETAs have been made over the past few years but, in spite of these, the problems have persisted. Minimal change is therefore not considered to be a viable option.

DHET- Option 2: Clustering

The White Paper 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: 67-8)*

DHET - Option 2: Clustering

- Reduction of the number of SETAs over the medium to longer term is raised, however, it is not an immediate option.
- Currently this is not a desirable option as 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.*
- By creating bigger sectoral bodies the distance between the management of the SETA and the companies it serves is increased – *This may well further slow service delivery rather than achieve the desired acceleration.*

DHET - Option 3: A National Skills Council

Elaborated in detail in the Skills System Review Technical Task Team of the HRD Council, published in October 2013 (SSR TTT). *Rationale for one national skills council (SSR TTT: section 10.3.1)*

- Skills system strategy is centralised for effectiveness (In particular contestation over funds must be removed from the system).
- Skills system is 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).
- Role for stakeholders is 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).

Option 3: A National Skills Council

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.”*

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).

Option 3: A National Skills Council

- 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’).*
- 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 White Paper envisages the functions to be performed by some other agency. *(For example, the White Paper envisages national skills planning to be coordinated by a ‘credible institutional mechanism for skills planning’ (WP: xvii), standard setting and quality assurance of provisioning to be performed by the three Quality Councils under SAQA (WP:5) and monitoring and evaluation of SETA performance to be performed by the National Skills Authority (WP: Xvii/68).*
- It is important to note here that this option proposes to centralise the funding and to introduce shared services.

DHET- Option 4: SETAs as an integral part of PSET system

- SETAs integrated into PSET system, no longer stand-alone “authorities”, Sector Education and Training Advisory Boards (SETABs) which are permanent structures
- SETAB scope and boards remain the same in general, but stronger role for government departments especially for Sector Skills Plans
- 80% of SETA discretionary grants to be disbursed by NSF with advice from SETABs taking national priorities into account
- Government departments prepare training plans in line with methodologies and templates set nationally to permit response
- DHET to manage skills planning, and other functions, e.g. Occupational Teams, SETAB cluster management and National Skills Fund

SETAB role regarding grant allocations

- SETABs to manage the following grant funding (as shall be specified in the SETAB Establishment Govt. Gazette);
- **Administration budget** – although a portion of this to support the shared services unit;
- **‘Mandatory’ grant** (to become known as Workplace Skills Planning Grant) (20%);
- **Sectoral component of Discretionary Grant** (currently 20%) to be known as Sector Specific Grant to be used for sector-specific initiatives;
- **Projects** funded from the National Skills Fund (applications from SETABs, supported by Boards, should be managed).

DHET - Option 4: System advantages

▪ **Massive simplification and streamlining of processes:**

- ❖ ONE procedure for applications (not 21 parallel systems)
- ❖ ONE template (not 21 different templates)
- ❖ ONE set of prescriptions (not 21 different ones)
- ❖ ONE set of timeframes (not 21 different cycles)
- ❖ ONE set of grant levels (not 21 different sets of grants for the same programmes, although some sectoral factors)
- ❖ Alignment with broader PSET system:
 - ❖ Workplace and institutional learning considered together
 - ❖ Role of levy and fiscus clarified (not double-dipping, overlapping, gaps)
 - ❖ Fiscus serves occupational priorities not only levy

▪ **Clearer, simpler system for beneficiaries**

DHET - Strengthening capacity of the SD system

Capacity of the Department and the other role players should be strengthened for maximum utilisation of the resources and impact and these are:

- Internal DHET SETABs clustering for optimum management and coordination
- One DHET SETAB cluster manager at senior manager level
- National Skills Fund
- Shared Services Unit to be adequately capacitated
- SETABs
- Employers
- Workers
- Provinces

NSA – NSDS&SETA Landscape – Review Principles

- ❖ integration of the SETAs and NSF into PSET system
- ❖ effective and efficient model for skills system for the country
- ❖ radical transformation of skills system with bearable disruption (change in continuity)
- ❖ expiry of the Seta license period in 2016 as well as the NSDS
- ❖ cost effectiveness and fit for purpose system
- ❖ caliber and capacity of skills system cadre'
- ❖ effective governance and accountable leadership
- ❖ SIC (Standard Industrial Classification) and economic sectors
- ❖ Socio-economic needs, Supply and demand
- ❖ Funding and resourcing (skills levies) - viability
- ❖ Partnership, collaboration and clustering
- ❖ Size, scope and reach
- ❖ Organizing Framework for Occupations
- ❖ Extent of disruption to skills development delivery
- ❖ Permanency of SETA landscape

Conclusion and implementation

- ❖ The document is being circulated for public and key stakeholders comments/input
- ❖ The comments are expected on or before 29 February 2016 (DHET process)
- ❖ NSA will still be consulting until 30 March 2016 for advisory purposes
- ❖ Once public input has been received and considered, a final policy document will be prepared including:
 - ❖ an implementation plan
 - ❖ organisational and personnel implications
 - ❖ financial implications
 - ❖ legal implications
- ❖ Implementation is envisaged as from 1 April 2018

THANK YOU – QUESTIONS & COMMENTS/INPUTS



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