

Case Study:  
Private Providers and NSDS III  
by  
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## Executive Summary

Private provision of post-school education and training was a contentious issue at the start of the NSDS III. In particular, the Department of Higher Education and Training sought to redirect national skills levy funding from private providers to public TVET Colleges. This case study develops a picture of the private further education and training sector in terms of its history and the experiences of private providers during the period covered by NSDS III. Insights for understanding and enhancing the contribution that private provision makes to the national skills system are developed through a consideration of existing literature, statistical data and interviews.

Private education provision has a long history in South Africa with several the public higher education institutions having been started in the 1800s as private initiatives. The South African Constitution makes allowance for private education institutions and the NSDS III acknowledges that partnerships between public and private education providers will be critical for supporting a skills revolution in our country. At the start of the NSDS III however, the Department of Higher Education and Training was very clear that it would prioritise the strengthening of public colleges based on the assertion that the public sector was the core of the education and training system. Where the private providers were mentioned, the focus tended to be on the regulation and quality assurance of this sector.

A number of studies conducted prior to the start of NSDS III make it clear that very little accurate data existed in terms of either the size or contribution made by the private providers at the further education and training level. The statistical data contained in the DHET annual statistical reports covering the period 2011 to 2016 reveal poor consolidation of data and thus understanding of the size and scope of private provision. Much of the data is based on the annual survey of registered providers. However, a communique from DHET in 2012 made it clear that private providers offering qualifications or part qualification on the occupational qualifications sub-framework did not need to register with DHET. This meant that an extremely small sample of private providers in this sector submitted survey returns and this data was reflected, in the DHET annual statistical reports, as a representation of the sector as a whole.

An insight into the data challenges is provided by a 2005 study which suggests that, based on Department of Education figures related to a pre-registration process of private providers in 2001, there were 864 private providers in the FET sector. The providers at the time reported a learner enrolment of 706 884. Despite anecdotal evidence that the sector was growing, DHET data records only 277 responses from 499 registered private providers at the start of NSDS III (2011) with an enrolment of 134 446 learners. Over the next five years the number of providers registered and responding to the annual surveys varied significantly. This makes it impossible to draw any substantial conclusions about the size or contribution of the private providers based on available national DHET statistics. What is significant is that in 2016, DHET reversed the 2012 communique and now requires that private skills providers offering qualifications or part qualifications on the occupational qualifications sub-framework register with DHET. This process has the potential to generate more accurate insight into the private further education and training sector. As of April 2018, there were 1 900 private skills providers recorded on the DHET data base as having applied for registration. With the current deadline for registration being November 2018, but likely to be shifted out to 2020, it is likely that this number will increase significantly. It also appears that until recently there was uncertainty within DHET about whether non-government organisations should be registering. Recent conversations with DHET however suggest that NGOs and State Owned Enterprises will also have to register with DHET under the current round of registration. This

suggests that the private further education and training sector is significantly larger than current DHET data suggests.

In order to supplement the existing literature and statistical data, six interviews were conducted. These interviews included private providers, experts supporting private providers and a DHET manager engaged in the current process of private provider registration. A further interview was conducted with a senior DHET staff member to clarify some points on the registration process. Based on these interviews and a consideration of the NSDS III, a number of themes were identified and discussed as part of the case study. In NSDS III, newspaper articles at the time and in the interviews, recurrent reference was made to issues of quality assurance, accreditation and registration. In addition, diverse insights were offered into the different forms of private providers and the kinds of education and training they provide. Beyond the individual institutions, the NSDS III focuses on partnerships and collaboration between public and private institutions working with post-school education and training. Examples of this collaboration were shared through the interviews, as well as the opportunities and challenges associated with this kind of interaction. Finally, the different kinds of business models developed by private providers and the sources of funding emerged as important points within the interviews.

The explicit intention by the Minister of DHET at the start of NSDS III to divert the funding allocated to the SETAs from private training providers to FET colleges raised many concerns for private providers at the time. These concerns were exacerbated by the complexity and cost associated with quality assurance, accreditation and more recently, registration. While most providers appreciated the move towards quality assurance, interviewees from the private sector also expressed frustration with the lack of coherence horizontally across the different SETAs and vertically between the SETAs, the quality councils and DHET. This complexity was interpreted by some as a deliberate attempt to exclude private providers while others noted that the cost of compliance in both money and time was consuming resources that should be used to provide quality education and training.

Despite these challenges, private providers were finding ways to build financially viable business models related to post-school education and training. Central to these models was a recognition that, in line with the NSDS III, collaboration and partnerships are critical to achieving our aspirations of higher economic growth, social development and a skilled and capable workforce in our country. Examples of, and requests for, collaboration are captured in the case study.

The private providers interviewed were all developing innovative business models that had reduced their dependence on direct funding through the SETAs. Several private providers were developing focused education and training programmes that responded to niche demands by business, government and community clients. These clients were either accessing mandatory or discretionary grants under the national skills funding or were using their own BBBEE skills development allocations to pay for the services of private providers. While acknowledging that the shift of funding to the public sector had had an impact on private providers, the trend within the interviews was to focus on the complex, unclear and overlapping quality assurance, accreditation and registration requirements and their major challenge. This challenge is not new and has been highlighted in the National Development Plan as requiring attention.

Six key insights emerged from this case study:

- The limited role ascribed to private post-school education and training providers in the NSDS III, despite their long history of contributing to skills development in the country, misses an opportunity to, at the very least, create an enabling regulatory environment which would assist

the establishment and development of private providers to meet the burgeoning needs for education among the South African population.

- The way in which statistics on the sector are gathered and presented in the DHET annual statistics on the post-school education and training sector has provided extremely poor data for assessing the size or contribution of the private further education and training sector. What is clear, and becoming clearer in the current round of registration, is that the statistics significantly under-represent the size of the sector.
- Skills development providers that provide quality services welcome effective regulatory frameworks including quality assurance, accreditation, registration and partnerships. These regulatory frameworks guard against poor quality providers who jeopardise the reputation of good quality providers.
- The private providers operate in a quality assurance regime that is from their perspective ambiguous, unresponsive, complex and ever-changing. This acts to exclude would-be entrants, limit innovation and pushes up the cost of skills provision.
- The current round of registration of private providers (as per the Joint Communique 1 of 2016) has been poorly communicated to private providers, was initially based on outdated legislation and regulations, and was initially being selectively implemented. A new round of communication, not yet released at the time of this study, will, according to DHET address a number of these challenges while also extending the registration period to 2020.
- The private education and training community remain committed to working with government, public FET colleges, other private providers and employers to contribute to education and training in South Africa. Many of the offers for collaboration mentioned by the people interviewed had, however, not been taken up.

## Introduction

The National Skills Development Strategy III, in a section entitled “Building Partnerships for a Skills Revolution”, notes that:

A partnership and collective responsibility between stakeholders – government, business organisations, trade unions, constituency bodies – and our delivery agents – SETAs, public bodies, employers, trade and professional bodies, public and private training providers, community-based organisations, cooperatives and NGOs – is critical to achieving our aspirations of higher economic growth and development, higher productivity and a skilled and capable workforce to support a skills revolution in our country. (DHET, 2011: 25-26)

This case study explores the experiences and role of one particular stakeholder group, namely private education and training providers. This includes for-profit companies, not-for-profit entities (NGOs, CBOs, religious institutions, etc) and companies running internal education and training departments for clients, suppliers, employees and communities.

The Constitution (RSA, 1996) notes that everyone has the right to establish and maintain, at their own expense, independent education institutions subject to certain conditions (Sec 29.3). In 2009 the newly established Department of Higher Education and Training (DHET) became responsible for all post-school education and training, including public and private further and higher education institutions as well as levy-grant institutions and related regulatory institutions.

The National Skills Development Strategy III is “the overarching strategic guide for skills development and provides direction to sector skills planning and implementation in the SETAs” (DHET, 2011: 8). The Minister’s foreword, while acknowledging private training providers, made it clear that “priority will be given to strengthening the relationship between public colleges and universities and the SETAs, as well as with employers”. This priority is captured in Goal 4.3: “Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities” (ibid.: 15). Outcome 4.3.2 of the NSDS III contains the only mention of private providers in the ‘Theory of Change’ and states the aspiration that “partnerships between DHET, SETAs, employers, private providers and public FET colleges are resulting in increased capacity to meet industry needs throughout the country” (ibid.: 17). Private providers are not mentioned in the outputs and are thus not specifically reported on in the annual reviews of the goals, outcomes or outputs of the strategy. In order to contextualise this relatively narrow role for private providers in the goals of the NSDS III, it is useful to look at the broader vision of post-school education as articulated in the Green and White Papers for this sector.

The Green Paper on post-school education and training (DHET, 2012a) set out a vision that included a requirement that DHET “prioritise building the public college sector, while creating an enabling environment for private provision ... and workplace-based education.” (pp. 5 and 6). The Green Paper was very clear that:

Private provision of education at all levels of the post-school system will play a complementary role in ensuring an expanded and diversified system. The regulatory system must be streamlined, to ensure that accreditation and quality assurance requirements strengthen educational institutions, without becoming barriers for them. (19)

With the publication of the White Paper on post-school education and training (DHET, 2013b), the emphasis had shifted significantly. Rather than creating an enabling environment, the focus was now

on ensuring that government and its agencies use their available resources for the “regulation and quality assurance of private providers” (xiv). The White Paper also stated that

... while recognising and appreciating the role of private institutions, the Department believes that the public sector is the core of the education and training system. The government’s main thrust, therefore, should be to direct public resources primarily to meeting national priorities and to provide for the masses of young people and adult learners through public institutions. (43)

Despite the provision for private education and training providers in the Constitution and the stated “recognition and appreciation” of the role of private providers in post-school education and training in early policy papers, it appears that little attention is given to them in the NSDS III. This case study seeks to better understand the experiences and role of private providers in skills development in South Africa and the underlying assumptions that have shaped these experiences and roles.

