Sector Education Training Authorities and the Delivery of Training: Preliminary Remarks on the New Skills Dispensation in South Africa

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Abstract

The workplace training dispensation that is evolving in South Africa represents a significant advance over previous initiatives in the country. While it is funded on the basis of payroll levies, the relatively sophisticated institutional structure in the administration of the system has caused delays in its set-up and operation. Some of these problems have been caused by delays in putting the appropriate institutions into place. Others have been caused by difficulties in aligning the training system to the educational system. From the outset these problems, coupled with the obligation to adhere to the requirements of a national qualifications framework in order to start the training process have hopelessly compromised the planned outputs of the system vis-à-vis training. The paper discusses these problems with respect to the training of apprentices and recommends that at a systemic level the vocational mandate and vocational requirements need to be given greater priority and command within the National Skills Development Strategy.

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Table of Contents

Introduction

Hong Tan (2001) has shown that a number of different models of employer targeted training programmes have been developed internationally. In Singapore and previously in the United Kingdom, for instance, fund administrators use levies to make grants to employers for approved training. Levy exemption schemes are used in France and Korea: employers who spend a given percentage of their payroll on training are given a levy exemption. A tax incentive scheme exists in Chile. Previously, similar schemes existed in Malaysia and South Africa. In South Africa, the existence of such incentive schemes nonetheless still contributed to market failure in the provision of training, with employers less inclined to undertake training themselves but prepared to lure skilled and trained workers away from firms that had trained by offering premium wages. In Malaysia, Nigeria and the Netherlands a training levy rebate scheme exists in which employers are partially reimbursed for approved training that they do: the reimbursement is paid from the levy scheme (see Tan, 2001: 1). A similar system has been adopted in South Africa where a one percent payroll levy for training has been in existence since 2001, up from the half-a-percent payment that existed when the process was instituted in 2000. In South Africa, firms can claim up to 70 percent of the costs that they incurred on approved training. The remainder of the aggregate levy income is dedicated to cover 10 percent of administrative costs of Sector Education Authorities (SETAs) and a further 20 percent is transferred to the National Skills Fund (NSF). The money in the National Skills Fund may be used only for priority projects in the National Skills Development Strategy or for purposes associated with skills development as these have been specified in national legislation.

The entire system of legislation has emerged to ensure that workplace skills development and training does indeed take place. Hong Tan posed the same question and asked: Do Training Levies Work? Using panel firm data for Malaysia, it was necessary to isolate the impact of the investment on training from the contemporaneous investments in new technologies, in order to create accurate assessments of the impact solely of training. Investments on new technology is likely to have an impact on the skills and training requirements of the workforce using these. Furthermore, a link was created with panel data on training incidence to the annual manufacturing survey data and this was used to develop more accurate estimates of productivity changes, particularly the impact of training on productivity growth. The results (see Tan, p.7 and Table 2) showed that even though there was a strong correlation in the size of firm with the proportion undertaking training (i.e. a higher incidence of training among large firms versus medium sized firms conversely a higher incidence of training among medium sized firms versus small firms), an increase in the training incidence for each cohort was observable for the years in which the panel was run (1988, 1994 and 1997). More firms (in all sizes) were thus involved in employee training in 1997 than in 1994 and the same applies for 1994 in relation to 1988. The same upward trends were observed for registered firms or firms that were complying with the training legislation.

Allowing for the impact of technology, Tan was able to show that the impact of technical change in Malaysia was greatest for small firms. Since large firms would enjoy a head-start in the modernisation of equipment and in training personnel, the introduction of new technology has a smaller training effect on such firms. Through the use of firm survey data, Tan was able to show that the institutionalisation of training levies did in fact lead to a higher training incidence within firms, especially among medium sized companies. The absence of this level of data in South Africa compels us to use more tedious methods to analyse what impact the new training levy rebate scheme is having on the incidence of training within South African firms. The major difficulty though, which is being experienced in South Africa, is setting a sophisticated and complicated institutional system of training into motion. While the evidence is at most suggestive, it provides insights into the process of reshaping the skills development and training system throughout enterprises in the country.

