Thinking 'out the box' by thinking 'in the box': Considering skills development: Challenges and recommendations

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Preface

This paper explores the Skills Development system which covers the full spectrum of qualifications and learning programmes across the 10 levels of the NQF. However the focus of the paper is on the development of intermediary level occupational skills.

It should also be noted that in considering the challenges facing the skills development system, many of the examples relate to the engineering and construction artisan development pipeline, as this has been a primary area of focus, research and intervention, across stakeholders – government, employers, labour and education/training/ skills development institutions and providers and it therefore offers valuable insights into both the challenges in the system as well as ways in which these challenges can be ameliorated.

The challenges are however applicable across occupations, skills development interventions and NQF levels and the paper locates these examples within the broader context in order to generate a vision for skills development and specific recommendations which apply widely across the system.

Other points to note regarding this paper is that it is acknowledged that there are a number of institutional and strategic decisions taking place in the skills environment. DHET is currently restructuring itself to consider how it can most effectively support skills development as a department and there are also a number of changes such as the very recent launch of the QCTO. For this reason this paper is relatively silent on the challenges that it is suggested have already been recognised and addressed – for example the problems that are associated with the way in which the NQF was implemented and the implications that this has had on skills development. This is explained by the reality that recent developments which have superseded the debates about the efficacy of the structures related to the NQF: that is, with the launch of the QCTO these structures are all in the process of being phased out. The paper also does not make a comprehensive evaluative comment about the new structures and the proposed processes and procedures as it is suggested that this would be premature because the system has yet to unfold in any real way. The paper therefore only makes reference to intentions and possibilities related to these developments. This recognition of changes that are about to be introduced is carried throughout the paper with evaluative comments being made as to whether these proposed changes appear likely to be able to address the challenges highlighted in this paper.

The final caveat associated with this paper is that it is recognised that any focus on skills development must take the nature of the economy into account. This is only obliquely referred to in this paper as it is beyond the scope of this paper to fully address. However it is emphasised that in reading this paper the need to understand the extent to which both skills training and the choices that are possible for learners post-training are dependent on the opportunities that

are actually available to learners across the system.

1. Introduction

The shortage of skills in South Africa has become a core issue in discussions on economic growth, service delivery, social development and productivity. In addition to skills shortages being at the heart of many government strategies and featuring in two of the Medium Term Strategic Framework priorities, the media also continues to highlight the extent to which these shortages are increasing and the ways in which they are adversely impacting on productivity and growth.

The skill shortages continued, and in some cases escalated, despite the implementation of the Skills Development Act in 1998 which was intended to provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African existing and future workforce. It was intended that the Act would achieve this by putting in place a number of mechanisms to address skills demand, such as

- learnerships that would lead to national recognition of competence reflected in occupationally related qualifications registered on the NQF

- the levy-grant financing scheme which would serve to incentivise employers to take on more trainees and ensure that those employers who do not train effectively make a contribution to the training of the workforce

- the expansion of employment services

This continued "skills crisis" led to a decision to launch JIPSA in 2006 as it was argued that the AsgiSA goals would not be realised unless interventions were urgently put in place to identify and address blockages and constraints in the skills development system and accelerate acquisition of priority skills. The JIPSA Report (March – December 2006) states that "*... there is overwhelming evidence that addressing the skills shortage is one of the most critical interventions that will make a major difference in achieving the remaining AsgiSA objectives.*"

The report further explains that it was agreed that the growth path that is envisaged by AsgiSA, "*... depends in part on resolving the shortage of suitably skilled labour. South Africa lacks sufficiently skilled professionals, managers and artisans,*" and it was therefore agreed that there was a need for a, "*short- to medium-term troubleshooting approach towards skills challenges."*

The JIPSA focused on ways to accelerate the skills that were identified as critical to the achievements of the AsgiSA objectives and this period saw focused attempts by business and government to leverage additional resources to improve the number and quality of provision in these sectors.

While JIPSA reports reflect some progress, it notes that many systemic issues remain unresolved

and that there is a need to ensure that the focus on increasing the quality and quantity of intermediate and high skills remains foremost on the country's agenda. However, the JIPSA experience illustrates that any attempt to fast track delivery will ultimately be undermined if the larger system challenges of fragmentation and inefficiency are not addressed.

This paper explores these key challenges and considers the nature of the interventions that could be put in place to address these changes in the medium- to long-term within the context of a clear vision for skills development. It does this by taking the approach that what is needed at this conjuncture is more 'thinking out the box by thinking in the box" – that is by exploring what has been put in place and considering how strengthening this could take us towards the system that we ultimately wish to build.

2.   An analysis of the key issues impacting on achievements

This section considers the major challenges from a whole systems perspective and identifies some of the key thematic issues for the skills development system going forward. The challenges are organised in terms of the flow of learners through the system, the institutional imperatives and the strategic imperatives.

The paper does not focus on change at the level of policy as it is suggested that the broad framework provided for in the existing legislation already allows for the vision and recommendations to be implemented. Given this understanding (that the recommendations made here can be implemented within the existing frameworks), and the view that it is critical that policies are actually implemented and then reviewed prior to revisions to these policies being made, this paper suggests that, with regards to policy the key imperative is to create some form of system stability and continuity. This emphasises the need to implement the policies that have been adopted, to monitor the extent to which this is leading to the anticipated outcomes and impact and to then consider whether revisions are required.

2.1   Supply: The flow of learners

This section considers the flow of learners taking into account the pool of pre-employed young people that are available to enter skills development programmes as well as the actual flow of learners through the skills development system.

Supply antecedents: Quality and quantity of schooling graduates

The skills development system is premised on the assumption that the schooling system will produce graduates with the requisite foundational skills so that these individuals are 'more employable' and 'more trainable'. Theory argues that the supply of individuals that are

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'more trainable' will increase the propensy of employers to invest in training due to perceptions linking skills acquisition by better schooled employees with higher levels of productivity and employer competitiveness.

However, according to the Baseline Study of the Department of Education, Intermediate Phase Systemic Evaluation Report (December 2005) six out of 10 South African learners in Grade 6 are not achieving in the language of learning, and eight out of 10 are not achieving in mathematics ("achieving" means scoring 50% or better in a Grade 6 assessment task). In another evaluation, the SACMEQ Reading Mastery, the results in Grade 6 in 2005 were that 35.1% of learners reached a minimum level of mastery, whilst only 18.4% reached a desirable level of mastery[1].

In addition, statistics highlight the large number of young people that leave school with a Grade 9 but without attaining a Grade 12. Figures provided by the Council for Higher Education Transformation (CHET) suggest that approximately 420 000 young people leave school in Grades 10 and 11 annually and that there is an additional figure of 160 000 young people that do not pass Grade 12. This means that over and above the difficulties that young people that pass Grade 12 may have with mathematics and communication there is also a large cohort of young people that have not successfully completed Grade 12 and that are likely not to have the requisite competencies.

These statistics indicate deep and ongoing problems in resolving the apartheid legacies in education and pose a real challenge to the successful provision and acquisition of occupational qualifications.

Supply antecedents: Quality and quantity of FET college graduates

A further challenge confronting the system pertains to the shifts in programmatic offerings of the public FET colleges. Historically FET colleges were providing the N programmes which enabled learners to acquire national training certificates that gave them a theoretical basis aligned to the requirements for apprenticeship programmes and entry into the trade. With the announcement by the Department of Labour (2000) that apprenticeships would be phased out in favour of learnerships a concomitant decision was taken by the Department of Education to discontinue the N programmes as it was anticipated that the learnerships would offer integrated theory and practice which would render the N programmes irrelevant. However, the NQF qualifications against which the learnerships were to be offered took longer to be developed than anticipated and, the assessment process built into these qualifications did not align with the trade test. This meant that very few learners managed to complete a learnership and then undertake the trade test. This in turn meant that the phasing out of the N qualifications left a

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1   This data and the resulting analysis is drawn from Gustafsson, Martin. 2005. Mathematics performance and value for money in education: Not just a problem in historically disadvantaged schools,

real gap in the supply route that the learnerships have not yet been able to address.