The case study seeks to develop a rich description of the experiences and role of private education and training providers in South Africa with a particular emphasis on the period covered by the NSDS III. In order to focus the study, private providers working in the further education and training areas, and particularly those that were referred to as ‘private FET Colleges’, ‘skills development providers’ and more recently, ‘private colleges’ are highlighted. This focus aligns with the stated emphasis on vocational education and training contained in the NSDS III.

In addition to substantial document analysis, interviews were conducted with a diversity of actors involved in this sector. Two interviews were conducted, one with an owner and another with a senior manager, of an artisan training institute. A third interview was conducted with an experienced skills development practitioner who has established or supported the establishment of more than ten private training providers in the non-profit and for-profit sectors. Two other interviews were conducted with experienced skills developers. The one has worked in the field of accredited training since 2005 and as a consultant in this field since 2014. The other is a skills developer who has, since the 1990s, provided very specific skills training that links to compliance in the transport sector and uses this experience to support the SETAs, to engage with DHET on behalf of private providers and most recently, to support private providers to navigate the new registration requirements of DHET. A final interview was conducted with a DHET manager responsible for processing the applications of private skills developers for registration within DHET. It is hoped that the statistical data, along with the insights offered by this small but experienced group, will provide an insight into the experiences and role of private providers under the NSDS III.

## The macro context

This section provides an overview of the private post-school education and training sector in South Africa. In particular, it seeks to provide some insight into the size of the further education and training sector using available literature and government statistics.

### 1800s to 2000

Private higher education has a long history in South Africa. In 1829 the South African College was founded in Cape Town as a private provider of higher education. In 1918 this college was granted university status and became the University of Cape Town. Natal, Rhodes, Wits and Pretoria Universities all started out as private institutions. Similarly, in 1929 a private initiative created a college for Indian workers in Durban. This later became ML Sultan Technicon and, following the merger with Natal Technicon, the Durban University of Technology. By 1974 there were 32 registered private providers of professional, technical and vocational education and training programmes. As the country started to plan for a post-apartheid future in the 1980s and 1990s, local NGOs and international donors placed a substantial focus on teacher education. At the same time, business, labour, government and anti-apartheid activists started to explore the possibility of a National Qualifications Framework. This framework was adopted in 1995 while the Constitution (1996) and the Higher Education Act (1997) made it possible for private providers to offer degrees and diplomas, a right previously reserved for public universities. This new policy landscape led to a rapid growth in private provision with at least four firms (Adcorp, Advtech, Educor and Privest) listing on the stock exchange and realising significant returns on their shares in 1998. (Kraak, 2012; Mabizela, 2000)

This growth in private providers appears to have partly been a response to a drastic reduction in private sector workplace employee industrial training. Akoojee (2005) reported that enrolment in this form of training (reported to Department of Labour) dropped from 344 907 in 1990 to 77 812 in 1998. Possible reasons for this decline include: the withdrawal of tax concessions by government in the 1990s; the privatisation of state-owned assets; and a restructuring of the economy that led to a decline in manufacturing and hence the reduced need for skilled artisans. Enrolments in private further and higher education institutions increased by 94% over the four-year period 1993 to 1997.

By 1998 the rapid increase in private providers led to the introduction of the Further Education and Training Act of 1998 that made registration of institutions a precondition for offering FET training. Fehnel (2006) suggested that over 600 organisations enquired about the registration procedures linked to the Act. The criteria for registration included financial capability, maintenance of acceptable standards (i.e. not inferior to public FET institutions) and compliance with the quality assurance procedures defined by the South African Qualifications Authority. This legislation was seen as an attempt to balance a recognition that private providers play an important role in providing the market with skills responsive to employer needs (Buckland et al. 1996 cited in Akoojee, 2005) on the one hand, and the need to ensure that people who attended these institutions are not exploited by so called 'fly-by-night' operators (DoE 1998 cited in Akoojee, 2005), on the other.

One example of how this dual focus played out in the policy landscape was the issuing of guidelines for private providers for registration and the recommendation that private institutions form partnerships with public institutions in 1998. Less than a year later, the Higher Education Amendment Act of 1999 gave the Minister of Education much greater powers to regulate providers of higher education and coincided with a moratorium on partnerships between public and private providers of higher education. This shift in attitude was justified by government on the basis of growing concerns about the quality of many programmes offered by private providers as well as fear that the growth of the private higher education sector may threaten the viability of some public institutions (Fehnel

2006). The Alliance for Private Providers of Education, Training and Development, which represented about 250 organisations at the time, felt that the Higher Education Act “would introduce substantial uncertainty and risk and would seriously prejudice existing private education providers and those wishing to enter the industry” (Bisseker, 2000 cited in Fehnel, 2006). Many organisations withdrew from the registration process and the share prices of publicly traded education and training business fell sharply.

### 2001 to 2011 (Period of NSDS I and NSDS II)

A pre-registration exercise undertaken by the Department of Education in 2001 and a study by the Human Sciences Research Council (HSRC) in 2002 was consolidated into a report (Akoojee, 2005) that provides a useful snapshot of the private further education and training landscape between 2001 and 2003. After warning about the difficulties of generating quantitative data for the private further education and training sector (short vs long courses, diversity of institutions etc.), Akoojee (2005: 20) provided the following summary:

the learner headcount enrolment of the private FET sector in the pre-registration process (DoE 2001) was 706 884 learners for the 864 providers. The estimated 4 178 delivery sites comprising the DoE database (2001) suggest that the sector is robust. ... These enrolments exceed the public FET sector, reported to be 350 000 in 2000 (Fisher et al. 2003).

It must be stressed that these figures were based on a pre-registration exercise and that the subsequent challenges in terms of getting registered, resulted in much lower registered provider and headcount numbers. What is significant, however, is that these numbers represent a snapshot of the providers who may have registered had the administrative and bureaucratic structures not mitigated against them.

There is a significant gap in research on private further education and training between 2002 (several HSRC studies done around 2005 use data from 2002/2003) and 2009 (with studies done in 2011/2012 providing insights into the period 2009 and 2010.) At the time, Kraak (2012: 1) noted “the current information picture is disturbing – almost no new research work [on private post-school education and training in South Africa] is being done and published locally”.

Blom (2011), in a report produced to inform the Green Paper for Post-School Education and Training, provided an outline of the private post-school education and training sector based on 2009 -2010 data. The data was sourced from SAQA, Umalusi and DHET annual administrative data and was described as suffering from major data problems, being largely incomplete and containing many possible duplications and/or gaps (Blom 2011; Kraak 2012). The difficulty of interpreting this data is evident in the different conclusions that were drawn from it at the time. Kraak (2012: 1) suggested that “one tentative conclusion drawn from existing (yet sketchy) information available is that growth has been flat if not in decline over the past decade...” while Blom (2011: 8) suggested “it [was] clear that the private post-school system [was] substantial and [was] expanding”.

Given the above challenges (Blom, 2011: 8) suggested that “it seems that there may be anything between 8 000 and 12 000 private post-school institutions of various shapes and sizes”. SAQA data (cited in Blom, 2011: 17) suggested that 2 051 were private ‘Vocational and FET’ institutions. In addition, the SAQA data lists 17 707 institutions as being under a SETA but not categorised as either public or private. The DHET (FET) Register which records registered institutions offering full qualifications at the FET level recorded 434 institutions (updated 23 June 2011). The most comprehensive dataset available in 2011 was a DHET report cited in Blom (2011: 20). This report entitled *Monitoring and Evaluation of compliance and performance of registered private FET colleges,*



31 March 2011 recorded only 272 registered institutions (cited in Blom, 2011: 20). Of these 272 institutions, 175 colleges submitted data on annual enrolment recording 51 593 people enrolled for 2010. As Blom (2011: 34) noted however, “this number seems to be only a fraction of the total number” and the discrepancies in the above figures for the 2009-2011 period look even more pronounced when compared to the pre-registration data submitted to DHET in 2001. As noted above this data suggested that there were 864 private FET providers with a total of 706 884 learners in 2001 (DoE 2001 cited in Akoojee 2005). In the face of the inconsistencies in institutional data sets (DHET, SAQA, Umalusi, etc.) in the same time period (2009-2011) and across time periods (Akoojee 2005 and Blom 2011), it is extremely difficult to draw any conclusions. The figures do, however, give a very clear sense of the difficulties of working with data and studies that were produced in the period prior to the release of the NSDS III.