The Legislative Framework in South Africa

The significant changes in the pattern of labour demand trends within the South African economy that has been analysed by Oosthuizen (2002a & 2002b) highlights the profound effects of a number of inter-related factors that can be chiefly attributed to these changes. The first relates to the structural composition of occupations that have occurred within this period. The evidence illustrates the turning point and subsequent decline in the heavy dependence on an economy that was geared largely for activities based within agricultural and mining and secondary industry. The highest growth rates in employment demand have occurred within service related industries and the tenor of this growth has been concentrated within the high level skilled occupations. These trends are likely to be pervasive for a substantial period and largely mirrors the structural changes that have occurred in the economy and indeed continues to exhibit an influence.

The South African state, through the Department of Labour has largely responded to these challenges by inaugurating a national skills development strategy as a remedial measure to address the shortages of skills in the South African economy. The national skills development strategy is driven through legislation promulgated since 1998, and attempts to align the participation of workers and employers around the initiative to broaden and deepen the profile of skills in the economy. The Skills Development Act of 1998 led to the formation of SETAs and the Skills Levies Act which was promulgated a year later made provision for the collection and transfer of levies to SETAs. The SETAs are vested with the power and responsibility to compensate firms for costs incurred on training that has been undertaken. Thus, the policy with respect to skills development and training has been concerned to universalise basic generic and job specific skills throughout the working population and the presumption for this is that it provides the basics for more continuous forms of learning to take place. It means essentially that higher productivity returns from education and training programmes would be registered at the level of the enterprise. The skills development strategy however is concerned too with the retraining of the existing workforce and the growth of a wider layer of incumbents with higher level skills.

The legislative interventions tailored to advance the process of skills development, however, were preceded and supported by earlier laws that were concerned to reform particular aspects of the vocational and professional education and training. These include the South African Qualifications Authority Act (1995), the Further Education and Training (FET) Act (1998) and the Employment Equity Act (1998). The South African Qualifications Authority Act contributed to the creation of the South African Qualifications Authority (SAQA) and in addition established the National Qualifications Framework (NQF) and empowered a wide spectrum of stakeholder groups to become involved in the generation of standards for qualifications. The Further Education Act aims to transform further education institutions so that they are in alignment with the National Qualifications Framework. The Employment Equity Act largely seeks to end discrimination in the workplace and provide for equality of opportunity in the sphere of employment. The initiatives around the national skills development strategy, therefore, led to the formation of new institutions to support the process of skills development in South Africa and through it a new configuration of institutions came to the fore. Among these, was the formation of specific organisational entities that are referred to as Sector Education Training Authorities (SETAs) to drive the process and the present report will be focusing on the activities and performance of these in particular.

Although there is a significant degree of overlap between the labour market and human resource development policies, and the instruments of legislation which are designed to put these policies into practice, the organs from which directives of command and authority is owed, rests within different state departments. The overlaps which embody a coherence in policy and practice is referred to within state strategic planning parlance as ‘transversal’ activities. Transversal responsibilities are contrasted with functional responsibilities or the responsibilities and authority which is specific to particular departments of the state bureaucracy (see DoE & DoL 2001: 17 where reference is made to the concept within the context of developing a skills plan for all state departments). Within the auspices of a large state bureaucracy, the concept of the 'transversal' can therefore be interpreted as contributing to interventions that are directed to the amelioration of similar problems. However, in the absence of sufficient levels of co-ordination, different solutions are often formulated to reach the desired solution to the problem, resulting effectively in a duplication of effort. Under such circumstances, the subsequent wastage of resources is unavoidable. Thus, the outcomes have a high propensity to reach solutions that are mixed or even incompatible and therefore, transversal responsibilities within public policy requires an integration of strategies within state departments, especially when the overlap in functions and roles of responsibility is significant. However, in none of the public pronouncements do we find an adequate explanation to address the problem of the duplication of roles and responsibilities to different authorities and powers. In the formulation of a Human Resource Development Strategy for South Africa, the Department of Education and the Department of Labour have synchronised and aligned their respective strategic action interventions into one document under the clarion of: ‘A nation at work for a better life for all’. The report embodies the educational strategies of the DoE with the skills development strategies of the DoL and was released jointly by the ministers of each Department who provided a joint forward to the document.