The Department of Education introduced the NCV as the core offering of the FET colleges in 2007. The NCV programmes focus on the provision of general vocational education and training to pre-employed young people. However, as it is a three year period the supply of learners from these programmes have taken some time to come on stream (2009 was the first year in which there were NCV graduates). In addition, while early days, there are concerns regarding the throughput of these learners and there are likely to be a small number of graduates for quite some time. While it is anticipated that these graduates will be able to undertake an accelerated artisan training programme as they will have covered much of the knowledge and some of the practical components of the curriculum associated with the occupational qualification, the points highlighted in this section emphasise that there may only be small numbers coming through this route in the short term.

Supply: Challenges within the skills development system at the intermediary level

This section considers the challenges inherent to the skills system and considers these with respect to the needs of those pre-employed, the unemployed as well as those already employed.

Skills development becomes the vehicle to fix the problems with supply

The previous section highlights the challenges relating to the supply of pre-employed learners into the occupational stream. The key result of the deficiencies in the schooling and FET college system has been large numbers of learners who lack the requisite mathematics and language skills. This absence of these foundational skills appears to have contributed to a number of difficulties in the skills sector.

First, learners who struggle to successfully complete the fundamental components contributes to the low levels of throughput of learners undertaking registered learning programmes (apprenticeships and learnerships). These poor throughput and completion rates create real inefficiencies in the system. In 2007, the skills development system spent R3.96 billion on 98 588 unemployed and employed learners in skills programmes, resulting in a significant average spend per learner per annum of approximately R40 176. With an average completion rate of 34% for all learnerships this implies system "wastage" of up to R2.61 billion[2]. This is directly as a result of the low levels of acquisition of these skills in the schooling system.

Second, to address these deficiencies SETAs were given the responsibility for facilitating the provision of ABET and for learning programmes that included the fundamentals if learners wished to achieve a qualification. This placed substantial pressure on SETAs to venture into areas

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2   Resolve Group

for which they have little specialised capacity with the consequence of a loss of focus on the development of skills for the workplace[3].

Weak provider system

The skills system is characterised by a high level of fragmentation in provision which is difficult to monitor and leads to high levels of inefficiency.

In the first instance there are large numbers of *private providers and private training centres* that have been accredited in the system but the system does not have the capacity to effectively and efficiently quality assure their provision. Part of the inefficiency emerges from the large number of quality assurance bodies – CHE, UMALUSI and SETA ETQAs – that have accredited such providers. There is also a lack of standardisation in ETQA policies, practices and requirements across the different SETAs, which further exacerbates inefficiencies.

Further, given the focus on the NCV, within the FET colleges, as outlined above, there was an absence of any public provider network supporting skills development. This created real pressure on employer-based training centres and some private training centres which were geared to meeting the specific skills of industries and in many cases had to be expanded to offer the core components of the qualification as well. Related to this, there is some evidence that these centres are oversubscribed and that they do not have the capacity to provide core and specialised skills training opportunities at the scale required.

Related to these previous points, there is also the concern about the limited capacity to provide quality assessment: while it is generally agreed that it is not practical to implement all assessments at a centralised trade testing centre such as INDLELA, there are also real concerns about standardisation of quality where the final point of assessment for an occupation is too widely distributed.

Limited range of programme offerings

There are also concerns relating to the appropriateness of the programmes provided and specifically, the level of flexibility of this provision. For example, attempts to increase the numbers of employed people in training have been made difficult by the demands of production or service delivery and the difficulties in releasing people from the workplace for training. This issue is illustrated by the reality that the number of employed learners that participated in learning programmes funded by discretionary grants is only around 1% of a formal sector workforce of

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3   Singizi, SETA Performance Report, 2007

nine million (2007)[4]. This is particularly so with regards to employees within small businesses.

There are also concerns, from the limited research that is available, that suggests that training provision to unemployed persons (outside of apprenticeships and learnerships) has had mixed results in respect of its appropriateness, quality and relevance to employment and self-employment opportunities.

Limited workplace opportunities

A further challenge, relates to the difficulty of ensuring that there are sufficient *workplace learning opportunities* for the numbers of individuals who need to complete their occupational qualification. This appears to relate to concerns about the demands that are placed on these training centres regardless of whether they are offering nationally recognised training or workplace experience resulting in some employers being reluctant to offer these opportunities. Further, there have been increasing indications from employers and employer associations that there are shortages of suitably qualified and experienced people to supervise learners in workplaces. These shortages are attributed both to the productivity demands of the workplace and to the reality that there is an aging skilled workforce in some occupations.

Long delays in the development of occupationally directed qualifications

Finally, there are challenges with regards to the *acceptance and credibility of the occupationally-directed qualifications* that are currently registered on the NQF. Particularly with respect to the trades there continues to be uncertainty about the status of the qualifications registered on the NQF and whether these enable learners to undertake the trade tests. For this reason the trade schedule has remained the key route to realising a trade status and while there has been some clarity provided in terms of the different routes to trades that are possible there continues to be a different set of assessment activities for a NQF qualification and for the trades. The skills development system is undergoing a qualifications and curriculum change in respect of the introduction of the occupational learning system and qualifications framework and within this there are proposals for a single occupational qualification with related curricula and assessment criteria that can enable learners (undertaking a trade related qualification) to qualify as an artisan if they successfully complete the assessment activities. However while some qualifications have been developed as per the guidelines developed by the QCTO (when it was not yet launched) there have been delays related to the generation of the new trade occupational qualifications under the QCTO which appear to relate to questions of who should drive this process and the way that the different components of the system should relate to each other[5]

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4   Resolve Group
5   At the time of writing this article the QCTO had been launched but had not yet had a meeting of the Board. Draft policies and regulations have
     still to be reviewed by the Board which could further delay the development and registration of the QCTO occupational qualifications.

Determining the impact of the system

The final challenge raised in this section relates to the complexities of measuring impact of the system. Despite the implementation of two NSDS's, which report on numbers accessing training, there is insufficient data to indicate whether the system has contributed to lifting the skills base. This absence of a comprehensive monitoring and evaluation system is discussed in Section 2.2 of this paper and is considered to be a real challenge to the ongoing development of the system.

Challenges with respect to skills development at the professional level

Challenges in the quality of schooling graduates have already been highlighted as a major concern and this also impacts adversely on the throughput rates in university and university of technology programmes. The extent of this problem is highlighted in JIPSA research which noted that the throughput rate for engineers from South African institutions "is around 65% at our top institutions and about 20% at some others. Comparable throughput rates at East African, Indian and United States institutions are around 80–90%"[6].

These throughput issues in turn created a challenge in terms of the numbers of graduates that successfully exit higher education in scarce skill areas and that are ready to enter the work experience component of their programme which is required if they are to attain their professional registration.

However, the JIPSA Engineering Pipeline Project (engineers, technologists and technicians) demonstrate that through a number of strategic interventions it was possible to increase the number of graduates without increasing the number of enrolments. This was achieved through interventions to improve quality and to ensure that the system operates more effectively and efficiently. This suggests that while the possibility of enrolment increasing over time should be planned for, the priority is to improve capacity and throughput prior to simply increasing the numbers entering a particular programme"[7].

The challenge that then remains for the skills system is to ensure that there are sufficient numbers of work opportunities available for these graduates to enter in order to complete their work experience prerequisite for professional registration. In this regard similar challenges to those highlighted previously pertaining to accessing sufficient numbers of work opportunities remain. This is coupled with the real difficulty in ensuring that these graduates receive the necessary supervision and mentorship to enable them to fulfill the requirements of this phase as set out by the relevant professional body.

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6   Increasing the supply of Engineers, Built Environment Professionals, Technologists and Technicians – A Jipsa Proposal October 2006 p.2.
7   JIPSA Engineers, Technologist and Technicians Close Out Report, October 2009.

Difficulties associated with moving through the system

As part of the supply continuum it is critical that attention is paid to how people move through the system, that is, how graduates move into the labour market and the level of mobility that individuals have within the labour market. There is a real challenge with respect to individuals entering the labour market with research emphasising concerns relating to the challenge that is created by limited networks. The Public Employment Services have had limited success with regards to the placement of job seekers, and similarly centres established by Umsobomvu (which is now NYDA) can show little evidence that they have been able to place young people successfully. Research suggests that the longer an individual spends out of school and out of work the more difficult it becomes to enter the labour market. This highlights the imperative to ensure that individuals are able to move seamlessly through the system.