### Statistics for 2011

In 2013 the Department of Higher Education and Training released a report entitled *Statistics on Post-School Education and Training in South Africa: 2011*. (DHET, 2013a) This was the first such report to be produced by DHET and provides a useful snapshot of statistics at the start of the NSDS III. The report noted that the provision of post-school education and training in South Africa occurs through three main types of public and private education and training institutions, namely: Higher Education and Training Institutions (HEIs); Further Education and Training (FET) Colleges and Adult Education and Training (AET) Centres. It is somewhat confusing that the report also lists SETAs as both an institution and certification body. This makes it impossible to determine how many of the people certified through SETAs studied at public or private HEIs, FET Colleges or AET Centres. It is extremely likely that there is a significant amount of double counting across the provider institutions and the SETA figures. Similarly, the report acknowledges that by 2000, artisan training and trade testing was allocated across the SETA system resulting in “major confusion about the location of artisans in the skills training system resulting in unnecessary duplication of the certification of artisans” (DHET 2013a: 34). This situation had not been resolved in 2013, although a new national system was being developed through the National Artisan Moderation Body (NAMB). With these provisos in mind, the following table taken from this report provides a summary of institutions and student enrolment in 2011. It must be noted that of the 449 private FET colleges registered with the DHET in 2011, only 277 responded to the Department’s survey which means that the student enrolment figure for private FET Colleges (134 446) is based only on the 277 respondents and is significantly undercounted. This anomaly is repeated in all subsequent DHET annual statistical releases and, as will become apparent, is the basis for some significant under-counting of both private enrolments and the relative importance of the private providers in the system.

	Public higher education institutions	Public FET Colleges	Private FET Colleges	Public AET Centres	Private AET Centres	SETAs	Total
Total number of institutions	23	50	449	3 239	66	21	3 848
Student enrolment	938 201	400 273	*134 446	289 363	8 271	144 121	1 914 675

Figure 1: Student enrolment in higher education in 2011 (DHET 2013a: 2)

The DHET report (2013a) made it clear that the FET College sector represented the government’s focal point for accelerating skills development in South Africa, especially at the intermediate level. Despite these aspirations, the report suggested that poor quality teaching and learning, weak financial management and poor institutional governance were leading to a concerning picture, especially in terms of student academic performance.

### Private FET Colleges

As mentioned above, the following data is based on the submissions of 277 colleges of the 449 or 403 (there are two different numbers given in the report) FET Colleges registered in 2011. The following table summarises the headcount enrolment (including both full-time and part-time students) per programme for both the public and private FET Colleges. It is important to note that, while it is likely that public colleges were registered with the DHET and thus most of the data would have been captured, it subsequently (2012) turned out that there was no legal requirement for private FET Colleges offering occupational qualifications or part-qualifications to register with DHET. Given that approximately 80% of the programmes offered by private FET colleges fell in these two categories, it is likely that the registered private FET colleges represented a very small fraction of private FET colleges operating in the country.

What is evident from Figure 2 (see below) is that the public and private FET colleges had very different programme enrolment profiles. Of the public FET College enrolments, 87% were in the Report 191 and NC(V) programmes. In contrast, only 17% of the private FET College enrolments fell within these two categories. Almost half of the private FET College enrolments were in the Occupational Qualifications and a further 33% in the “Other” category that included all other skills development and short courses. There are many hidden variables in this comparison including, for example, the full-time equivalents of the various courses which are not made explicit in the available data.

Unfortunately, the examination results section of the DHET (2013a) report consolidated the results for public and private FET Colleges and provided results for only some of the programmes. This makes this data too coarse for this case study.

### Sector and Education and Training Authorities

The DHET (2013a) report noted that “SETAs facilitate a number of learning programmes including learnerships, bursaries, internships and skills-programmes”. What it does not make clear is that these programmes are mostly implemented by public and private providers. It is therefore very likely that the enrolment numbers are double counted within the report.

### Overview of statistics 2011-2015

Building on the insights from the initial 2011 statistical report, the following section tracks the high level of enrolment figures within the public and private FET sector as reported in DHET statistical publications. While it is tempting to look at effectiveness and efficiency with regard to, for example, pass rates, it soon becomes apparent that the data for private providers is so incomplete as to make this a meaningless exercise. More useful is to provide a broad picture as portrayed by the DHET statistical records as the backdrop for the experiences of private providers narrated through the interviews and supplementary document analysis. The following table summarises data from five years of reporting and is used to support the subsequent discussion on the period 2011 to 2016.

	2011				2012				2013				2014				2015			
	Public		Private		Public		Private		Public		Private		Public		Private		Public		Private	
Programmes	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
NC(V)	124 658	31	1 816	1	140 575	21	4 181	4	154 960	24	5 012	3	166 433	24	3 928	5	165 459	22	2 880	3
Report 191	222 754	56	19 524	15	359 597	55	16 127	14	442 287	69	19 467	13	486 933	69	29 700	38	519 464	70	35 147	41
Occupational Qualifications	20 799	5	63 394	47	62 359	9	47 156	41	19 000	3	58 400	38	19 825	3	23 128	29	20 533	3	17 136	20
Report 550/ NCS	1 128	0	5 180	4	1 715	0	4 222	4	1 693	0	6 000	4	1 700	0	6 000	8	996	0	6 000	7
Other	30 934	8	44 532	33	93 417	14	43 900	38	21 678	3	65 753	43	27 492	4	16 239	21	31 428	4	25 441	29
Total	400 273	100	134 446	100	657 690	100	115 586	100	639 618	100	154 632	100	702 383	100	78 995	100	737 880	100	86 604	100

Figure 2: Reported enrolments in public and private colleges by programme (Sources: Statistics on Post-School Education and Training in South Africa 2011, 2012, 2013, 2014, 2015)

Notes:

- 1) It is extremely important to note that while the Public College numbers reflect close to 100% of the enrolments, the Private College numbers are based on the number of responses received from registered private colleges. As was noted in the summary of the situation in 2011, a very small percentage of private providers appeared to have been registered with DHET. At the end of 2012, DHET disseminated a Joint Communiqué acknowledging that there was no legal requirement for private providers offering qualifications or part qualifications on the Occupational Qualifications Sub-Framework to register with DHET. The impact of this Communiqué can be seen in the drop in reported numbers in 2014. The extent of this underreporting is commented on in the discussion below.
- 2) The format for reporting these figures changed annually (e.g. in some statistics, the Report 191 qualifications were split between N1-4 and N5-6; in earlier statistics Report 550/NCS and Other were reported separately while in 2013, 2014 and 2015 they were combined). In order to reflect 'Other' which contained the short courses and skills programmes, I have used a flat number of 6 000 for Report 550/NCS and reflected the difference as Other.
- 3) The 2015 figure for Private Colleges included AET levels 1-4 and Grades 10-12 in the total number (88 203). Since these numbers have not been included before, they were excluded giving a total of 86 604.

Both the figures in the table above and the graph below are reported by DHET to “show us the erratic movement in student enrolment in private colleges over the period 2010-2016” (DHET, 2018). In fact, what they show is nothing more than the erratic capturing of data on student enrolment in private colleges as the statistics have no reliable way of tracking actual enrolment figures from private providers.

The section on statistics for 2011 above provides an insight into how the enrolment figures for private providers were generated and the under-representation of the private provision of further education and training that they reflect. The 2011 the figures were based on 277 responses from the 449 registered private colleges. In 2012, the figure was based on the 220 responses from the 536 registered private colleges. In 2013, the figure was based on the 503 responses from the 627 registered private colleges. In 2014, the figure was based on the 284 responses from the 291 registered private colleges and in 2015, the figures are based on the 97 responses from the 252 registered private colleges. With over 1900 private providers currently (2018) captured on the DHET system as applying for registration, subsequent to the 2016 Joint Communique requiring private providers offering qualifications or part qualifications on the Occupational Qualifications Sub-Framework and many more having had their applications rejected or having not yet applied, it is evident that the numbers captured by the DHET annual post-school statistics significantly under-represent this sector.

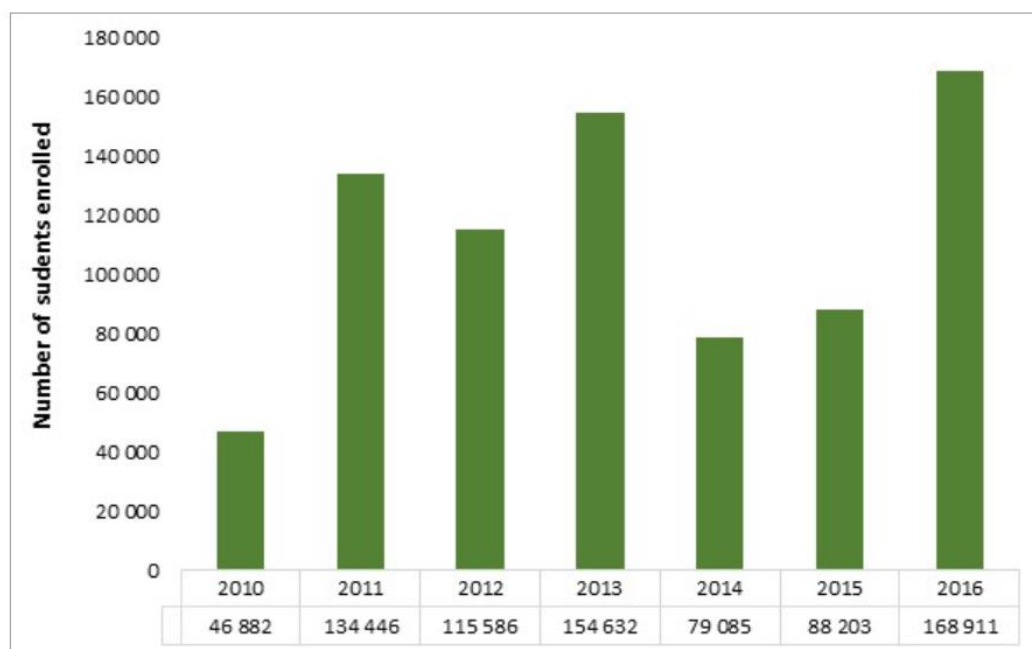


Figure 3: Number of students enrolled in private colleges (DHET 2018: 64)