A perusal of the strategic objectives and the indicators of those objectives shows that the Human Resource Development Strategy for South Africa designates the principle responsible agents as the DoE and the DoL. However, there are a large number of public institutions that are tasked with the responsibility of contributing to the attainment of particular indicators. These agencies include other government departments, statutory bodies, universities and technikons as well as national research agencies such as the Human Sciences Research Council.

The present paper is limited to an analysis of a component of the National Skills Development Strategy (NSDS) or the component of the human resource development strategy for South Africa that falls under the rubric of the Department of Labour. Even within this relatively broad strategy, our focus of analysis has been directed at the growth and development of learnerships. This is, because learnerships represent the most complicated and difficult of the strategic objectives to attain as these have been spelt out in the National Skills Development Strategy.

The National Skills Development Strategy: Target Setting

In February 2001, the Minister of Labour launched the National Skills Development Strategy (NSDS). The NSDS is built on legislation that was promulgated to advance the process of skills development in South Africa. The importance of the strategy is that it shifts focus towards target setting, monitoring and evaluation of the process of skills development in South Africa or as it was put by the Department of Labour:

> *'The NSDS identifies the priorities for skills development and provides a mechanism for measuring progress. It also charts the way forward for the Department, the Sector Education and Training Authorities (SETAs) and other key* institutions' (Department of Labour, Preliminary Annual Report 2001/2002, p.7).

The strategy is made up of five strategic objectives, twelve success indicators and three equity targets. A synopsis of these objectives, success indicators and equity targets is shown below and is built for realization around the time frame of March 2005.

Strategic Objective 1: Developing a culture of high quality life-long learning.
Success indicators:

1.1 70 percent of workers have at least NQF level 1.

1.2 15 percent of workers are being trained and 50 percent of these have completed successfully.

1.3 20 enterprises per sector and 5 national departments have committed to or achieved an agreed national people development standard.

Strategic Objective 2: Fostering skills development in the formal economy for productivity and employment growth.

Success indicators:

2.1 At least 75 percent of firms with more than 150 workers have received grants and employers' and workers' benefits are measured.

2.2 At least 40 percent of firms with between 50 and 150 workers have received grants, and employers' and workers' benefits are measured.

2.3 Learnerships are available to workers in all sectors.

2.4 All Government departments assess and report on budgeted expenditure for skills development.

Strategic Objective 3: Stimulating and supporting skills development in small business.
Success indicators:

3.1 At least 20 percent of new and existing small firms are supported in skills development and the impact of support is measured.

Strategic Objective 4: Promoting skills development for employability and sustainable livelihoods through social development initiatives.
Success indicators:

4.1 100 percent of NSF funds to social development is spent on viable development policies.

4.2 Impact on funding is measured.

Strategic Objective 5: Assisting new entrants into employment.
Success indicators:

5.1 A minimum of 80 000 people under the age of 30 have entered learnerships.

The first four strategic objectives are premised largely on the capacity of the institutions that make up the NSDS to meet the obligations of skills delivery. Considering that an elaborate process of sectoral skills planning by the SETAs and workplace skills planning from firms has been instituted, coupled with the smooth operation and functioning of institutions such as the levy system itself with facilities for disbursement as well as the SETAs which will serve as the principle agent to put the process into motion, the initial signs of optimism bodes well for these targets being met. The fifth target, however, represents a significant challenge. A problem that emerged from the beginning was the extent to which the incorporation of learnerships was dependant on the initiation of other preliminary steps and process such as, for instance, the development and registration of learnership qualifications. While learnerships constitute the most important pivot on which the Skills Development Act is premised, the evidence will show that there is likely to be a major shortcoming in the achievements of the objectives that has been set out. It appears that the Department of Labour used simulations from the October Household Surveys to generate the figure for the minimum number of individuals who were required to be undergoing learnership training. However, there is a gulf between the desirable outcome and the feasibility of the process and right from the beginning it may have been irresponsible to premise this rather significant growth in learnerships when the process of eliciting SETA participation was only beginning to unfold. Such optimism creates a misguided picture that, because the original target that were set out have not been met, implies that delivery is not taking place. Whereas delivery is taking place and because of unanticipated problems encountered along the way, its tempo has been slowed. However, an assessment of progress cannot be postulated on the basis of unrealistic expectations and in particular when it emerges from ostensibly informed projections. These problems will be traced through our mapping of the SETA system in South Africa.