2.2 Institutional architecture

In addition to the challenges associated with the flow of learners, there are also significant system challenges related to the institutions that have been established to steer and fund skills development activities. In particular these challenges relates to the performance of SETAs and the extent to which these structures are able to ensure that the training that takes place is consistent with both sector and national priorities as well as that of the National Skills Fund.

Sector Education and Training Authorities (SETAs)

The SETAs were established in 2000 in accordance with the provisions of the Skills Development Act (Act 97 of 1998, clause 9) to cover discrete national economic sectors. In respect of the Act (as amended in 2008, clause 10, abridged), SETAs are required to:

a) Develop a sector skills plan within the framework of the national skills development strategy

b) Implement its sector skills plan by:

- establishing learning programmes

- approving workplace skills plans and annual training reports

- allocating grants in the prescribed manner to employers, education and skills development providers and workers

- monitoring education and skills development provision in the sector

c) Promote learning programmes (apprenticeships, learnerships and skills programmes) by:

- identifying workplaces for practical work experience

- supporting the development of learning materials

- improving the facilitation of learning

- assisting in the conclusion of agreements for learning programmes

d) Register agreements for learning programmes

e) Perform any functions delegated to it by the QCTO

f) When required to do so as contemplated in section 7(1) of the Skills Development Levies Act, collect the skills development levies, and must disburse the levies, allocated to it in terms of sections 8(3)(b) and 9(b), in its sector

g) Liaise with the National Skills Authority on:

- the national skills development policy

- the national skills development strategy

- its sector skills plan

i) Liaise with the provincial offices and labour centres of the Department (of Labour) and any education body established under any law regulating education in the Republic to improve information:

- about placement opportunities

- between education and skills development providers and the labour market

j) Liaise with the skills development forums established in each province

However, despite, or maybe because of these numerous functions, reviews of SETA performance[8] have highlighted a number of concerns relating to the manner in which the SETAs fulfil their responsibilities. These include:

1. Multiple objectives and responsibilities

In addition to the multiplicity of objectives set out in the Act, a review of documentation suggests that the SETAs have been given additional responsibilities – often outside of their sphere of influence or capacity – in successive versions of the National Skills Development Strategy. There has also been an ongoing lack of clarity about the SETAs primary beneficiary focus – employed, unemployed, pre-employed.

With the promulgation of the amendments to the Skills Development Act (2008), the scope of SETA responsibilities and functions will be reduced by the removal of accreditation and

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8   Singizi, 2007; NEDLAC, 2007

certification requirements, allowing SETAs to focus on the quality of structured work experience and learning.

2. Complexities in terms of determining skills demand within national and sector labour markets

At establishment, sector skills planning was focussed on identifying labour market trends and putting strategies in place to address priority skills demand areas for their sectors, in consultation with stakeholders. The complexity and lack of experience in labour market analysis coupled with the requirements for setting specific targets as reflected in the NSDS and the adoption of the Scarce and Critical Skills Lists (from 2005), has added to the difficulties of SETA SSP development. Recent changes to the SSP format and the adoption of the Organising Framework of Occupations could assist in establishing a more coherent framework for the SSP. However, major challenges remain in the research and processes required to support reliable sector skills planning.

In particular it is noted that substantial shifts such as the global financial crisis in 2008 and the consequent recession in South Africa impact on demand and highlights the complexity of determining demand with any accuracy beyond determining broad trends. Adding to these difficulties are challenges with information systems, including data collection, analysis and reporting particularly in respect of progress made against priorities in respect of support for quality skills development interventions.

3. Limitations with respect to the grant system as a steering mechanism

Finally, there are also ongoing concerns regarding the extent to which SETAs can use the SSP and demand information to steer supply, particularly where they have been made responsible for the achievements of targets outside of their areas of expertise, for example the issue raised previously, that SETAs became responsible for facilitating the provision of ABET and foundational learning. Having to fit within the broader parameters of the NSDS and what has come to be perceived as a "one size fits all" approach to target setting has had the effect of the NSDS indicators and targets overriding sector priorities with SETAs focusing on NSDS and SLA requirements to the detriment of sector skills development requirements.

Further, while mandatory grant payments by SETAs over the period 2005–2009 reflect that on average 73% of registered employers within the skills development landscape are claiming and receiving mandatory grants, there is insufficient evidence to indicate whether this reflects training undertaken in terms of priorities developed within the SSP or if this training is simply the repackaging of training that employers would carry out regardless of the levy-grant system.

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This is considered to be a particular concern given the evidence that large amounts of monies are already being spent by business over and above the levy system: a study completed under the auspices of BLSA highlights that[9] the 76 companies that provided financial data account in the survey accounted for over R3.9 billion investment in education and skills over a 12-month period. This amounted to a spend on average of 3.76% of payroll on education and skills, in addition to the 1% skills levy.

These figures question the value of the mandatory grant *if it is not encouraging specific forms of training* for those companies that are already spending more than 1% of their payroll on training. It is noted that this argument does not apply to those companies not training as the levy ensures that they are at least contributing to a central pool of funds for training: it is therefore argued that there continues to be value in these companies contributing. This question, about the value of the mandatory grant if it is not steering the training provided in the system, is increasingly being considered and there is a suggestion that the purpose of the mandatory grant should change, and with this the basis for claims would also change. This needs careful consideration as this could result in a further accumulation of unspent funds and may also impact on the ability of the SETAs to plan if they no longer have an incentive for employers to submit their WSPs (which is considered to be a concern notwithstanding the view that in some sectors these WSPs are not completed in a credible manner).

With regards to the discretionary grants, indications are that by the end of 2008, about 25% of the SETAs had poor discretionary grant payment records and around 50% of SETAs had large and increasing surplus reserves. Further, there are concerns about whether the discretionary grant funding is being used in a purposeful manner to leverage programmes that employers would not naturally offer or support because of the medium to long term nature of these programmes and the short-term productivity/service delivery focus of most employers. This includes the need to both enable individuals to access this training, and the possibility of incentives that would encourage employers to train in these areas although it is not in their short-term plans. The concerted effort relating to artisan training highlights the possibilities of exploring joint ways of increasing training for the medium term – but there continues to be a need to consider how discretionary funding can be levered to increase these numbers even further.

However, it is emphasised that the challenge of ensuring that the grants steers training more effectively, must be coupled with the need to tackle the concern raised previously that the training "market" is oversubscribed and that until we expand the quality and capacity of training

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9   Singi—i, August 2007: Commissioned by the NBI: Sample size 89 companies

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providers (including FET colleges) we cannot in fact spend any more money on training. If we consider the previous points made relating to the limitations with regards to expanding workplace experience opportunities (they are stretched to capacity) then the issue becomes even more complex.

4. Governance and financial accountability

Research suggests that poor corporate governance (SETA Board responsibility) has undermined the strategic focus as well as the management and operational effectiveness of SETAs.

The fiduciary duties of the Boards and Executives of SETAs have been confused with the critical importance of stakeholder participation in the strategic activities of SETAs, where the latter is essential to the demand led character of training systems. This has resulted in the worst of both worlds – poor corporate governance of SETAs and inadequate strategic focus on demand-led skills development.

Further, the studies suggest that fiduciary governance in many SETAs has been poor. There is evidence of gross negligence and weak financial accountability and oversight in certain SETAs; lack of documentation for NSF income and expenditure; significant variations in SETA senior staff remuneration; lack of qualified senior management; and inadequate performance management.

5. Administration

Administrative systems and procedures are not standardised across all SETAs, making it difficult to effectively govern institutions and to leverage synergies between SETAs. The multiplicity of HR, financial and information gathering/data and reporting systems means that there are no unified standards to which institutions can be held accountable. While the SLAs with SETAs set out requirements for SETAs in respect of quarterly reporting requirements, there are no sanctions (outside of a low score) for SETAs that do not comply.

6. Provider support

As indicated previously, provider capacity in the skills development system remains a challenge and SETAs have largely not seen it as their role to facilitate the upgrading of provider capacity for sectors. A particular problem is the capacity to provide appropriate training for small and emerging enterprises that is also properly integrated with other small business support mechanisms.