## 2012

The DHET (DHET, 2014a) report noted that public and private FET Colleges are administered in terms of the Further Education and Training Colleges Act 16 of 2006 as amended. FET colleges provide vocational and occupational education and training programmes to learners. The FET colleges provide three broad categories of qualifications, including the National Certificates (N1 to N6) leading to the “N” Diploma after work experience and the Occupational Qualifications (including part qualifications) which are based on programmes closely linked to the workplace. During this period, Public FET Colleges became an important strategic focus for DHET and significant focus was placed on these colleges providing occupational learning funded by the SETAs in terms of the SETA Grant Regulations (2012). It is not clear whether this focus led to the very significant increase in enrolments in Occupational Qualifications and Other (which would have included part qualifications and skills programmes on the Occupational Qualifications Sub-Framework) in

public FET colleges in 2012. These increases were from 20 799 to 62 359 for Occupation Qualifications between 2011 and 2012 and from 30 934 to 93 413 for Other programmes over the same period. One could argue that the switch that occurred from using the Department’s annual survey to using the Department’s weekly enrolment monitoring tool may have influenced these figures. However, the fact that other programmes did not show similar increases and the fact that in 2013 the numbers for both Occupational Qualifications and Other returned to 19 000 and 21 678 respectively, suggests that something else occurred in 2012. Unfortunately, no explanation was offered for this very significant increase and subsequent decrease.

The 2012 statistical report went on to note that the figures show that:

773 276 students enrolled in public and private FET Colleges in 2012. This figure represents a significant increase in enrolment since 2010, when enrolment in public and private FET Colleges was 405 275, and a further improvement in enrolment since 2011, when enrolment was 534 719. (DHET 2014: 20)

Based on these figures, one is left with the impression that the strategic focus of the DHET on the FET college sector and, in particular, the public FET colleges in the period 2011 and 2012 was extremely successful. Although the focus of this report is on the private colleges, it is important to acknowledge that the increase in funding to public colleges and, in particular, the extension of NSFAS funding to public TVET college students had a significant impact on student numbers. The graph below shows the radical increase in enrolments of Report 191 students that starts in 2010, the year in which NSFAS started funding TVET Colleges. Between 2011 and 2014 the number of NSFAS supported students enrolled in NCV and Report 191 programmes doubled from 114 968 to 228 642. It is important to note that at the same time that NSFAS funded students doubled, the total enrolments in Report 191 programmes doubled from 222 754 to 442 287. These figures suggest that both the strategic focus of DHET on FET colleges and the NSFAS support to students enrolling at public colleges had a significant impact on enrolment numbers.

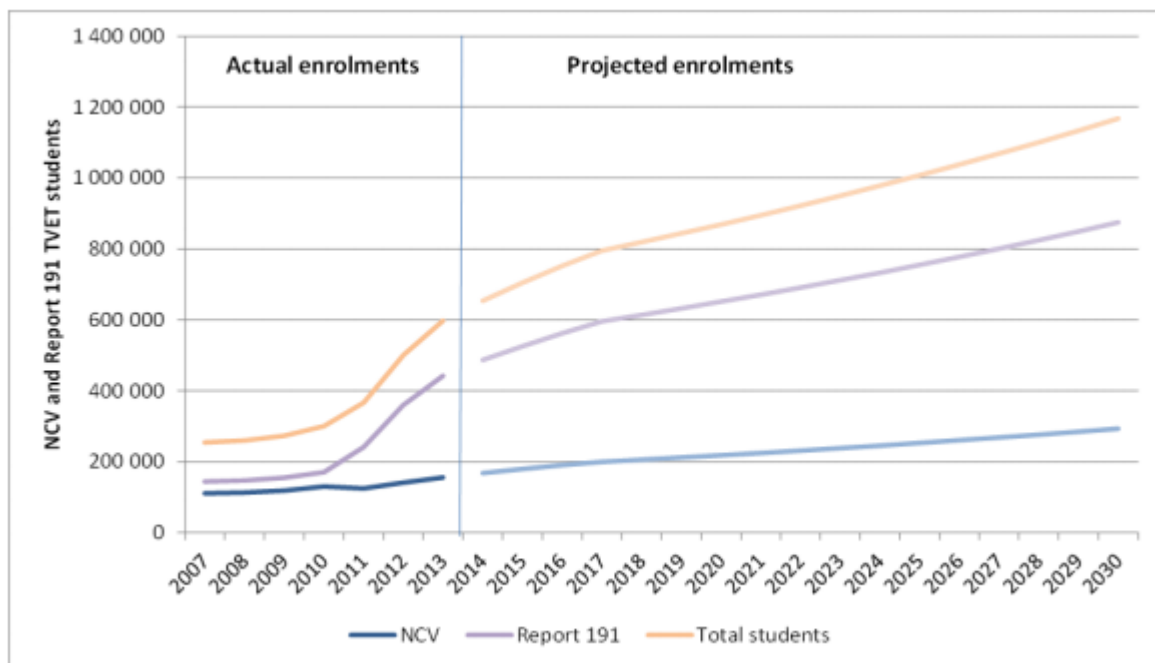


Figure 4: Increase in public college enrolments. Source (NSFAS 2016)

With regard to the private FET college sector, it is interesting to note that based on the figures reproduced in Figure 2 above, the statistical report concluded that “the private FET college sector in South Africa is relatively small comprising only 15% of total FET College student enrolment in 2012” (ibid.: 20). This

comment seems to ignore that while the public FET College enrolment figures are based on the DHET weekly enrolment monitoring tool and thus represent close to 100% of the enrolment figure, the private FET College enrolment figures are calculated from the 220 respondents of the 536 private FET Colleges registered with the DHET. No attempt seems to have been made to extrapolate the limited response rate up to the number of registered private FET Colleges or more significantly, up to the actual number of private providers as suggested by the Blom (2011) and Akoojee (2005) data discussed earlier.

## 2013

During this period, Public FET Colleges were renamed TVET Colleges while private FET Colleges were renamed Private Colleges in terms of the Further Education and Training Colleges Amendment Act, 2013. Although the Act only came into effect in 2014, the nomenclature began to make its appearance in the DHET (2015) statistical report for 2013.

The report noted that:

The FET/TVET sector comprised almost 680 public FET/TVET and private FET Colleges in 2013, of which 50 were public and 627 private. Although the number of private (registered) FET Colleges far exceeded that of public FET/TVET Colleges, student enrolment in private FET Colleges comprised 19% of total student enrolment in the FET/TVET College sector. (DHET 2015: 3)

The slightly higher number of private colleges reporting during this period contributes to the higher percentage contribution that private college student enrolment makes to the FET/ TVET sector as a whole – an increase from 15% to 19%. However as has been mentioned, this figure significantly under-represents the actual enrolment in the private colleges.

## 2014

The DHET (2016) statistics on post-school education and training for 2014 noted that:

The number of Private Colleges registered with the Department in 2013 was 627 Colleges, while in 2014 there were 291 Private Colleges registered. This drop is due to the *Joint Communiqué 1 of 2012* that required private providers including Private Colleges that offer only SETA accredited courses not to register with the Department. The student enrolment in the Private Colleges has also dropped from 154 632 students in 2013 to 78 995 students in 2014 due to the *Joint Communiqué*.

The report then noted that with regard to private colleges, “the largest and the only positive change in the number of students enrolling in the 2014 academic year was for Report 191 qualification, for which student enrolment increased from 19 467 in 2013 to 29 700 in 2014, while enrolments for NC(V), Occupational Qualifications and Other qualifications decreased” (DHET 2016). The substantial increase in Report 191 enrolments, traditionally an area dominated by the public FET/TVET Colleges, is interesting and will be important to watch in terms of the contribution that the private sector makes to this area of education and training. The second point worth pointing out is that student enrolment in the Occupational Qualifications and Other programmes are likely to have continued to increase and that the only reason for the perceived decrease is the impact of the 2012 communiqué finally being reflected in the system.

## 2015

2015 saw the lowest response rate from private colleges since the DHET statistical reports started being produced (i.e. the 2011 statistics produced in 2013). Only 97 private colleges responded to the departmental annual survey. Despite the low response rate, reported enrolment increased slightly from the previous year. The report acknowledged that the erratic movement in student enrolment in private colleges over the period 2010-2015 was

... due to a drop in the number of colleges registered with the Department, after a *Joint Communiqué 1 of 2012: Interim Guidelines on the Registration and Accreditation of Private Providers Offering Qualifications and Part-Qualifications in the Trade and Occupational Sector*,

August 2012. The communique required the former private FET colleges that only offer occupational qualifications to either choose to remain registered or opt out of registration with the Department. (DHET, 2017)

In fact, the Communique seemed to suggest that registration was “not currently required by law and the practice will be discontinued until the law is changed” (DHET, 2012b). As is evident in the following year’s report (DHET 2018), the reversal of this communique is likely to have very significant positive impacts on both reporting and thus reported enrolment in private colleges over the next couple of years.

## 2016

Two very significant statements were made in the DHET (2018) post-school education and training statistics for 2016 with regard to the FET sector. The first related to a change in the way in which TVET College enrolment is calculated. The second related to the Joint Communique 1 of 2016 regarding the registration of private skills development providers as private colleges.