The NSDS Synthesis Report

In 2002, the Skills Development Planning Unit (SDPU) within the Department of Labour released two NSDS synthesis reports documenting the progress that had been made with respect to the strategy of skills development and implementation. While each of these reports covered an evaluation of progress made in one quarter preceding its release, the second report for the period July-September 2002 represents the most up to date information that is available in the public domain. This paper, therefore, replicates parts of this data relating to the progress that has been made with respect to the registration and completion of learnerships. We then use this as a barometer to infer the realism of the existing targets that have been set for March 2005. Taking into consideration that the period until the end of 2001 was almost entirely one of reorganisation and consolidation and except for apprenticeship contracts very few learnerships were registered, it effectively means that the core number of young people incorporated into learnership programmes would have to occur largely over the period 2002 to 2004 in order for the target set out in the NSDS being met. A translation into annual and quarter numbers means that at least 26 667 learnerships must be completed every year over this three year period. Assuming that an aliquot number of learnerships are registered in every quarter of the three years, then at least 6 667 young people must have been accepted into learnerships each quarter. Taking into account dropping out and wastage along the way, the numbers would have to be substantially higher to guarantee that the March 2005 targets are met. What do the NSDS synthesis reports show?

Table 1: Number of Learnership Agreements Registered & Completed for All SETAs During the Period April 2001 to June 2002

Quarter	LA 18 (1) Registered	LA 18 (1) Completed	LA 18 (2) Registered	LA 18 (2) Completed	Total LA [18(1) + 18(2)] Registered	Total LA [18(1) + 18(2)] Completed
1st Quart 01	0	0	134	0	134	0
2nd Quart 01	0	0	398	0	398	0
3rd Quart 01	285	14	143	0	428	14
4th Q 01	4 154	21	1 376	0	5 530	21
1st Quart 02	4 099	271	314	1 099	4 413	1 370
2nd Quart 02	8 995	664	145	799	9 140	1 463
Total	17 533	970	2 510	1 898	20 043	2 868

Source: Department of Labour, NSDS Synthesis Report July-September 2002 released December 2002

By the second quarter of 2002, a total of 8 995 learnership agreements in which the agreement formed part of the contract of employment were registered. The data, however, tends to suggest that the relatively better organised SETAs may have been instrumental at exhibiting greater efficiencies, thereby showing higher levels of registration and completion of employees in learnerships. In the same quarter, the Financial Services SETA (FASSET) had 6 364 registrations (70 percent) followed by the Health and Welfare SETA (HWSETA). In terms of levels of completion by SETA, FASSET was again in the lead with 589 completed learnerships (40 percent), followed by the Services SETA with 318 completed learnerships (22 percent).

The NSDS Synthesis Report showed that the registration of apprenticeship agreements was taking place within sectors where artisans were still a significant component of the skilled labour force. For the most recent quarter that the report was being compiled (July-September 2002), 119 apprenticeships had been completed while 395 new apprenticeships were started in the same quarter. These occurred in sectors demarcated by five SETAs, namely the MAPPP(Media,

Advertising, Publishing, Printing and Packaging), MQA (Mining Qualifications Authority), SETASA(Secondary Agriculture Sector Edcuation and Training Authority), ESETA (Energy Sector Education and Training Authority) and CTFL (Textile SETA).
Table 2 shows that just over 10 000 apprenticeship contracts existed in the country and these were spread over 13 SETAs. The statistics from the NSDS synthesis document, indicating a completion

