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21 September 2018

The Director-General: Higher Education and Training
Attention: Mr MZ Ngubane

By Email: NewSL@dhet.gov.za

Dear Director-General,

COMMENTS FROM EMPLOYERS TO THE PROPOSED NEW SETA LANDSCAPE (GG 41856, 22 AUGUST 2018)

We appreciate the opportunity provided to give comment on the proposed National Skills Development Plan (NSDP) and the extension that was granted to enable us to carefully consider the text and consolidate the input of our constituency.

About Business Unity South Africa

Business Unity South Africa (BUSBA) is a confederation of business organisations including chambers of commerce and industry, professional associations, corporate associations and unisectoral organisations. It represents South African business on macro-economic and high-level issues that affect it at the national and international levels. BUSBA's function is to ensure that business plays a constructive role in the country's economic growth, development and transformation and to create an environment in which businesses of all sizes and in all sectors, can thrive, expand and be competitive.

As the principal representative of business in South Africa, BUSBA represents the views of its members in a number of national structures and bodies, both statutory and non-statutory. BUSBA also represents businesses' interests in the National Economic Development and Labour Council (NEDLAC). Internationally, BUSBA is a member of the International Organisation of Employers (IOE), the Pan-African Employers' Confederation (PEC) the Africa Employers' Group and the Southern Africa Development Community (SADC) Employers' Group. BUSBA is also the official representative of business at the International Labour Organisation (ILO), the African Union (AU) Social Affairs Commission, B-20, the Organisation for Economic Cooperation and Development (OECD) and World Trade Organisation.

REGISTRATION NUMBER: 2014/042417/08

PRESIDENT: Siphon M Pityana **VICE PRESIDENT:** Martin Kingston **CEO:** Tanya Cohen **NEDLAC CONVENOR:** Kaizer Moyane
DIRECTORS: Busi Mavuso, Cas Coovadia, Christopher Campbell, Deidre Penfold, Gwarega Mangozhe, Joe Mwase, Maria Ramos, Roger Baxter, Stavros Nicolaou, Vusi Khumalo

Executive Summary

BUSA welcomes any and all opportunities to develop a fresh and more inclusive vision and approach to skills development in our country and, importantly, one which would have the full support of both ourselves and government and thereby significantly increase the contribution made by business in this very critical area. BUSA held a significant number of workshops for business representatives in a consultative process on the NSDP (IV) and SETA Landscape Review, which included representatives from a number of companies not affiliated to BUSA. A broader consultative base was engaged owing to the national importance of the skills development system, with at least five hundred (500) business representatives reached through the Constituency Capacity Building and Advocacy (CCBA) project during 2017. To this end, BUSA members put forward their views on what would constitute an effective skills landscape for South Africa.

Principles:

Business understands and acknowledges the principles, but we see no evidence that the principles that have been outlined are adhered to in terms of the proposed mergers.

1. Fit for purpose

Although we agree with the need to align skills development strategies with national priorities and industrial policy framework, Business is unable to ascertain what the Department of Higher Education and Training means when referring to a SETA Landscape that is fit for purpose. Business is of the view that there needs to be common objectives of what each SETA should be doing.

2. Comprehensive coverage

No special interest SETAs- Business is of the view that this has not been applied consistently as SASSETA, CHIETA, ETDP SETA, CETA are special interest SETAs. The system does not easily allow for inter-SETA transfers and this should be allowed if the principle of removing special interest SETAs will continue to exist. There needs to be a greater harmonisation between legislation. The SETA system must be an enabler to support legislative requirements.

3. Viability and sustainability

Business believes that financial viability can be supported through shared services across the SETAs. Business has evaluated two options with regards to the SETAs:

	Pros	Cons
Option 1: Abolish SETAs and return to the drawing board	<ul style="list-style-type: none">- Honest acceptance that the approach is over-ambitious- Paves way for new government-stakeholder dialogue	<ul style="list-style-type: none">- Politically difficult, requiring 'courageous' decisions- Loss of expertise

	<ul style="list-style-type: none"> - Interim arrangements to safeguard current training - Chance to re-invigorate TVET 	<ul style="list-style-type: none"> - Continuation of the levy might be drawn into question
<p>Option 2: Abandon the 'one size fits all' approach and strengthen SETA model in sectors where it works</p>	<ul style="list-style-type: none"> - Builds on strengths - Allows for concentration to look into skills needs and organisation of sectors where SETAs have failed 	<ul style="list-style-type: none"> - Creates uncertainty

We support the concept of mergers however we believe that option 2 is the most suitable option at the current point in time to deliver a demand led skills landscape that meets the needs of the economy.

4. Value chain and value proposition

It is unclear as to how the related functions are defined. Every SETA has the same functions in terms of the SDA. Does the gazette have a different meaning? It is unclear how the generic occupations which cut across sectors are addressed e.g. management, accounting, tradespeople.

The NSDP states that the purpose of SETAs is to “encourage skills and qualifications in occupations that support economic growth, encourage employment creation and enable social development”, the SETA gazette however, has a sectoral focus. Business is unclear as to how the above principals marry with the proposal. Business would like to caution against cross-subsidisation.

Business believes that the functions of the SETAs should be:

- To produce timely labour market information;
- To act as a bridge/catalyst between employers and training providers to articulate skills demands and training needs and to promote workplaces for learning, including the approval of workplaces for training;
- To support the development of occupational standards and the design of qualifications.

Business is in principle not opposed to mergers and believes that where carefully structured it can deliver greater efficiency. However, the proposed mergers do not lend themselves to that outcome. We agree with Minister Pandor’s remarks in Parliament on 22 September 2018, stating:

“I have said to the department we need to think more carefully. Mergers are not the solution to the challenges that are confronting us.

"There are serious problems of governance, poor regulation, [and] there's too much independence with determining the use of funding," the minister said.

The SETAs needed clearer and better rules governing how they were run, including the process of appointing CEOs. Minister Pandor said the relationship between many of the SETAs and the private sector needed to be improved, to bolster the chances of people finding jobs."

Any re-organisation will necessitate adjustment costs in time. It would be far better in our view to focus on efficiencies within the current SETA structure.

Concluding remarks

A simple response to the DHET SETA Landscape proposals is difficult, as the implications of the changes to SETAs have far-reaching implications. The above issues outline our key concerns with the revised SETA Landscape. We remain committed to working closely with DHET in and outside of NEDLAC to develop a framework that will deliver to our collective aspirations of economic growth, employment and transformation.

Kind regards



Tanya Cohen

Chief Executive Officer

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