One of the implications of the first change is that the reported enrolment in TVET Colleges for Occupational Qualifications drops significantly from 20 533 in 2015 to 13 642 in 2016, and Other programmes decline from 32 424 in 2015 to 22 468 in 2016. This resulted in an overall reduction in the reported enrolment in TVET Colleges from 737 880 in 2015 to 705 397 in 2016. Report 191 numbers remain relatively unchanged.

The implications of the second change are only starting to be visible in the 2016 statistics but are likely to change the perception of the role that the private providers play in further education and training in South Africa. Essentially the registration of private education institutions with the DHET has been extended to include Adult Education and Training Centres (AET) and Skills Development Providers (SDPs) as private colleges. The call for the registration of SDPs as private colleges was made in the Joint Communiqué 1 of 2016: *The Registration and Accreditation for Private Education Providers Offering Qualifications and Part-Qualifications on the Occupational Qualifications Sub-Framework*, published in October 2016 (DHET, 2016a). The initial deadline for registration was June 2017 but this was subsequently extended to November 2017 and is currently November 2018. Given these deadlines, one would not expect this call to have had a significant impact on the 2016 statistics. However, as the DHET (2018) report notes:

Student enrolment in private colleges reached 168 911 in 2016, which was 80 708 (91.5%) more than the enrolment reported in 2015 (88 203). The 2016 enrolment was the highest recorded during the period under review. This increase was attributed to the better response rate in 2016 compared with 2015, and also the legislative changes in 2015 and 2016 that required private Adult Education and Training (AET) centres and skills development providers to register as private colleges. (DHET 2018: 64)

Report 191 qualifications saw an increase of over 100% from 2015 to 2016. Occupational Qualifications and Other also saw increases of close to 100% year on year over the same period. The 2016 statistics also reported that “[over] the period 2010-2016, all qualification categories recorded increases in student enrolment except Occupational Qualifications which recorded a 14.1% (5 303) decrease (from 37 582 to 32 279)” (DHET 2018: 66). However even a cursory glance at the trends suggests that just prior to the Joint Communique 1 of 2012 that excluded private skills development providers offering qualifications and part-qualifications on the occupational qualifications Sub-Framework from registering with DHET (essentially the reverse of the 2016 communique), the Occupational Qualifications category was at 58 400. The Other category (which at the time, 2013, was over 65 000 if one excludes the Report 550/NSC qualifications) reflects mainly skills programme or part-qualifications from the Occupational Qualifications Sub-Framework and was also higher than in 2016. It is thus likely that as the impact of the Joint Communique 1 of 2016 started to be reflected in the statistics for private colleges; also, these two areas will increase even further than the 100% increase from 2015 to 2016.

### Conclusions on Macro Context

In this section previous studies (Akoojee 2005, Blom 2011, Kraak 2012 etc.) and statistical data generated by the DHET (2013, 2014, 2015, 2016, 2017, 2018) on the further education and training sector and particularly, private providers in this sector has been summarised and discussed. What is apparent is that despite the long history of private provision of education and training in South Africa, it is not well captured in the statistics of the government departments responsible for overseeing it. The way in which the data is generated, i.e. based on respondents within the small cohort of registered private providers, makes the subsequent calculations and conclusions on staffing, effectiveness, efficiency, pass rates and a range of other areas open to multiple interpretations. Thus, rather than contribute to this confusion, this summary has sought to highlight the need to generate more complete information on this sector. It has also illuminated the possible implications of the more complete data that are likely to come through if the current registration process is carried through. Perhaps the most significant insight from the data trends is that it is likely that the private further education and training sector is substantially larger than current statistics suggest. It also appears that it is playing a far more significant/ expanding role in the Report 191 qualifications than was previously assumed. Given these insights, the following interview data and related discussion provide important perspectives on the experience and role of private further education and training provides within the broader framing of the NSDS III.



## The micro and mezzo contexts

In order to develop a more nuanced picture of the experiences and role of private further education and training practitioners and organisations during the period covered by the NSDS III, six interviews were conducted. The interviewees were selected based on their ability to provide a range of perspectives. The intention was not, in this short study, to get a representative sample or to provide a comprehensive picture of the private skills development sector from all perspectives. Rather it was to, from a few quick interactions, identify recurrent themes or unique insights, and to provide some pointers towards areas that have worked well or require further attention with regard to private skills development provision under the NSDS III.

To provide context to the interviews, some detail on the background of the interviewees is offered here. It must be noted that the interviews were conducted anonymously to provide a safer and more open space for comment and reflection. I have thus used letters and numbers to identify the quotes below. These correspond to the following contexts. Two interviews were conducted within an artisan training institute, one with a senior manager (AT1) and another with an owner (AT2). This company was established in the 1980s and was significantly rebranded and expanded in 2012, as the NSDS III was taking effect. The company currently employs over 80 staff and trains 1200 to 1400 artisans per annum. A third interview was conducted with an experienced skills development practitioner (EPP1) who has established or supported the establishment of more than ten private training providers in the non-profit and for-profit sectors. Current work by this practitioner includes the establishment of a community-based training academy linked to a successful land claim involving over 3 200 households. This academy is currently also offering training to other community and commercial groups nationally and securing funding through SETAs and the NSF. This practitioner is also the director of a successful skills academy that is implementing programmes for corporates using both state and private funding. Two other interviews were conducted with experienced skills developers. The one has worked in the field of accredited training since 2005 and has since 2014 provided professional consulting services to people working with the SETAs and to private skills developers more broadly (PPS). The fifth interview was with a skills developer who has since the 1990s provided very specific skills training that links to compliance in the transport sector (EPP2). This practitioner has used this experience to support the SETAs, to engage with DHET on behalf of private providers and most recently, to support private providers to navigate the new registration requirements of DHET. Finally, an interview was conducted with a manager within DHET responsible for overseeing the current registration process (DH). It is hoped that the statistical data along with the insights offered by this small but experienced group will provide an insight into the experiences and role of private providers under the NSDS III.

Given the diversity of perspectives and insights offered by this group, it became more useful to cluster the insights around particular themes that emerged from the interviews and that aligned to particular aspects of the NSDS III. The themes include issues of quality assurance, accreditation and registration. Also important was an understanding of the different forms that private providers take and the different kinds of education and training offerings they provide. Beyond the individual institutions, the NSDS III focuses on partnerships and collaboration between public and private institutions working with post-school education and training. Examples of this collaboration are shared as well as the opportunities and challenges associated with this kind of interaction. All of the above is influenced by the kinds of business models developed by private providers and the sources of funding.

### Competition and a Licence to Operate

Around the launch of the NSDS III, the Minister of Higher Education and Training was very vocal about his criticism of the SETA system, the channelling of money through the SETAs to private providers and the

need to support the development of the public FET Colleges. The implications of this narrative were not lost on the private providers many of whom were contracted through the SETA system to provide skills development programmes in South Africa. Many private providers felt directly threatened by these narratives and in this context quality assurance, accreditation and registration became sensitive issues that were perceived as both positive and negative hurdles that controlled access to scarce funding.

In a Business Day article from 2012 entitled *SETA billions must pay for colleges – Nzimande*, then Minister of Education, Blade Nzimande is quoted as saying that “the billions of rand allocated to sector education and training authorities (SETAs) must be diverted from private service training providers to further education and training (FET) colleges” (Gernetzky, 2012). The article went on to claim that Nzimande said “the quality of skills training provided by some private providers borders on ‘criminality’” (ibid.). Nzimande, in an interview with Freeman (2010b) made it clear that “[DHET’s] primary focus is expanding access and improving quality in public institutions...” He went on to say, however, that “[DHET] would also be willing to support a private institution if it was offering a programme aimed at addressing a scarce skill that was not to be found in the public college sector. But this will also be dependent on their forming a partnership with a public institution in order to increase the numbers.” He did, however, include the comment “we mustn’t glorify the private FET sector, because it’s very uneven in terms of quality. There are a lot of fly-by-night institutions” (ibid.).

An article in the Mail and Guardian (Van Rooyen, 2011) at the time entitled “State ‘freezes out’ private skills providers” captured many of the sentiments reflected on blogs and internet discussions used by private providers at the time. The author lamented that “the government department that is supposed to promote training creates obstacles that are virtually impossible to overcome, leaving private providers of occupational qualifications caught between a rock and a hard place”. The obstacles referred to related to quality assurance, accreditation and registration with DHET.

Three themes seem to have become intertwined in the discussion on private provision at the time of the release of NSDS III. The first was DHET’s commitment to build the capacity of the public FET Colleges using funding from the National Skills Levy thus reducing the use of private training providers by the SETAs. The second was a guarded stance towards private provision and the quality delivered by private providers. Linked to the previous point was the quality assurance, accreditation and registration processes which were seen as important for ensuring quality education and training but were at the same time perceived to be unnecessarily complex and difficult to obtain, thus excluding many private providers.

All the above left private providers feeling extremely threatened as was evident in an article entitled “Department tries to allay private provider fears” (Freeman, 2010a) In the article, the author noted that “both Nzimande and his director-general Mary Metcalfe have tried repeatedly to allay the fears of private providers that their livelihoods are being threatened”.

Eight years later, these fears remain. As one of the interviewees asked rhetorically during our interview: “Who are they [DHET] trying to kill off?” (PPS). And with reference to the latest registration requirements, the same interviewee noted: “And this is not the first time it has happened ... and as this is happening, small businesses are closing because they cannot meet the requirements of DHET” (PPS). However, this view contrasts with the view expressed by another interviewee:

I understand what he [Nzimande] was doing. Unfortunately, people tend to panic when somebody says something. I know in the early days when Blade was on about using public institutions everybody was saying he is going to shut private providers. He never once said he was going to shut down private training providers. What he was saying was he wants to focus on upgrading the public facility so that the public has access to them. There is nothing wrong with that. But people

tend to over react ... I don't think that it was ever his intention to shut down private training providers.