Table 2: Registered Contract s of Apprenticeship

Name of SETA	Number as at September 2002
CHIETA	144
TEXTILES	66
ESETA	514
FOODBEV	30
FIETA	272
LGWSETA	90
MAPPP	401
MQA	2 047
MERSETA	5 259
SERVICESSETA	808
SETASA	62
TRANSPORT	900
GOVERNMENT	119
TOTAL	10 712

Source: DoL NSDS Synthesis Report

of only 119 apprenticeships in one quarter, suggests that significantly less than 1 000 apprentices are likely to qualify each year. Even if these numbers are combined with the number of learnerships that are completed, they seem to be quite small and are likely to have only a modest impact in achieving the overall totals that are necessary to ensure that the NSDS indicator targets are met.

Mapping the SETA System in South Africa

The relatively recent history in which SETAs in South Africa have been constituted and have come into existence has meant that the overall system of organisational, operational and training process that has been placed into motion still has to be critically assessed and documented. Consequently, there are only a limited number of sources out of which this significant process can be understood. The legislation requires information to be exchanged between the SETAs and various government agencies. Starting at the top, there is an obligation for the various units and components within the Department of Labour to be kept abreast of developments through periodic reporting mechanisms. As a result, the Skills Development Planning Unit releases reports that monitor the progress that SETAs have made and this is done on an ongoing basis. As legal and statutory entities, all the SETAs are subject to reporting requirements contained in the Public Finance Management Act and are therefore required to issue an annual report containing audited financial statements approved by the Office of the Auditor General. The annual reports, therefore, contain a significant amount of detail, which are not always explicitly given public commentary when they are received by the Department of Labour. But, for the exercise in mapping which we are setting as our objective, these annual reports will be our first port of call.

The Evidence of Institutional Management and Practice as indicated in the Annual Reports of SETAs

While the annual reports for all the SETAs are principally concerned to provided an audited statement of the revenue and expenditure of income which flowed to the SETA, it provides an opportunity for each of the CEOs and management staff in these organisations to signal to existing obstacles in their operations and to illuminate areas in which successes are being registered. Some of the SETAs have found every means to exploit this opportunity and in doing so they have widened our purview of the entire process.

Financial Equity and the Accumulation of Income

Almost without exception, in all the annual reports of SETAs that were available (see bibliography), a very healthy picture is sketched of the health of each SETA with respect to the growth of the equity in each. In some cases this equity profile is matched by the substantial existence of material assets such as office facilities and other operational infrastructure. However, closer inspection of the balance sheets of each of these organisations indicates that a very large proportion of the equity of the organisations are held as cash balances in a bank account. Scrutiny of the accompanying income statements normally shows a substantial inflow of revenue, but the levels of expenditure are significantly below the quantities of money dedicated for expenditure and disbursement. Almost inevitably, this is in every case the principal reason for the overtly flattering balance sheet status of most SETAs where the rapid rate of equity growth of these institutions is illuminated. It is clear that the SETAs have not been able to spend the revenues that have been obtained from the levies and most of these are meant for recycling as disbursements for companies that have complied with the conditions of training at the workplace. Some SETAs exhibited accumulations of surpluses that were more than double at the end of March 2002 than what existed a year previously. Understandably there was less consternation at the end of the 2001 financial year (31 March 2001), because it was the first year that SETAs were in operation and it was conceded that there would initially be a number of teething problems before the situation improved. But, almost without exception this has not happened and within some SETAs there has been a massive escalation in the accumulated surpluses. This is unnecessary ammunition to the detractors of the levy system because it either means that firms are treating the skills levy as a tax and not bothering to render claims for training undertaken or SETAs are not able to process the claims that firms have rendered sufficiently quickly. The first impression however is more likely.