7. Qualifications design and development?

This paper has already highlighted the confusion relating to the qualifications available: this includes uncertainty about the relationship between the qualifications generated through the

NQF and the trade schedule. Further, while the establishment of the QCTO is seen by many to be a positive development as it offers the opportunity to streamline quality assurance processes so as to improve the credibility of the qualification as well as the chance to generate a qualification which has as its exit point an assessment which represents the successful completion of the qualification, as well as where relevant the completion of the trade test.

The National Skills Authority

The National Skills Authority (NSA) includes business, labour, government and community and has a mandate to advise the Minister of Labour on matters pertaining to skills development. The NSA has not really come under the spotlight, in the way that SETAs have, and in fact there has been some uncertainty as to its role. The formation of JIPSA is however, an implicit but very loud comment on the NSA as it suggested that the NSA could not effectively address blockages relating to skills development. The changes in national government mean the reconstitution of the NSA and a chance to ensure that any similar structure has a clear purpose and that there are appropriate levels of representation on such a structure.

The National Skills Fund

The media, NSA, Treasury and national stakeholders have also raised numerous complaints about the NSF system including ineffective disbursement and monitoring systems. The core complaint has centered on the accumulation of unspent funds within the NSF: A review of the use of NSF revenue shows that the estimated 2007–2008 revenue was R1.56 billion, committed expenditure for that year was R1.27 billion, but actual spend was only R641 million. The level of unspent funds was reportedly around R2.6 billion as at the end of 2009. However, other areas of concern are also that the NSF, as is the case with the SETAs and the NSDS tries to work nationally, provincially and locally and directly support a range of sectors which it has little knowledge of and experience in, for example, the NSF will directly allocate monies to each individual Expanded Public Works Programme (EPWP) project rather than allowing DPW to manage this process as part of its existing processes. Similarly, the NSF will directly fund enterprise development programmes and will provide monies to Provinces to do this rather than allocate the monies to the bodies in government that support SMME development as a comprehensive package which includes, but is not limited to, training.

2.3 Strategic framing of skills development

This section reviews the extent to which the strategic documents which guide the imperatives for these institutions operate supports a coherent approach to skills development. It specifically focuses on the extent to which the NSDS creates an enabling environment for skills development and locates this within the discussions about the Human Resource Development Strategy.

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National Skills Development Strategy

Successive National Skills Development Strategies (2000–2005, 2005–2010) have been criticised as being focussed on targets, reflecting a wish list of national stakeholder requirements and a balancing of different interests, rather than providing a strategic focus for skills development intermediaries.

The lack of clear allocation of responsibilities and the broad manner in which indicators are framed has led to confusion and delays in implementation as well as in reporting achievements. For example, indicators pertaining to learning programme enrolments and achievements for both employed and unemployed learners, including new entrants, are aggregated against a national target and include both learning programmes which result in the award of occupationally-directed qualifications (learnerships and apprenticeships) as well as learning programmes which result in the award of one or more credits (skills programmes). SETAs are thus able to achieve the target through supporting skills programmes only and the actual number of learners benefiting from enrolment in learning programmes is thus open to questions of relevance and appropriateness to sector and national skills demand.

Further, the NSDS has typically included targets that relate to work taking place across government departments. While this is critical as skills development is cross cutting in nature the extent to which the responsibilities for realising these targets have been understood to remain within the departments with the relevant mandate has been questioned in numerous documents. Instead the emphasis has been – and this is reflected in the way in which the NSF operates as discussed above – that the custodians of the NSDS are responsible for ensuring that all the targets contained within the strategy are met.

National Human Resource Development Strategy

South Africa has had a National Human Resource Development Strategy in place for many years: however its relationship to the NSDS has not been well defined and departments have not been held accountable to this strategy. The newly formed National Human Resource Development Council (March 2010) will presumably have as one of its first tasks the responsibility for finalising this strategy and for developing mechanisms to ensure coherence across sectors and players responsible for aspects of human resource development. In his address to the inaugural meeting of the HRD Council, Deputy President Kgalema Motlanthe, noted that the HRD Council has been set up and established:

1. To contribute towards the attainment of our national goals which include reducing poverty and unemployment, promoting justice and social cohesion and improving national economic

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growth.

2. To provide an environment which promotes optimal participation of all stakeholders in the planning, stewardship, and monitoring and evaluation of human resource development activities in the country.

3. As a medium for constant dialogue and consensus building among all of us as stakeholders, on all matters related to human resource development.

4. As a coherent institutional mechanism for the various human resource initiatives. We would lead the implementation of a joint initiative of government, organised business, organised labour, civil society, research and academic community, higher education institutions and to accelerate the provision of human resources of the country.

He further noted that as "HRD spans several domains, i.e. education, labour market, industry and society... problems that are intrinsic to these domains cannot be reduced to one institution or policies of one government department or institution. The scope and importance of human resource development dictates that its success depends on the contribution and participation of all social partners and the primary responsibility of developing policies and providing the necessary human resource lies with the respective line departments and social partners."

This reinforces the need for the NSDS to be focused and to consider its contributions to the overarching strategy. Within this context it will be critical that the NHRDS does not also replicate the challenges inherent to the NSDS and simply exist as a wish list for all things: rather it needs to ensure that the different components of the system are doing what they should be and then consider where the challenges are with regards to how the different components align with each other. It is this latter point that is so critical as it relates to the tendency for strategies to be developed in one component which are reliant on others yet little cognisance is taken of whether this is possible and how this alignment can be given effect.

3. Towards a 20-year vision: Medium- to long-term interventions required

This section of the document provides a vision for the skills development system. It then considers the kinds of recommendations that are required if this system is to be achieved building on the work that has already begun. This approach has been adopted as it is suggested that what is required is an incremental approach to change which builds on the developments that have already taken place and that is aligned with the overall systems vision.

It is suggested that improvements should be closely monitored over this period, and a medium term review conducted in 2015–2016 to ensure that these changes are moving towards the vision,

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and to identify additional recommendations and improvements. A comprehensive review of the system should be properly planned and conducted in 2020.

This will enable the system to stabilise and deliver the outcomes and outputs identified and ensures that the constant focus on policy review, commented on previously, rather than on policy implementation and operational delivery will become a background activity conducted through ongoing monitoring and evaluation activities rather than being a focus of role-player activity, often resulting in a slow down in training and skills development activity.

3.1   Vision

This section outlines a 20-year vision for the skills development system taking into account the different elements highlighted in the previous section.

Skills demand trajectories

There is a need for credible and reliable labour market and skills demand intelligence as a precursor for improving the skills development pipeline. A reliable demand trajectory is required to know what the occupational growth and skills demand trends are, in order to guide the determination of priorities for the skills development system, guide learners and provide signals to the provider system for planning and learning programme development considerations.

This vision assumes that there is *increased intelligence available as well as sophisticated dialogue between national and sectoral economic, skills demand and supply stakeholders in the system* and that the system has the capacity *to run scenarios to assess different possibilities and examine trends over time*, in order to be able to adapt to any changes and shocks to the system such as economic downturns/growth periods, technological advances, etc.

A more detailed analysis of the intelligence that is required to support this vision is articulated in the Sector Skills Planning Guide. The Guide suggests the need for a system which can support credible and reliable labour market and skills demand trends research that provides:

- An overall and sector/subsector analysis of economic and social trajectories, employment and labour market trends, polices and priorities.

- An analysis of skills demand, disaggregated by sector and subsector, occupation and labour market segment.

- An analysis of skills supply in and to the sector including an analysis of the current workforce as well as the supply pipeline (particularly focused on TVET and Higher Education enrolments and achievements and including an analysis of enrolments

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and achievements through registered learning programmes – apprenticeships, learnerships, skills programmes and internships). Analysis of the current stocks and future flows of priority skills in key learning pathways, and labour markets should be undertaken on a subsector and occupational basis and then aggregated across the sector.

▪ Analysis of supply against demand trajectories and identification of scarce and priority skill requirements.

The Guide further indicates that this analyses would need to be complemented by engagements by the SETA with sector stakeholders to review desk research and validate priority skills and that based on this process , a high level strategic skills development plan for the sector should be prepared by the SETA which should be agreed upon by the representative stakeholders. The extent to which this shift towards strategic priorities can be realised will be important for ensuring that there is an understanding of the occupational areas that national funding needs to support.