Certainly, at the time of the release of the NSDS III, the Director-General of Higher Education and Training was quoted as saying: "I don't really understand where the anxiety comes from: the NSDS document is quite unequivocal that there is a role for private providers. Government has always said that it needs private providers to be active in this area. There is enough work in this area for everyone" (Metcalf cited in [Freeman, 2010a](#)).

While there is certainly enough work, the ability to fund this work is a key consideration for both private and public entities. Interestingly, none of the people interviewed highlighted the changing focus of funding as a critical success/failure factor for private providers. Nearly all mentioned the need to adapt business models (discussed later) and that this provided enough opportunity for the kinds of work that private providers sought to do. Far more problematic seemed to be the impact of quality assurance, accreditation and registration or what could broadly be termed 'the license to operate'.

### Quality Assurance

In the Mission of the NSDS III, it is clearly stated that one of the aims is to "increase access to high quality and relevant education and training and skills development opportunities..." (DHET 2012: 5). In order to fulfil this aspiration of quality education and training, the national Qualifications Framework Act (2008) required that particular quality councils assured the three different qualifications sub-frameworks. Thus, the General and Further Education and Training sub-framework was quality assured by Umalusi, the Higher Education sub-framework was assured by the Higher Education Quality Committee of the Council on Higher Education (CHE) and the Occupational Qualifications Framework was to be quality assured by the Quality Council for Trades and Occupations (QCTO). Although Umalusi and CHE took up their responsibilities almost immediately, the QCTO devolved quality assurance back to the SETAs due to capacity constraints. This has meant that most private providers were quality assured by the Education and Training Quality Assurers (ETQAs) within the SETAs throughout the initial duration of NSDS III. This introduced substantial challenges for the private providers.

The SETAs do not have the skills, knowledge and background to be able to deal with training providers. If you are going to quality assure training providers you must have that sort of background in order to know what sort of nonsense they get up to and in order to give them advice and to develop them ... and essentially the SETA personnel don't have that, so I will say the quality assurance is pretty poor and it is only because of the commitment of the individual training providers, most of whom are people experienced in their own field, they know what they are doing and are prepared to pass it on and to ensure that things are done properly. Unfortunately, the SETAs don't see it that way and it's resulted in tension for years and years and years between the providers and the SETA personnel. (EPP2)

This problem was exacerbated by the tendency of each SETA to develop its own quality assurance procedures. This problem was recognised at the start of the NSDS III with the Minister of Higher Education and Training (Nzimande 2011 cited in [Baumgardt, 2013](#): 37) stating that:

In the 11 years of their existence the SETAs have become known among the general public more for the problems in their governance and management than for what they were established for, which is skills development ... we have 21 skills development systems. Every SETA has operated as an independent entity, with its own systems, policies, constitution, model of skills development and training delivery, and utilisation of funding,

One of the interviewees for this case study echoed these sentiments:

The problem was they allowed the ETQAs and the SETAs to unravel to the extent that they all did their own thing. That should never have happened. ETQAs, and in future the Quality Assurance Partners (QAPs), all need to be working at the same level and against the same criteria because if you don't do that ... I've known some providers that have accreditation over five different ETQAs and at the end of the day they end up having five different quality management systems to satisfy each one. At the end of the day, your focus is being taken away from the training and being put onto how you satisfy everybody's requirements which should never have happened – which is why I like the QCTO idea of a one-stop shop for accreditation but they are still going to have Quality Assurance Partners which will be to a large degree the existing personnel within the ETQAs, they will move across to the QAPs side of it under the QCTO. But they still need to have that consistency – and that is the one thing that has done a lot of damage to the training in this country is the lack of consistency across all of the authorities that were involved. That would go a long way to ensuring that there is a lot more success coming out of the training than there is at the moment. There is way too much focus on things outside of training in order to keep yourself in the market. (EPP2)

This final point was reiterated by another interviewee who directly consults to many private education and training providers on quality assurance issues:

The private providers get audited on a yearly basis by the SETAs. They have to improve their materials on a yearly basis, public colleges don't. ... These private providers are working so hard to comply. 80% of their work is compliance. (PPS)

Although the QCTO is only now starting to take up a more influential role in the quality assurance and accreditation of skills development providers, its influence is being appreciated by the private providers. As one of the interviewees involved in artisan training commented:

I think the introduction of the QCTO and the NAMB have been a good move. We have welcomed it. The SETAs 'lone ranged' too much ... the audits that have been conducted by the QCTO have been very detailed and rigorous. The implications of that are that a lot of the rats and mice that were fly-by-night providers have been shaken out of the market and I welcome that. There were unscrupulous private providers that were abusing RPL and there were false qualifications that were getting into the market place. The QCTO and NAMB have in a very effective way dealt with that. (AT1)

It is also interesting to note that the artisan training institute contacted for this case study had ISO9001 certification relating to the quality management system of the company. A PhD study on issues of quality in the South African further education and training system noted that "having one internationally benchmarked system in place would go a long way to resolving this problem, especially since the costs of ISO9001 depend on the complexity of the business, as opposed to having a one size-fits-all approach as is currently the situation in South Africa" (Baumgardt 2013:192-193). The insights from the above quotes suggest that quality assurance is necessary (though not sufficient) for ensuring that the image of the private training providers is not tarnished by unscrupulous providers. However, the current diversity of requirements and the apparent insensitivity to differences between providers is resulting in a significant burden on smaller private providers.

### Accreditation

Closely linked to quality assurance is the process of accreditation of private providers. Private skills development providers who offered qualifications or part-qualifications on the Occupational Qualifications Framework were required by the Skills Development Act (1998) to be accredited by the

SETAs. The National Qualifications Act (2008) stipulated that the QCTO has the authority to quality assure and accredit skills development providers who offered qualifications or part-qualifications on the Occupational Qualifications Framework. However, due to capacity constraints within the QCTO it devolved quality assurance and accreditation back to the SETAs. This has meant that most private providers are accredited with the SETAs. This situation is currently undergoing a transition as more Occupational Qualifications are registered by the QCTO. However, there is much 'legacy qualification' and unit standards based training that has not moved over to the occupational qualifications of the QCTO. This situation means that most private providers are still accredited with the SETAs and certainly this was the situation through most of the NSDS III initial implementation period.

It was obvious from the interviews that the accreditation process differed from one ETQA (the quality assurance arms of the SETAs) to another. There was also confusion about the relationship between primary/ line SETAs, the SETA with whom a skills development provider first registers, and secondary SETAs, or SETAs that control further qualifications or skills programmes that a provider may wish to offer. This complexity has the potential to form a significant barrier to entry into formally accredited training and has resulted in a number of costs and creative solutions.

Although it seems unnecessary in terms of accreditation requirements, a number of the people interviewed noted that some providers are accredited with more than one SETA. What is amazing is that this experience almost echoes a quote in Baumgardt (2013: 51) in which she reports one provider as saying "We've been quality assured by the ETDP SETA, BANKSETA, INSETA, CHE/HEQC (pending), Umalusi (almost finalised)". The complexity and cost of applying for quality assurance and accreditation across multiple institutions with varying requirements would, in most instances, be prohibitive for small businesses, NGOs and other prospective providers. While many of the people interviewed acknowledged that a memorandum of understanding between two or more ETQAs generally makes provision for coordinated roles and responsibilities for quality assurance in case of overlap, it does appear that some confusion still exists in this regard.

Even where a provider is seeking accreditation with one SETA, it can be a challenging process. As one private provider who has set up a number of accredited education and training institutions noted:

I think for the average person, even quite experienced within the SAQA NQF landscape meeting all of the criteria for accreditation and setting up the systems and intellectual property required to run an accredited training company is quite a rigorous and expensive process. For an entrepreneur wanting to start a training company there are a lot of financial and IP hurdles. So having a quality management system will cost in the vicinity of R200 000 and take around 2 years from start to achieving accreditation if starting from scratch. (EPP1)

Again, it is interesting to note the similarity to comments received in the open question on quality assurance cited in Baumgardt (2013: 174). Answers included: "it costs us a fortune in time and money", "costs us many thousands every year" (one provider stated R1 million for the 2011/2012 year) and "my journey to accreditation was costly and traumatic".

The provider quoted above (EPP1) was, however, quick to note that over the years, prospective private providers have found ways of reducing these entry costs. One way was to buy 'off the shelf' quality management systems and/ or course materials. Another was to enter into a relationship with an existing accredited provider.

We managed to find a short cut by forming an MOU with another training provider. It meant that we did not have to have any training material and did not have to have any staff ... because the

other training company already had all of that in place. The MOU meant that we could just start training straight away. The MOU allowed us to access staff and IP. It meant that we got our accreditation in under a year from when we applied and probably cost us under R100 000. It is a route that is used fairly regularly ... an MOU around staff or staff and training materials. Still counted as an accredited training entity. (EPP1)

When asked directly during an interview whether accreditation resulted in quality education and training, one private provider who offers high quality education and training to the corporate sector, had the following to say:

The honest answer is no. It is very easy to get all of the requirements in place. It is easy to do all of that and then run really bad training, and some providers do. They cut corners, they pump numbers, they get up to all sorts of tricks to get good pass marks even though the training itself was shoddy. (EPP1)

This answer seems to be a balanced appraisal between the regular reference to 'fly-by-night' private providers that accompanied many of Nzimande's comments on the subject and the former DG of Higher Education and Training, Mary Metcalfe's hope that "many people – I'd like to believe all – do it [establish training companies] because they are passionate in their work and they know that it is important" (Freeman 2010b). Both within and outside of the private education and training providers, there is a recognition of some unscrupulous providers and it is this recognition that has led to calls for accreditation and more recently registration of all providers. But these processes need to be focused on quality and not take resources and attention into costly and bureaucratic procedures.