There are a number of reasons for this state of affairs and it is not helpful to attribute this solely to the lack of management capacity within SETAs. It is true that some SETAs may have weaker management and organisational capacities but even within SETAs that are ostensibly well endowed with a management and organisational capacity, they are not immune to the phenomenon of under-expenditure and hence the accumulation of unanticipated cash surpluses. The financial sector SETAs, (e.g. FASSET, Bank SETA and INSETA) have shown tremendous ingenuity in partially masking this onerous sight by eliminating the carrying over of net surpluses from one year to the next. Instead, a project fund account has been created so that all surpluses are transferred to this project fund account. However, while the account is referred to as the project fund account, it is ultimately still the account holding the accumulated surpluses. In the balance sheet the change in equity of the SETA is attributed as an accumulation to project fund. Apart from demonstrating such ingenuity, the financial sector SETAs reflected a more modest growth in the accumulation of surpluses from one year to the next and in the case of INSETA, the surplus transfer to the project fund was less at the end of the 2001/2 financial year at R7.52 million compared to the transfer at the end of the 2000/1 financial year which was R13.994 million.

Some SETAs, particularly those such as FOODBEV and MERSETA which fall largely into the manufacturing sector, have adopted substantially different accounting and reporting conventions. The most recent income statement of both SETAs reveals a net surplus accumulation that was roughly three times higher in the 2001/2 financial year compared to 2000/1. FOODBEV showed a surplus of revenue over expenditure of R7.79 million in 2000/1 and this increased to R21.036 million in 2001/2. MERSETA's aggregate surplus accumulation in 2000/1 was R61.686 million. It increased by more than threefold in the subsequent financial period to R217.428 million. The same picture is virtually endemic to the remaining SETAs where annual reports were available for perusal.

More Serious Problems of Financial Management

The same situation varies across SETAs and in those which ostensibly have a wider public sector coverage, the problems are not solely confined to under-expenditure, but permeates towards the conduct of its business practices. In some instances the Auditor General has provided an audit of financial statements with reservations and qualifications. In the annual report of PSETA for the period April 2001 to March 2002, the SETA alludes to problems in which Public Sector Employers such as government departments 'are not required to pay this [the 1 percent skills levy (PL)] to SETAs through the South African Revenue Services (SARS) but to keep it in their budgets and 'ring-fence' it for the training of employees within the particular government department' (PSETA, *Annual Report: April 2001 to March 2002*, p.6). In terms of the Skills Development Act, there is no compulsion for public sector employers both at a national and at a provincial level to contribute funds to a SETA. It can ,however, do so on a voluntary basis at its own discretion (Skills Development Act No.97 of 1998, para.30 (b). With respect to income revenue and expenditure on income, PSETA indicates that its budgeted expenditure for 2001/2 was R71 277 016 and it laments that the departments spent only R24 143 115, which it claims was just 33.9 percent of the initial budgeted amount. The Annual Report of PSETA for the period April 2001 to March 2002, however, did not provide any financial statements nor did it provide an explanation for not doing so.

It is very surprising that THETA, the tourism and hospitality SETA, should get mention with respect to problems associated around financial management simply because the interviews that I have conducted with both technikons and technical colleges in the Western Cape highlights this as one of the most proactive SETAs with respect to the cementing of linkages with public educational and training institutions. A problem alluded to in the chairman's report of the Annual Report for the period April 2001 to March 2002 was that the 10 percent limit that was set on operational expenditure from income derived from the levy was inadequate. Because of this limitation, the operational costs of THETA exceeded the required amount by more than 40 percent (R2.629 million). Whereas, overall operational costs were not to be more than 10 percent of levy income, for the April 2001 to March 2002 financial year, THETA's operational costs amounted to 14.18 percent. The chairman indicated that the limit of 10 percent was 'unrealistic' and to justify the argument he noted that:

> *'In this sector about two thirds of enterprises are exempt from paying the levy (given the size) making the total levy income disproportionately small for the size and distribution of the sector to be served' (THETA Annual Report April 2001 to March 2002, p.3).*

