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## **Proposals for the New National Skills Development Strategy and the Sector Education and Training Authorities' Landscape.**

On 10 November 2015, the Minister of Higher Education and Training published proposals for changes to the functions and organisations of Sector Education and Training Authorities (SETAs) and to the allocation of Skills Development Levy Funds. Stakeholders were invited to comment on the proposed changes by 29 February 2016. (Government Gazette, 10 November 2015, No 39386)

As it currently stands we are still operating within the parameters of the existing legislation governing skills development and the associated skills levy payment.

The process which has been placed in motion by the release of the *'White Paper for Post-School Education and Training: Building an Expanded, Effective and Integrated Post-School System'* in January 2014, will take some time before legislative changes will be made. It is therefore proposed by the Minister that the SETAs be re-established for a period of two years and that the current National Skills Development Strategy III also be extended for a further two years.

It is therefore only envisaged that changes be implemented in 2018.

### **What is being proposed?**

The Minister's proposals fall into three broad categories; namely:

- Sector Education and Training Authorities;
- Skills Development Levy; and
- National Skills Development Strategy.

In terms of Sector Education and Training Authorities the key proposals include:

- SETAs should be located directly under the DHET for purposes of a centralized management function.
- SETAs should be renamed Sector Education and Training Advisory Boards (SETABs)
- SETABs will be required to help learning/training institutions to identify what is required by the workplace in order for SETABs to assist learners in finding workplace-based learning opportunities.
- SETABs should become permanent structures and no longer only exist for five-year term periods
- Scope of SETABs will remain the same as per SETAs
- Twenty-one (21) SETABs remain, although individual mergers may be required, the reason for this is to avoid major disruption to service delivery and to avoid creating bigger sectoral bodies which will result in greater distance between the management of the institution and the companies served.
- Functions such as skills planning, funding and quality assurance should be centralized under the DHET to end the varying processes and contractual arrangements which exist between the SETAs.

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In terms of Skills Development Levy, the key proposals include:

- The proposals will mean a shift in skills levy income from the SETAs to the National Skills Fund, and increased ministerial control – although the National Skills Authority will retain its notional role to advise on the ‘funding windows’.
- The Mandatory Grant will become known as the Workplace Skills Plan grant and SETABs will be responsible to quality assure and support the submission of accurate data.
- The Discretionary Grant will become known as the Sector Specific Grant and to ensure better coordination of the skill fund to support the National Development Plan, 80% of the Sector Specific Grant will be located in the National Skills Fund.
- The National Skills Fund will allocate funds directly to the Quality Council for Trades and Occupations.
- The National Skills Fund manages that share of the levy funds historically known as the PIVOTAL grant.

The proposed skills levy distribution vs. the existing distribution is depicted below:

100% Levy	Current levy/grant system	Proposed levy/grant system
20%	National Skills Fund	National Skills Fund
10%	SETA Administration	SETAB Administration (% to be reviewed given changed functions)
20%	SETA Mandatory grant to employers	SETAB Workplace Skills Plan grant
0.5%	SETA allocation to QCTO	National Skills Fund to QCTO
20% of 49.5%	SETA Sector Discretionary grant	SETAB Sector Specific grant
80% of 49.5%	SETA PIVOTAL grants	National Skills Fund (ring-fenced)

In terms of the National Skills Development Strategy (NSDS) IV, the key proposals include:

- There is a disjointed approach between employers making use of specific job-descriptions vs. qualifications being issued by learning institutions. There is a need for common language to be used by all stakeholders which speaks to occupations. It is proposed that both job descriptions as well as qualifications should be mapped to occupations and the ‘language’ to be used should be that of the Organising Framework for Occupations (OFO).
- It is proposed that NSDS IV speak to four levels of output targets, i.e. the first being major occupational bands of the OFO, the second level providing detailed occupational priorities informed by the National Scarce Skills set (itself informed by sectoral targets). The third being targets set to have the learner entering the skills development system and progressing through to completion and lastly, the fourth level being the implementation of strategy for each priority occupation.

The proposed new landscape is a significant evolution in the institutional landscape and one which therefore requires significant consideration among stakeholders. What is to follow now is a final policy paper which will be published by the Minister of Higher Education and Training, which will hopefully include some considerations made by stakeholders on the draft proposals. Once the final policy paper is published, legislative changes will be required.

Regards

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