### Registration

The Constitution of South Africa (1996: Section 29(3)(b)) requires that an independent educational institution must be registered with the State. A number of changes in the early 2000s including the introduction of the National Qualifications Act and the establishment of the Department of Higher Education and Training resulted in the need for a transitional period culminating in the need for a joint communique from DHET, SAQA, QCTO, Umalusi and CHE in 2012. This communique made it clear that private skills development providers offering qualifications or part-qualifications on the OQF were not currently (2012) required by law to register with DHET. It also noted that in due course, policy would be amended to require such providers to register with DHET. In 2016 a follow-up joint communique was issued by DHET, SAQA, QCTO, Umalusi and CHE that required all skills development providers offering qualifications and part qualifications on the Occupational Qualifications Sub-Framework to register with DHET by June 2017. This date was extended to November 2017 and is currently set at November 2018 although it is likely to be further extended to 2020.

The current round of registration seems to have reignited many of the challenges that private providers have been struggling with throughout the NSDS III and before. When the topic came up in the interviews, the responses included: "That is a nightmare of note. It is beyond all comprehension." (EEP2); "We face threats of R250 000 fines, forced closure and even five-year prison sentences – you cannot put stipulations like that if the SETAs do not notify the providers that it is compulsory" (PPS); "The registration process is a bit of a disaster – the deadline is end of November this year. But apparently there is a two-year processing period" (EPP1). DHET clarified that this two-year processing period was actually to the benefit of private providers as it made possible provisional registration while the private providers gathered outstanding documentation or proof of accreditation.

These general concerns of private providers are backed up with far more specific issues that have been (in 2017) raised in formal communication with the Minister of Higher Education and Training. Many of

these appear to be linked to a failure by the DHET to update registration requirements in line with legislation passed in South Africa since 2006. Some examples include:

- DHET were until recently using the requirements of the Further Education and Training Colleges Act 2006 and the regulations on Registration of Private Further Education and Training Colleges (2007) to guide the processing of the current round of registration. This was confirmed in the interview with the DHET manager who noted: “We are also using the CET Act of 2016 but the regulation is still the old one that is under review.” (DH) “This regulation notes for example that, in terms of eligibility, applicants must be registered as a company in terms of the Companies Act, 1973. However, this Act has been replaced by the new Companies Act (2008) that came into operation in 2011. Despite this, numerous applications have been rejected based on the use of the 1973 Act. This includes the rejection of Closed Corporations and the requirements of Audited Financial accounts when the new Companies Act includes Closed Corporations and also has different financial reporting requirements based on a company’s Public Interest Score. Following submissions to DHET on these issues, the Minister responded in a letter dated 08/08/2017 (i.e. after the initial closing date for registration). In this letter the Minister noted that “the Department will henceforth accept and process applications for registration from SDPs that are registered as Close Corporations ... as the Companies Act 2008 acknowledges existing Close Corporations as Juristic persons.” (Nzimande 2017). In addition, the Department acknowledges that it will accept financial reports as allowed for in the Companies Act 2008. The letter concludes with the comment: “I hope the relief granted above will go a long way in ensuring that the registration of SDPs is expedited with a view to eradicate the scourge of illegal provision of private education and training in the country” (ibid.)
- Although CCs are now being registered, it was not clear in the initial round of interviews conducted for this case study whether other entities included in the new Companies Act were also being accepted for registration. As one interviewee noted, “but DHET are rejecting the NGOs and SOEs do not have to register and this is unfair as they need to have the same quality. I don’t know why they draw a line and take some providers and not others. We need the NPOs, NGOs and CCs because they do specific skills that are required in particular industries.” This issue was unresolved within DHET during the first round of interviews: “We have just discovered that there are NGOs and NPOs that are offering skills development. Currently we are trying to sort out this issue since they are recognised by other departments such as the Department of Social Development...” During a subsequent discussion with DHET it was clarified that all entities that offer full or part qualifications under the Occupational Qualifications Framework will be required to register with DHET. The communication to this effect was being finalised including an extension of the registration date to accommodate these clarifications.
- Skills Development Providers, many of whom are SMMEs and travel to client’s premises, were being asked for Occupational Health and Safety Compliance audit reports. However, as one of the interviewees who has been engaging with DHET on behalf of private providers notes: “Obviously if you go to the employer’s premises they are not under your control and supervision so why would you need an OHS certificate. But that has all been resolved, they [DHET] have accepted that. One just needs to apply for exemption and provide proof that they go out to employers.” (EPP2) This point was confirmed in the interview with DHET.
- Using the 2006 Act (Section 30(1)(a)) and 2007 Regulations (Section 10(2)(a)) mentioned above, DHET was initially also requiring that “every private college” establish and maintain financial surety in order to meet its obligations to its registered students. However, as the DHET manager noted: “for your financial surety we can exempt them because we know they are not collecting tuition fees from private students. They are being paid by the companies we advise them to apply for exemption.” (DH)

These are just a few of the frustrations that private providers and those trying to support private providers and engage with DHET on the registration process, raised during the interviews. There are many others including this one taken from an official response from DHET to one of the applicants. Referencing the 2006 Act and 2007 Regulations the Acting Director: Private Colleges notes that in order to be registered as a Private College, it must prove that it is accredited by the Quality Councils to offer continuing education and training programmes. The letter goes on to note that the applicant had submitted uncertified copies of accreditation reports. And then “although the applicant is not required to submit an accreditation report to the Department, it remains the responsibility of the applicant to ensure that such accreditation reports are directly submitted by quality councils to the Department” (Kutumela 2017).

It must be noted that DHET are very aware of these concerns and are currently reviewing the registration requirements while also allowing applicants to apply for exemption from the financial surety and OHS audits. However the submission of accreditation from SETAs remains a challenge that is slowing down the registration process. “But really the QCTO must submit the accreditation reports because we are trying to avoid forged accreditation reports.” (DH)

In references to the challenges outlined above, one of the interviewees had the following to say:

We have been fighting for the SMMEs and we are trying to get a meeting with Buti Manamela (Deputy Minister). DHET are sending providers emails saying it is not your responsibility to say you are accredited but it is your responsibility to get your SETA to confirm it with the DHET. But the SETAs do not want to play ball. So, no one is going to be registered because the SETAs are not going according to the requirements that are stipulated by DHET – they do not want deal with them. (PPS)

These developments from 2018 stand in stark contrast to a recognition at the start of the NSDS III that the existing regulatory system was complex and problematic. Both the National Planning Commission (2011: 268) and the DHET (2011: 19) acknowledged that more effective and enabling legislation was needed. In the subsequent interview with DHET after presentation of the first draft of this case study it was again confirmed that DHET are aware that there have been some challenges but that an imminent round of communication would clarify and address any remaining concerns. In order to ensure that any challenges or misunderstandings did not prejudice private providers who were required to register the registration process would again be extended to 2020.

### Collaboration

Despite the challenges faced by private further education and training providers, all of the people interviewed for this small case study expressed a commitment to collaborating with government departments, public TVET colleges, other private providers and employers.

One example highlights the recognition that post-school education and training is systemic in nature and that public and private providers along with employers need to work together within this system. The following extended quote from the interview with the senior manager and owner of an artisan training institute gives an insight into this kind of collaboration:

We raised money through the Master Card Foundation and we have been training TVET staff. We don't see them as competition to us. A critical part of providing technical training is the service around the training. It is not just the outcomes on the shop floor ... if you look at the kids who are being signed up into apprenticeships most of them have barely scraped through maths or have been pushed through and then they land up at a training centre and our instructors have to battle to get them up to par. So we saw that as a major problem and we approached Master Card to help us to provide a professional development opportunity for TVET lecturers. It's all about the



greater good – making a difference. The people who have come have got so much benefit. You must see the reports they write. (AT1)

One of the owners of the artisan training institute went on to note that private providers are very focused on servicing industry as their clients. These relationships could benefit skills planning:

We would love to partner with government to do a needs analysis and through partnerships with other providers link to industry and find out what industry needs. This could be a highly efficient model and run at a low cost. We are through our training and collaboration finding a solution for the unemployment rate – but we need to ensure close alignment between industry need and training. This requires a continuous evaluation between government/ industry and trainers. (AT2)

A final example from the artisan training institute relates to the potential for collaboration around assessment. The point was made that INDLELA as a trade testing site was not operating very efficiently and that there were substantial delays in getting trade tests. This has an impact on apprentice's opportunities for jobs and salary increases.

Trade testing centres should not be treated in a frivolous way. A trade centre is a very important benchmark or standard that needs to be maintained. The problem is that trade testing is very expensive and we actually run it at a loss in order to provide the service to our clients. So, in my view if INDLELA was run efficiently with well qualified staff, a centralised national testing environment would be a good thing. Industry may however reject this because the level of trust between government and business is particularly low at the moment.