The Annual Report however shows salary breakdowns for the staff members within the SETA to be inordinately high. There may also be an overt understaffing within the SETA as a consequence of the high salaries that are being paid. The remuneration scale for the 19 staff members in the 2001/2002 (essentially data of the previous year ending 31 March 2002) were as follows:
Compared to many other SETAs (e.g. FASSET and SERVICES) the salary scales appeared to be above normal. Within the context of pleading for a revision in the 10 percent ceiling on operational costs there was an element of irony and disingenuousness that makes a mockery of the notion of

Table 3: Staff Remuneration Levels within THETA

Annual Salary Bracket	Number of Staff
Above R600 000	2
R400 000 to R600 000	2
R200 000 to R400 000	4
Below R200 000	11
Total Staff Complement	19

regulatory instruments to curb such excesses. Furthermore, in the same annual report, THETA proceeds to celebrate the award by the National Skills Fund of a R129 million contract to run an Integrated Nature-based Tourism and Conservation Management contract for the period 2002 to 2005. The project is 'designed to address skills development issues that will enable communities in the transfrontier conservation areas and other key tourist routes to access opportunities in nature based tourism and conservation management' (THETA, Annual Report April 2001 to March 2002, p.6). This is certainly a fantastic opportunity and a boon on which THETA can enhance its management involvement and broaden access for wider participation as well as tap new sources of income for the institution. However, if THETA is being compelled to enter into such income generating activities in order to balance its financial obligations there may be a real conflict of interest emerging and the onus rests with the DoL to intervene so that the core obligations of THETA's mandate is effectively performed and executed.

A final example of a SETA experiencing problems in the effective management of its financial resources relates to POSLECSETA. Its most recent *Annual Report* carried a reprimand for the late submission of financial documents from the Auditor General's Office as well as significant statements of qualification in the auditing of its overall finances. A major shortcoming is that levies received are not listed as part of the revenue received. Instead, revenue is shown as if it is exclusively dedicated to cover operational expenses. The balance sheet shows total assets to have increased from R19.213 million in 2001 to R46.824 million in 2002, something that would not have been possible without the receipts of larger revenue inflows than is conceded in the Annual Report. Nobody is able to determine to what extent operational expenditure is within the parameters of the 10 percent expenditure ceiling that is laid down in the legislation. More disconcerting is that total revenue was lower in 2002 compared to 2001 (from R15.171 million to R11.884 million), yet operating expenditure was almost double. Many items showed massive increments in expenditure in 2002 compared to 2001. These included accommodation and venue costs, audit fees, board traveling expenses, catering and entertainment, office expenses and consulting fees. In 2002, POSLECSETA spent R1 073 764 on consulting fees, but only managed to allocate R5 000 to research projects. Clearly many of the fundamentals of good management practice are being lost in the institutions that were established for the purpose of remedying perceptions of limitations in management capacity within the Department of Labour.

Creative Application and Utilisation of Discretionary Funding Mechanisms

Although not as much information outlining the actual projects that has been financed using its discretionary funds is available, the SERVICES SETA claims that it has been involved in the creation of 17 funding windows to channel R53 million of discretionary funds to projects directed by the Minister of Labour. The fact that discretionary funding arises from firms choosing to forfeit potential levy rebates that would be due to them should they require to render claims, opens a number of windows of opportunity to SETAs to deploy such funds. Discretionary funding is essentially funding obtained from levies without a likelihood existing that the companies paying the levies will render claims for training undertaken, simply because the companies in question merely see the levy as a tax and a hassle which requires them to pay. These companies have absolutely no inclination of conducting any skills development training and if they are required to expend resources on firm based training, they will merely foot the bill and get on with their business. The Skills Levy Act allows SETAs to set such unclaimed funds aside for discretionary skills development expenditure which the SETA can execute on specific developmental projects. Some SETAs have sought to channel their discretionary funds towards bursary programmes, small business development programmes as well as to programmes through which the sector will benefit as a whole in the long run.