Diverse programmes that recognise target group specificity

Given the challenges highlighted related to the different target groups and their varied needs it is suggested that the skills development system must be one that ensures that the strategies, systems and mechanisms that are implemented take the particular needs of the different target groups into account. This includes broadly the following target groups:

▪ Pre-employed (young people leaving school who are either uncertain of the specific occupation that they wish to enter as well as those that are ready to directly enter an occupational learning programme)

▪ Unemployed (youth, long term and retrenches)

▪ Underemployed (informal sector)

▪ Employed

Further, the programmes need to accommodate the varied needs of learners within these four broad categories. This suggests that it will be important that the system continues to expand the different delivery and programmatic options that are available in a way that recognises that these different target groups are likely to have different needs regarding learning styles as well as with respect to modes of learning. Thus the system must consider ways in which different programme offerings can be delivered as well as establish different funding streams for these programmes.

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Foundational learning in place and is accessible

The vision for foundational learning rests on the successful achievement of the interventions that have been put in place in the Basic Education system to improve the standards of foundational learning and achievement required for further and higher education, training and skills development.

However, it is understood that ensuring quality schooling is a very long term project and that the imperative for the skills development system may lie with the successful implementation of the Foundational Learning Certificate (FLC) introduced by the QCTO and the SDA (as amended) as well as possibly the development of a bridging programme that addresses additional foundational learning required. This would allow the skills development system to focus only on those fundamental skills directly related to the occupational qualification over and above the generic fundamentals provided for in the FLC and a possible bridging programme.

However, it is noted that there have been delays in implementing the QCTO and the Foundational Learning Certificate suggesting that the system will continue to face the challenges associated with the SAQA fundamental learning requirements and the ABET curriculum. This issue is addressed in the short term recommendations contained within this document.

Increased role of public providers in the development of occupational skills

The design of the occupational qualifications, as envisaged, will provide all role players with a benchmark for the design of courses for both the knowledge component of the qualification as well as the practical skills component. *It will be critical that there is an increased role for public providers in the delivery of these components and recent policy statements are positive in that regard.*

This suggests that a priority for the system is to ensure that as soon as the occupational qualifications are developed (and unless this happens much of the rest will fail) there is a need for materials development to take place in line with the curricula that has been developed and with provider (institutional) capacity requirements.

Critically this will necessitate a careful review of the current capacity of the FET colleges so as to maximise the capacity that is in place and to establish what support the colleges will require to allow for the provision of both the general vocational programme (NCV) to be offered as well as these courses that are specifically designed within the occupational qualifications[10].

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10   Note that these comments assume that there will be a relationship between the NCV subjects and the knowledge and practical skills components of the occupational qualifications. The details of this, as well as the exemption arrangements that may need to be put in place are not provided here as it is assumed that it is dealt with in more detail in the paper considering the FET System.

Improved quality of provision

Coupled with the previous section, there is a need for a vibrant provider network that can offer the anticipated diversity and quality of skills programmes. This should include both the private and the public provider network and suggests that over and above the efforts to improve the capacity of public providers there is a need for increased emphasis to be placed on improving the quality of the private providers. Implicit in this discussion is the need to ensure that there is a credible and accessible assessment system in place.

This requires a strategy for addressing the capacity of these providers. It also assumes a quality assurance system that is able to pick up red flags, that quickly identify where providers are offering programmes of a low quality, and then take the appropriate action. It is suggested that given the large number of providers this approach of building quality and ensuring that the monitoring system has indicators that alert the QCTO to any problems, may have more impact than attempting to tightly quality manage these diverse providers which experience suggests is both inefficient and ineffective.

Access to workplace structured learning increased

The experience of the JIPSA programme demonstrated that, with sufficient national attention from the relevant stakeholders (government, organised business, organised labour) and role-players (SETAs, providers, employers), coupled with good project design and implementation mechanisms, access to additional workplaces for structured work experience and accelerated skills development can be achieved on significant levels.

Mechanisms, including financial incentives to support and encourage increased employer participation in providing structured work experience for skills development will need to be a priority going forward. Further, ways in which quality can be assured while minimising the level of bureaucracy imposed upon workplaces will need to be sought.

Improved placement mechanisms

There is a need to enhance employment services so that different target groups can receive support with respect to accessing the labour market or in the case of individuals that are undergoing retrenchment that there is a mechanism in place to find alternative employment.

The current levels of public employment service cannot on its own address the needs of the large pool of unemployed. Recent research undertaken by the HSRC introduces the possibility of involving the Private Employment Agencies in the placement of target groups that are more difficult to place. The possibility of improved matching of job seekers with opportunities offers

benefits to employers and studies carried out at a local level suggest could lead to a sustainable opportunity being created.

This report highlights, and this is reinforced by international studies, the possibilities of introducing voucher schemes to incentivise private placement agencies to become more centrally involved in placing these "hard to place" target groups.

Institutional factors: System and implementation accountability

This paper has highlighted a number of institutional challenges related to the SETAs, the NSA and the NSF. This paper, argues that in order to understand the issues that have bedeviled the SETAs, one has to examine how the fractured origins of the system, driven by stakeholders with varied expectations of skills development, has led to a legislative framework with multiple purposes. This, then combined with the challenges in relation to the current skills pipeline, translate into what is argued is an unrealistic scope and mandate for SETAs[11].These relate primarily to two factors: the scope of their mandates and the challenge of poor performance coupled with limited accountability.

There is a critical need to ensure that the scope of these institutions is narrowed: with regards to the SETAs it is acknowledged that since this challenge was highlighted there have already been decisions made to reduce their roles and the advent of the QCTO with the concomitant phasing out of the ETQA role of the SETAs assists in this regard. It is suggested in this paper that this streamlining work should ultimately result in SETAs being primarily responsible for sector skills planning and for implementing funding mechanisms that assist to steer the system in terms of this demand. This assumes that there is clarity about the role of the mandatory and discretionary grant.

This also requires of SETAs that they establish whether there are providers that can meet the demand at the level of quality required. Where this is not the case a strategy to support improved provider capacity needs to be developed that involves a partnership between SETAs and DHET.

Further, there is a need to ensure that the NSF is then structured in a manner that ensures that the skills needs of those sectors that fall outside of the SETA scope are effectively supported. This involves a vision of a NSF that effectively and efficiently spends its monies.

Critically there is a need to ensure that these institutions are held accountable for their performance. This assumes that there is a clear framework for monitoring and evaluating the work of these structures and that there is sufficient will to take actions where structures do not perform as per their mandate. Critically this also assumes that these structures have the necessary authority to take decisions within their mandate to ensure that stakeholders take these processes

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11   This argument is consistent with the one made by the author in a paper prepared for CDE: More or Less: SETAs and their role in skills supply, Singizi, June 2007

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sufficiently seriously to participate at the right level.

Systems integration – The National Human Resources Development Strategy

The National Human Resources Development Strategy (SA) is to provide the strategic framework for human resource development activities in South Africa. This leaves the third National Skills Development Strategy (2011–2016) – which is to be announced in October – November 2010 – free to focus on the particular contribution that the central skills' development institutions such as the SETAs and the National Skills Fund, under the governance of the NSA, could make and be held accountable for. This should then also reference the specific responsibilities of DHET as the department driving the strategy and of other departments that may have responsibility for certain aspects of the skills development strategy (such as DoL for employment services).

3.2 Recommendations

This section provides the key recommendations for the short- to medium-term and again focuses on the elements outlined in both the challenges and the vision contained in this document. It focuses on the areas in which there is a need for urgent intervention and emphasises the need for a driver that will mobilise key players to come behind certain initiatives and programmes so as to create a focus and attract resources to critical areas. This should be undertaken in a manner that identifies and overcomes barriers to implementation.

3.2.1 Credible and reliable skills demand information and analysis: Multiple inputs, one integrated analysis

There is a need to support initiatives that are currently in place to improve sector and national skills demand and supply information and analysis. Specifically this would require that there is national agreement on labour market demand modelling, including the limitations of such modelling system. This requires:

- The development of consensus amongst all social partners on the requirements of such models, especially for balancing short-term with medium and long term demand trends and the lead times required for quality skills development

- The sources of data that are available (critically this would include a revision of the WSP process to ensure that the data provided is credible and accurately reflects the needs of companies)

- The role of consultation in both providing an analysis of broad trends and within this context to verify strategic skills development priorities emerging from the data analysis process and to consider the implications of these for planning processes.