Throughout the interviews there were many offers by the private providers to work with government to, for example, update the registration requirements to align with current legislation, or to work with SETA staff to develop a joint understanding of quality in particular specialist sectors. While some interviewees felt that their offers fell on deaf ears, others noted that the DHET had responded positively to submissions made on the registration of CCs and the need for financial accounts.

Underlying all these comments on collaboration was a recognition that “80-90% of the private training providers are SMMEs and the government is trying to support SMMEs. A lot of these companies have been in business for 20-25 years and you would be wasting valuable resources if you simply shut them down” (EPP2).

### Business Models

By far the majority of the risks and challenges expressed by the private providers interviewed, related to quality assurance (or the lack of quality assurance), the cost and complexity of accreditation and most recently, the challenges associated with registration with DHET. When asked about the challenges associated with the diversion of funding to public institutions that was such a burning issue at the start of NSDS III, most of the respondents showed that they had been able to find new business models and thus continue to contribute to education and training in South Africa. There were however hints that other companies had suffered as a result of their reliance on SETA grant funding. Unfortunately, without access to reliable statistics on the sector, it is difficult to make an assessment on the impact on the private further education and training providers. The following quotes provide an insight into the diversity of business models being pursued.

The first quote is from the artisan training sector, a sector that the NSDS III made a strong commitment to supporting.

All of our competitors are either closing or scaling down. Many of them were heavily reliant on government funding and SETA contracts. Our model is completely different. We service industry

– we don't rely on the grant system, although our clients do, so indirectly we rely on it but not directly. Our approach has been to provide quality training to industry – we bill them weekly and they pay – we don't have to wait for grant funding before we get paid. We are still in a profit situation – we have not had to retrench but we are the exception to the rule. And it's because of the change in the funding and the approach. The private providers have been heavily penalised because of the DHET pumping all of the money into the TVET. (AT1)

The second quote relates to a community owned training academy that is closely linked with a successful land claim and the subsequent establishment of a number of community owned businesses. This training provider services the larger community business; however, its aspirations (and some existing contracts) are to generate income by offering education and training services to other community initiatives. Its biggest risk is that DHET does not at present seem to be registering Community Based Organisations and thus may not register this entity. This would make it difficult to tender independently for government or other training contracts. At present however, it works with SETA and NSF funding but through the larger community holding company.

With regards to SETA funding there are a whole lot of systems for getting a small amount as a mandatory grant (for small companies not even worth it). Bigger companies that have proper skills systems in place and SDFs are obviously claiming the mandatory grants, but it really is a tiny amount. Then there are the discretionary grants. We have had a lot of success getting discretionary grants through [the academy] because [the academy] is the training arm of [the larger community company] and it has 140 employees and pays the skills levy. So every year we have put in a discretionary grant application and since 2015 every year we have received discretionary grants. There are a lot of opportunities to get discretionary grant funding. Those opportunities are more in favour of employer companies than private training companies so like [the training academy] we apply as the employer – we just happen to be both the employer and the provider at the same time.

Another approach has been for private training providers to focus their attention on the 6% of payroll that is allocated to skills development within the BBBEE scorecards.

All of our learnerships that we have implemented so far have been funded through that 6% funding. We have a relationship with a company that supports companies with their BBBEE accreditation. They draw up plans to help corporates with their skills development spend, their enterprise development spend and all of the various aspects of the scorecard to get the best BBBEE rating that they can. This company then sends learnerships to private providers. They are just looking for places to place learners. We currently have 36 learners on learnerships funded through two large corporates as part of their BBBEE skills development spend. 6% of the payroll of the corporate sector is huge compared to 1% for skills levy with all of the complexity of claiming the NSF funding. I think a large amount of money will be going into skills development ... it has not even peaked yet. The one thing about the corporate skills spend is that it is not biased against private providers in the same way that government is. And secondly corporates are just looking for quality and if you can provide that quality ... We put articles on the website – lots of exposure and interaction – and they are loving it. So, if we keep building those relationships then there is access to an annual spend. It is not a once off – it is an ongoing relationship and ongoing funding. (EPP2)

It appears that rather than competing for the money being distributed through the SETAs, private providers are differentiating their offerings and finding niche markets. This does not mean that they have

not been negatively affected by the focus on public FET colleges. But it does appear that they are able to survive by offering high quality education and training to a range of clients.

The problems that TVET colleges have is that they do not have close links with industry. It is very difficult for them to foster those links because they are not focused enough. We make it our business to be highly focused. And to pay attention to our customers' needs and to design training interventions that meet those requirements. As a result, a lot of private providers are highly specialised. And that specialisation translates into improved productivity for our clients. We see our role as creating capacity in our clients' businesses. We have become very good at that. We are committed to setting standards and improving national productivity and creating real jobs for youth. As private providers we believe we can make an enormous contribution. (AT1)

## Conclusion

Despite the long history of private sector involvement in post-school education and training in South Africa, little mention is made of private provision in the NSDS III. When questioned about this at the time, the DG responded that little direct reference was made to private providers "because their participation is assumed" (Metcalf cited in Freeman 2010b). It is also possible that little mention is made of the sector because, in fact, very little was known about the sector. From studies done in 2005 and 2011, it is clear that the regulatory and statistical authorities had not managed their record-keeping and information management to the required standard. This had resulted in a very poor understanding of the private provider sector. Blom (2011: 10) confirmed these findings and suggested that a "common approach to data generation, collection and analyses in the future" would help the regulatory authorities to get a clearer picture of the sector." A review of the statistical records released annually by DHET for the period 2011 to 2016 suggests that these recommendations were not taken on board and that the understanding of this sector is as unclear as it was at the start of the NSDS III.

There was also substantial recognition at the start of the NSDS III that one of the major challenges faced by the private post-school education and training sector related to quality assurance, accreditation and registration. The Green Paper on Post-school education and training was explicit in noting that "the regulatory system must be streamlined, to ensure that accreditation and quality assurance requirements strengthen educational institutions, without becoming barriers for them" (2011: 19). The National Development Plan (NPC 2012) is also clear that private providers have an important role to play in post-school education and training (295). It goes on to note that "Post-school education in South Africa is governed by an array of legislation and institutions. There is duplication, overlap and, at times, incoherence and inconsistency. The quality assurance framework is complex, with overlapping directives and on-going contestation between different quality assurance bodies ... The complexity and overlaps in the regulation and quality assurance system need to be addressed" (2012: 323-324). No mention is made in the NSDS III of this regulatory challenge directly although there was a commitment to get the SETAs onto a "common framework provided by the Department". This appears to have had little effect as private providers continued to be challenged by diverse, complex, overlapping, expensive, ineffectual and unclear requirements related to quality assurance and accreditation. Of great concern to private providers at present is the requirement that private skills development providers offering qualifications and part qualifications on the Occupational Qualifications Sub-Framework must register with DHET. This process was initially poorly communicated to private providers and was informed by legislation and regulations that are at least 10 years out of date. These issues are, according to DHET personnel, currently being addressed internally and an external communication is being planned to clarify a number of issues that have emerged.

Despite these challenges, all the people interviewed from the private provider sector (including those supporting private providers to navigate the regulatory requirements) were committed to working with government, public providers and employers to make the system work. There was honest acknowledgement that there were unscrupulous providers and that the accreditation processes, if well managed, could contribute to higher quality provision in the sector. However, when poorly managed, these same processes were diverting attention and resources from quality provision and into bureaucratic processes or even a disengagement with the quality assurance, accreditation and registration processes.

Although it is difficult to quantify the impact of diverting the skills levy funds from private providers to public FET Colleges, anecdotal evidence from the small number of interviews conducted suggests that private providers are developing a range of innovative and niche business models. These business models are built on the provision of quality and custom-made courses, often for very specific groups of clients that are accessing both skills levy and BBBEE linked funding as well as direct investment in skills development. These private providers appear to be less threatened by shifting funding regimes than they are by registration requirements that they feel threaten to exclude them from tendering for contracts in the public, private and community-based sectors. DHET have provided assurance that the issues related to the registration process are currently being addressed and that an extension of the registration date is imminent.

### Insights from this case study

- The limited role ascribed to private post-school education and training providers in the NSDS III, despite their long history of contributing to skills development in the country, misses an opportunity to, at the very least, create an enabling regulatory environment which would assist the establishment and development of private providers to meet the burgeoning needs for education among the South African population.
- The way in which statistics on the sector are gathered and presented in the DHET annual statistics on the post-school education and training sector has provided extremely poor data for assessing the size or contribution of the private further education and training sector. What is clear, and becoming clearer in the current round of registration, is that the statistics significantly under-represent the size of the sector.
- Skills development providers that provide quality services welcome effective regulatory frameworks including quality assurance, accreditation, registration and partnerships. These regulatory frameworks guard against poor quality providers who jeopardise the reputation of good quality providers.
- The private providers operate in a quality assurance regime that is ambiguous, unresponsive, complex and ever-changing. This acts to exclude would be entrants, limit innovation and pushes up the cost of skills provision.
- The current round of registration of private providers (as per the Joint Communiqué 1 of 2016) has been poorly communicated to private providers, was initially based on outdated legislation and regulations, and was initially being selectively implemented. A new round of communication, not yet released at the time of this study, will, according to DHET address a number of these challenges while also extending the registration period to 2020.
- The private education and training community remain committed to working with government, public FET colleges, other private providers and employers to contribute to education and training in South Africa. Many of the offers for collaboration mentioned by the people interviewed had, however, not been taken up.

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