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The short-term recommendation needs to focus on reaching agreement with social partners about the level of analysis that should be undertaken and the kinds of trends that should therefore be reported.

In the medium term there should also be an effective system for gathering, capturing, analysing and reporting on data in place which can be tested over a sufficient period of time to ensure the system is able to effectively track trends and indicate where the demand is. The manner in which this system will assist to steer demand should also be outlined and agreed upon.

In the longer-term, the planning system should guide skills interventions, and should support strategic engagement amongst social partners on the kinds of skills interventions that should be supported and the manner in which this will be resourced.

3.2.2 Multiple beneficiaries, programmes and providers: Ensuring quality and appropriate matching

This aspect of the paper suggests a need for a vision of the size and shape of the post-school system. The paper makes the argument for the system to support different types of programmes (including programmes that may ultimately be phased out as the quality of basic schooling improves and the levels of participation and the completion rate of learners in Grades 10, 11 and 12 increases) and to make the purpose of these varied programmes explicit to learners. Further, there should be a clear indication as to how they meet the needs of different learners, the broader society and the world of work. There is also a need to understand how these programmes relate to each other. There is also a related need to ensure that there is an effective network of providers available to meet these needs. This strategy needs to involve the FET colleges and the private providers:

- Over and above the provision of the NCV there is a need for the FET colleges to play an increasing role in the delivery of the knowledge, and to some extent practical, components of the occupational qualifications.

- There should be an audit of the capacity of each of the colleges and based on the results of this audit a differentiated set of interventions should be put in place to enhance the capacity of management and lecturers and to ensure that the FET colleges are able to offer the diverse range of programmes anticipated, and that they are able to support partnerships between themselves and industry and offer integrated support to learners within the context of these varied programmes.

- It is noted that there is insufficient information about the number and quality of the vast array of private providers to make a clear recommendation as to ways in which quality could be enhanced. There is a need to undertake research to understand the scale of this

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sector, the varied types of providers and the quality of provision that is offered and then on the basis of this information there is a need to develop a strategy regarding effective capacity building of these institutions.

- There is a need to explore ways to increase the number of work opportunities for learners so as to both increase the numbers of learners that access workplace exposure during the NCV as well as workplace experience after the NCV (through an internship or a programme resulting in an occupational qualification) as well as for those learners that enter directly into occupational programmes such as learnerships and apprenticeships.

- Ways in which to ensure that assessment is credible at the point of qualification whilst at the same time ensuring that there is the capacity to minimise delays in accessing assessment and the burdensome costs that can be associated with assessment should be explored.

- Finally, the possibilities for improving the matching and placement of learners completing different programmes so that they can seamlessly make the transition into either further learning or the workplace should be put in place.

In the short term it is noted that improvements in provision are dependent on the different stakeholders establishing how best they can support this collective effort. For example in business this would involve building on existing efforts such as the TSBP initiative and ensuring that business as a whole (including State owned enterprises) as well as the public sector mobilises to create additional workplace opportunities and in support of learners entering the workplace.

In the short- to medium-term there is also a need to agree on certain key programmes that will be offered to the different target groups, the specific purpose of each of these programmes, and the provider that will primarily be responsible for the provision of the programme at this stage. It is noted that this will shift over time as additional capacity is developed in different parts of the provider system – this recognises that real expansion is only possible when there are providers in place that can effectively support this provision at an agreed upon level of quality and where there is clear agreement about the resourcing of these programmes.

With respect to this recommendation, it is noted that they assume that interventions to support the capacity development of providers is put in place (these should consider both management and capacity issues) and that the process of finalising the occupational qualifications is completed: this would assist to frame both the short skills programmes and inform the way in which articulation arrangements between the different programmes could be organised against the distinct components of the qualification.

Critically, given the previous point, in the medium term, the focus should be on strengthening the quality of provision through intensive measurement and monitoring of providers. Providers should be given a set of minimum criteria that they need to reach against an agreed upon standard

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of provision and appropriate support mechanisms be put in place to enable them to reach these with this period of time. It should be noted that this should include the development of assessment capacity both within the providers and in focused assessment centres.

In the medium term, it is suggested that a placement voucher should be implemented which incentivises Private Employment Agencies to support providers to enable graduates to access work opportunities. This should initially be implemented on a small scale to determine its impact and the possibilities for expanding this programme should then be considered based on the monitoring and evaluation data that emerges from this demonstration project.

In the long term, there should be a range of diverse providers offering programmes with explicit purposes and clear pathways and articulation arrangements in place so that learners can seamlessly move across programmes, qualifications and between providers in a way that maximises the efficacy of the system. Further the movement of learners should be tracked and the activities of the providers should be subjected to regular monitoring and measurement against a defined standard.

3.2.3 Foundational learning: Implementing the FLC

It is critical that a target date for implementing the FLC and establishing the associated learning facilitation and assessment capability should be set and closely monitored. This will in turn allow the skills development system to focus on provision that falls within its scope on the assumption that learners have the basic foundational skills that they require.

In the short term, there is a need for a clear indication as to the role that government intends to play in the funding and provision of the FLC to ensure that learners can attain this certificate in a number of different ways.

In the medium term the focus should be on ensuring that the FLC is made available through the network of providers to all learners that will be entering a learning programme;

In the long term the FLC should be available to all individuals that wish to complete their foundational certificate. This should enable these learners to access further learning opportunities if they so wish. In addition there should be bridging programmes available for learners that wish to further learning but that lack the requisite fundamental skills at a FET level.

3.2.4 Developing institutional coherence: Focusing the system

There is a need to move away from the current scenario of loading additional objectives and sub-objectives on to one policy instrument to address system failures in another policy instrument, for example lack of adequate fundamental knowledge through the schooling system being translated into fundamental learning targets in skills development. This loading of objectives dilutes the

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ability of that policy instrument to achieve its primary purpose.

This requires agreement on the primary purposes of different policy instruments and how these are applied across the education, training and skills development pipeline with appropriate allocation of responsibilities and targets. Where there is crossover and policy instruments have the ability to leverage achievements across beneficiaries, these should be clearly identified and delineated.

In practice with regards to SETAs this would suggest that:

- The functions of SETAs should be streamlined so that their primary focus lies with translating the demand that has been established as part of the sector skills process to providers and workplaces. This involves a focused set of activities to steer the system towards the provision of these priority occupational areas as well as incentivising quality workplace learning for new entrants and currently employed persons to gain access to quality, sustainable formal employment and progression in the workplace.

- The previous point emphasises the need for the SETAs to use the NSF (where it is to support the pre-employed or the unemployed to access workplace learning) and discretionary grant to further incentivise workplaces to support these processes. In addition, once sufficient credibility has been established about the way in which these grants are managed, it should then become possible to consider the way that the mandatory grant could be put to better effect.

- NSF should focus on increasing access to quality education, training and skills development for the unemployed and underemployed and should therefore focus on establishing mechanisms to directly fund those agencies that already have expertise in addressing the needs of a particular category of learners. For example, skills training to support employment creation programmes could be allocated directly to DPW and DEAT so that it can be integrated into EPWP programmes. Similarly funding for training to support small (micro) business development could be allocated to the relevant agency within DTI to allocate. There would also be cases where allocations could be made to NGOs that focus on a particular sector such as rural development. This would mean that the NSF would no longer directly fund projects in a myriad of areas: instead it would allocate large amounts to those agencies that have the capacity to support skills development within a particular context.

- It is noted that the success of all of these points is dependent on the extent to which there is coherence and quality service delivery within the SETA-NSF systems which provide for compliance while leveraging simplicity and turnaround times. Many of the blockages in the skills development system have been linked to slow or even lack of responsiveness by SETAs

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and the NSF.

In the short- to medium-term the focus should be on completing the rationalisation process of SETAs and on streamlining the scope of work of the SETAs in a manner that is consistent with the current discussions within DHET (that is fewer SETAs with more limited functions). Once these decisions have been taken there is a need to analyse the capacity of staff (their skill sets) within the SETAs so as to ensure that they are able to play these newly agreed upon roles. There is also a need to review the administrative procedures to ensure that any immediate blockages are identified and addressed.

Further, there is a need for a clear relationship between the skills planning process and the allocation of grants to ensure that the SETAs are able to use different mechanisms available to them such as the grant system to steer the system towards supporting the development of priority skills and the enhancement of the capacity of the system (both providers, assessment agencies and the workplace) to support increased provision in these priority areas. Again, any immediate blockages to allocating monies that should be flowing through the system should be identified and resolved.

There is also a need, in the medium term to agree on alternative ways of managing the NSF to ensure full disbursement of funds in a way that effectively meets the needs of different sectors. This should be coupled with a framework for monitoring the effect of these allocations.

In the longer-term, there is a need to ensure that these structures operate with maximum levels of efficacy and that once SETAs and the NSF have developed their capacity to carry out their required functions then mechanisms should be instituted to ensure that the SETAs and the NSF should be able to use all the grants to steer the system and work in a complementary manner. Critically this should be coupled with a clear understanding of the components of the system that are directly resourced by employers (either private or public), those that are supported by the levy grant as a means of increasing the supply of priority skills and those components that are supported by the fiscus.

3.2.5 Strategic imperatives: Integration and accountability

While South Africa has been lauded for innovative skills development policy and strategy platforms, the institutional arrangements and public consultation process coupled with extensive operational and administrative requirements have resulted in an over-complex and slow moving system. Improvements in the skills development system require a review of the key blockages and identification of key points at which system efficiencies and effectiveness can be leveraged. The core recommendations are therefore:

- Clearly delineate the strategic and oversight role of the different stakeholder structures and ensure that these are implemented appropriately

  - The outline for the role and purpose of the Human Resources Development Council as provided in the Deputy President's speech to the inaugural meeting of the Council. It will be critical that the Council can reach agreement on key strategic objectives which ensure that the different parts of the system work synergistically and that where subsystems are not meeting deliverables interventions are immediately put in place so that further blockages do not further damage the skills pipeline.

  - The HRD Council should provide a basis for the core functions and substructures of the NSA. Taking account of the recommendations regarding maintaining focus on learning beneficiary groupings, the NSA should be structured to focus on the skills development needs of the three core labour market segments within their mandate: (i) employed; (ii) new labour market entrants; and (iii) unemployed or underemployed. This will enable better strategic planning and oversight over the SETA and NSF funding systems.

  - Policy implementation and strategy consultations should be tightened and mechanisms for ensuring quick turnaround times put in place. The length of time taken to consult and signoff on policy and strategy must be shortened in order to take advantage of particular opportunities. In particular, policy and strategy parameters should be set and aligned with each MTSF and the different role-players enabled to act within these parameters.

  - Critically there is a need to ensure that there are tighter levels of accountability for performance. There is a need for a defined process to be followed when a structure is not performing, and these processes should be activated where there is a particular complaint. This process must involve the statutory bodies that have been established otherwise they will be rendered useless but the processes must be concluded within a clear timeframe so that the imperative for delivery does not get delayed by lengthy performance management appraisals. Equally there must be decisive action taken where it is found that there has been non-performance sending a clear signal to the sector about the seriousness with which it is engaging skills development.

  - The above is all dependent on establishing quality reporting and information management systems, including clearly identifying the data requirements in the system, avoiding duplication in reporting and establishing a strong analytical capacity within the DHET to process multiple data inputs around agreed analytical requirements to meet particular purposes.

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In the medium term, the focus should be on addressing barriers to integration at legal, policy and administrative level and engagement with social partners to agree on what the system should look like, how the different structures and strategies will relate to each other and how each of the role players should operate within it.

There is also a need to determine the manner in which monitoring and evaluation will be implemented in the system and the ways in which this data will be used to both ensure system improvements and increased accountability.

In the longer term the skills system should operate off a more coherent base, with different components having a clearer mandate which is monitored and evaluated against clear indicators. This should ensure that these components seamlessly relate to each other and function in an integrated and complementary manner. Further the monitoring and evaluation system should allow decision makers to have access to reliable information to continue to enhance the quality of the system and maintain strong levels of accountability.

3.2.6 Communication

Mixed messages from different points in the legislative, policy and institutional landscape coupled with the lack of clear and agreed criteria being set for application have had the unintended consequence of SETAs and even different sections within the same government department providing different interpretations and administrative/legal requirements to employers and providers.

As a result in a number of instances, employers have adopted a wait and see attitude resulting in a slowdown in actual training and provision of work placements until the landscape settles. In the process the culture of training gets lost. In addition, it means that learners enter programmes with limited understanding of the value of the programme and the possible opportunities that the programme could lead to.

In the medium term there is a need for role players and stakeholders to reach agreement on the different elements of the system and to then ensure that these agreements are effectively communicated to different role players in the system to ensure a common understanding of ways in which to navigate the system. This should be done in a manner that allows for flexibility in implementation (appropriate to context – economic sector and labour market segment) without confusion leading to slow downs in training or learners being unable to make realistic choices.

In the longer term there should be a regular mechanism in place for communication to ensure that there is minimal disruption in the system when enhancements are introduced and that this information can be regularly made accessible to those agencies that are assisting others to

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navigate the system.

4. Conclusion

In conclusion, this paper has focused on skills development and has highlighted the challenges that face the system and has provided an alternative vision for what could be possible. It has then provided a set of recommendations which pave the way towards the achievement of this vision.

It is noted though that the ultimate success of these initiatives is dependent on two factors: (i) that the activities undertaken are incremental, are built on existing activities and are undertaken in a manner that moves towards the ultimate system that we wish to achieve – we need to spend more time 'thinking out the box by thinking in the box' – that is, we need to spend energy on building the capacity of the system in a way that allows the vision outlined to be achieved in the longer term; and (ii) that there is the recognition that while training can enable people to access the labour market and achieve a level of mobility within the labour market, initiatives such as the wage incentive, the expanded public works programmes as well as those activities taking place to support growth in the formal economy are all seen as part of this discussion and need to factored into this debate.

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Discussion – 17 April 2010

As an introduction to this session, the presenter gave a synoptic overview of general trends in skills development in South African since 1994 with an emphasis on skills development in the intermediate skills band. The basis of the presentation can be found in the following paper: "Thinking 'out the box' by thinking 'in the box': Considering skills development: challenges and recommendations" (Marock, 2010).

This document will highlight prominent elements of the discussion that took place after the presentation was made. The notes below are intended to capture a sense of the debates and can only attempt to reflect the richness of the discussion.

1. Basic education

Concerns were articulated regarding poor quality in the Basic Education system. Participants noted weaknesses of learner skills especially in fundamentals such as communication and mathematics. This poor quality impacts on post-school institutions and programmes whose mandate is to provide skills development opportunities to young people who possess or do not possess school leaving certificates. It was observed that even Grade 12s don't necessarily have basic skills in maths and communications.

The 'receiving' institutions must focus their energies on improving the post school experience for these graduates and maximise the benefits – in skills and personal growth – they can take with them. The need to 'compensate' for poor quality basic education will remain on the post school agenda for some time to come and must be taken into account in planning. Though a 20–30 year plan of a 'remedial plan' may well be necessary, participants pointed out that we cannot fall into the trap of building our system on a deficit model of basic education.

2. Employment

South Africa needs to provide young people with opportunities to get jobs. Those present considered what must be achieved for more young people to be employed. It was acknowledged that skills are not the panacea, and that structural unemployment is linked to the shape of the economy. Therefore, in the long term, the solution to the problem of unemployment will not be found solely in the post-school skills development and training space but in improving the absorption rate of the economy. Therefore the growth and labour absorption intentions in the IPAP and in rural development and other strategies must be understood in the DHET.

There are not that many quality jobs available in the labour market. Most jobs are below the levels of quality that might be desired, not really meeting the requirements for 'decent work'.

This is a serious challenge. Unless we transform the economy, the creation of decent work will be beyond our reach.

In the meantime however, the quality of skills that young labour market entrants possess is of material significance to their obtaining or creating work opportunities in the formal or the informal economy.

3. System change in the post-school sector

Discussion touched on the high rate of change experienced in the post-school system post-1994 and on the necessity to plan for incremental change in some areas while working to a more radical tempo of change in other areas. Some argued that the system would have benefited more through 'improving what we had rather than radical change which was what we got' (roughly since 1999). Concerns were raised that: "You can't solve national problems with quick fixes".

4. FET level supply bottleneck

Considerable discussion focused on the appearance of a bottleneck in the system of FET-level programmes and qualifications.

Decisions regarding vocational education and training involving the NCV have cumulatively contributed to an institutional bottleneck in the graduate production of people who can enter the labour market with skills that are in immediate demand or that can secure work without an unreasonable wait.

The main elements contributing to this bottleneck are summarised here:

- Apprenticeships initially phased out (now retained but output slowed).

- Learnerships implemented but not producing graduates to scale necessary
  (nor necessarily in key skills or to needed qualification levels).

- NATED programmes phased out in favour of the NCV.

- Poor graduation rate from NCV. Early data from the FET colleges shows a low
  throughput rate. This suggests that the institutions, or the programme or the
  students are not adequately prepared.

- The NCV is a three year programme creating at least a three year time delay before graduation
  in minimum time. Thereafter, learners must still acquire occupation-specific skills through
  on-the-job training or occupation-based learning programmes. The time span from initiation
  of training to completion of training and active job seeking in the labour market to obtaining
  a job may well be four years.

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It is necessary to place the bottleneck itself, within the perspective of the broader labour market. The big picture consists first of a labour market which suffers a very high general unemployment rate. Second, a substantial demographic wave of young people is leaving schools from the compulsory (GET) and FET phases with or without successful completion. Third, if conditions do not change, the same demographic wave of young people with low/unviable skills is destined to stagnate in unemployment. Fourth, the demographic burden is far larger than the FET colleges can handle.

The bottleneck therefore appears to be an unintended – though apparently partly avoidable – accumulation of government policy, planning and programme interventions. The difficulty is that without remedial action it will take too long to get – too few – young people into the labour market with viable skills. Currently the bottleneck is constraining the ability of the public system to respond to the broad challenges

The core challenge is to find a way for Colleges to contribute to supplying forms of relatively short skills training targeted at particular occupations where employability is most likely (e.g. welding, bricklaying) in the formal or informal sector. This option would generate a higher graduate output from the Colleges hopefully with marketable skills. It would shorten the time taken to offer training opportunities to large numbers of people, who the longer their condition remains unemployed and unskilled the harder it is to find a way back to a productive working life.

5. SETA system including NSF

With respect to the SETAs and their role in skills development, the discussion acknowledged that some of the challenges that SETAs face originate in the SETAs as institutions, while other challenges originate in the environment in which the SETAs operate. These include:

- Problems with finance and administration, etc. Question: How much of the SETA system problems are attributable to managerial or accountability or inefficiency or institutional problems?

- The SETAs need to steer more decisively through the discretionary grant.

- SETAs still sign off WSPs, but the system does not necessarily drive occupationally valid skills development programmes.

- In terms of governance, boards are strongly constituency based. There is a need to move from a constituency to an expert based system in SETA boards. The tendency has been for junior staff to represent constituencies.

- SETAs have played a very small role in provider support.

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- There are too many providers for the SETAs to play a meaningful role in quality control. It is argued that 'SETAs don't have a clue once the providers have been accredited'.

- Many think that the SSP is an HR rather than an economic planning issue.

- The NSF has not been disbursing as it should be. (It has also been getting qualified audits).

- Administratively the length of time to approve a grant affects implementation (e.g. the example of the EPWP programme applications approved too late).

6. Qualifications system

The importance of qualifications must be emphasised as without a qualification, the opportunity to gain access to reasonable paid work is that much smaller.

- The challenge of articulation at the interface between programmes remains.

- There are long delays in the development of accepted and credible occupationally directed qualifications.

- It is argued that if not equivalence, we must have articulation across the system.

- There is a lack of clarity about how qualifications can/should relate to occupations.

- If the NCV is creating a new pathway we must map out where the NCV graduates are going.

7. Supply of skills development/training outside of the public system

Current circumstances clearly require public provision to urgently play an increased role in the development of occupational skills. But government cannot take on the full burden. Expanding the base of private skills development is critically important

There are said to be thousands of providers of skills development and training in the private sector. Some are in-house facilities and government could encourage enterprises to expand these (especially in parastatals and perhaps in large private companies such as Mittal etc.). These employer providers are very important because they can offer workplace experience such as in theory of and practice of learnerships, apprenticeships etc.

Other private providers offer skills development opportunities in the market place. These private providers represent a further source of training across a range of offerings from short courses to local and international benchmarked programmes.

The range of skills development programmes needed is very wide including skills offerings for small business and for 'survivalist' income generation in the informal sector.

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It was noted that not enough is known – in terms of shape, size, offerings etc. about private provision. The combination of public and private provision must be guided by a sense of who is best placed to supply what?

8. Employer involvement

There are many examples of strong private sector commitment to skills development. These include: the technical skills business partnership (six large firms have committed R200 million each for skills development); currently large enterprises are investing in training much more than the minimum aim of 1% of payroll.

There are challenges:

- There is a need to explain the meaning of the NCV to employers as the basis of this programme is not fully understood. Uncertainty and the withdrawal of employers is to an extent mirrored in the confusion of prospective students about the NCV.

- A parallel skills development/training system is in the making where employers have abstained from public institutions and programmes and are doing a lot on their own (e.g. car manufacturing).

- Businesses don't have trust in what graduates bring with them. If young people are cut off from work opportunities we cannot build social capital.

- We have seen the stagnation of commitment to work integrated learning.

A key underlying question remains how to incentivise business to sustain their training activities and to broaden their support of skills development into the area of work experience.

In desperation some stakeholders are arguing that the stipulation of work experience as part of the requirements of a qualification should be removed from the requirements as this is in many cases not done (or done superficially).

9. Key themes for further consideration

1. Design of the size and shape of the post school system must take into account economic growth which in turn must be considered realistically in relation to economic policies and prospects for labour market growth

2. In the post-school sector there is a strong need to develop reliable and stable information systems to enable strategic decision making. There is not enough hard conclusive evidence about systems and qualifications and institutions. This is very significant danger in the FET

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colleges. Some argue that we must have a body of evidence before we act – evidence based approach – but in some instances, the need to make a decision in a hurry is practically unavoidable.

3. Given that some institutions show signs of weakness in various elements of their operation, these weaknesses must be addressed so that adequate quality is achieved before further expansion. Plans for intervention need to be specifically targeted and based on capacity that already exists – or will be available in time.

4. It is important to move from a relatively narrow to a wider occupational range for skills development interventions and to create a diversity of credible and viable skills development options. In addition, the adult matric must be structured less like a school matric.

5. Quality assurance is a critical function. The quality of private providers must be addressed if large scale involvement of private providers is envisaged. Also need to look at quality of public providers.

6. Systems of monitoring and evaluation must be robust and defensible – based on good quality data. Furthermore, accountability for performance or lack of performance must be enforced with public officials and governance structures being answerable for decision making that they are constitutionally responsible for. The means of holding people to account must be clearly specified.

7. Notwithstanding the importance of skills development for employability, the need to reproduce a critical, engaged citizenry must always be in mind.

8. Government needs to look for stronger steering instruments that can give direction to implementation (e.g. funding, planning, accountability and leadership systems, and judicious regulatory instruments)

9. Urgent attention must be given to how the state plays a role as an employer. For example: the contribution of training by SOEs must be considered in the light of the need for greater access to technical and vocational skills development programmes. Also, it may be of value to examine labour intensity – and low technology applications – in the public service given the high levels of unemployment in the labour market.

10. One of the contentious issues that has not been made explicit in current discussions is the role of the state in skills development and what private businesses must take responsibility for and pay for. This is the case in: 'employability skills' and in 'workplace training'.

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11. Almost all the discussion addressed skills issues from a horizontal perspective. There is a need to rather take a vertical perspective. That is to consider each skills pipeline vertically – in other words to look at the production of particular skilled professional and para-professional groups (e.g. electricians) from school entry to post-school to professional development. This perspective can assist in reducing bottlenecks and creating coherent sets of solutions across the pipeline.

12. For planning purposes we need to know how to disaggregate the category of artisans.

13 The recently established HRD Council presents fresh possibilities for the shaping and coordination of HRD nationally. This presents the opportunity to generate commonality of thinking across the spectrum including the NSF – NSA and SETA systems, as well as in the framing of future NSDS.

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