Interviews conducted with informants within SETAs in the Western Cape indicates that the process of making use of discretionary funding had been systematically dealt with in most of the SETA structures (see Lundall, 2003, forthcoming for further details). Most managers appeared to have adopted a pragmatic approach by arguing that the discretionary funds that have been accumulating opens up opportunities to be deployed in development initiatives, especially with respect to providing support for SMMEs as well as providing support for individuals admitted to learnership programmes. One view emanating from key informants in the Textile SETA, is that education institution such as Technikons are being viewed as vehicles to enhance skills development. The Textile SETA has therefore become involved with supporting the emergence of Centres Excellence at selected Technikons in particular provincial regions. In the Western Cape, the Textile SETA subsequently transferred all the stock of assets that it inherited from the Clothing Industrial Training Board to a new Centre for Excellence in Clothing Technology and Design that was established at the Peninsula Technikon. This transfer involved machinery, equipment, computers and stock. Through its discretionary funding, the Textile SETA provides a grant or subsidy of R3 million per annum to the Centre for Excellence at the Peninsula Technikon (Interview: Mr Andre Kriel). This appears to be complemented by a government grant of R9 million to the Centre for Excellence. Similar arrangements have been organised by the Textile

SETA with Technikons elsewhere in the country, and in particular with Natal Technikon and Wits Technikon. The managers within the SETAs conceive these linkages with the specific Technikons as part of a training and education hub. Training, quality assurance and accreditation is being centralised and conducted from one venue in the province (Interview: Ms Priscilla Davids). In addition to these, the SETA provides bursary support for students to attend courses over a three-year programme that qualifies them as technologists. The qualifications obtained are meant to be applicable to the high level labour demand needs of firms in the sector. In addition to the above the Textile SETA provides support in the form of bursaries for a wide range of skills development activities such as programmes for skills trainers at enterprises and assessor training.

Like many other SETAs elsewhere, the Textile SETA has intervened to provide support for SMMEs around specific skills related issues. The large incidence of small enterprises particularly in the clothing sector has prompted the Textile SETA to broaden its linkages among the cohort of unregistered sub-contracting operations involving mainly small enterprises (Interview: Ms Priscilla Davids). Many of these SMMEs are located in the cut-make and trim (CTM) sector where they operate as sub-contractors to large retail enterprises and clothing chain stores. The intervention to support training in the SMME sector is done to address the heavy skewing of training that is taking place in predominantly formal sector enterprises. The Textile SETA started by running pilot programmes around the development of supervisors, management development and machinist maintenance programmes. The training instructors deployed on the programme are paid by the SETA. It costs the employers nothing. Through this initiative more small-scale employers are beginning to recognise the value that is being added to their operations through the pilot programme. An example of this is the machinist maintenance programme. Many small-scale employers were faced with continuous production losses and had to attend to repairs on machines virtually every week. Using the SETA trainers, machinists at factories on pilot programme were taught how to replace broken needles and conduct regular maintenance checks on sewing machines. It led to a dramatic turn-around in machine idle time and significant improvements in productivity. The success of the programme has encouraged the SETA to start undertaking training around work-study methods and techniques. Such types of interventions serve as an inducement for small scale unregistered and non-levying paying firms to experience the benefits and recognise the opportunities which participation in formal SETA directed skills initiatives brings.

Similar initiatives appear to be associated with the Manufacturing and Engineering SETA (MERSETA), and although the skills base is significantly different from the textile sector, discretionary funding is used to provide bursaries for learner technicians to attend Technikon programmes. Because MERSETA is the largest SETA in the country, and caters for over 6 000 employers, it has significant regional concentrations of activity. In fact there are ninety engineering students supported in this way in the Western Cape. These students generally span the FET band and to some extent are found in the HET band and the training and qualifications are generally in the fields of information technology, management and engineering. However, the major issue for the SETA relates to providing support to employees in the sector around the recognition of prior learning (RPL) and providing programmes in adult basic education and training (interview with Janet Lopez). The activity around RPL is considered essential to provide previously qualified artisans with a platform to upgrade their qualification towards higher craft and technician skills. The more craft oriented skills include those such as the occupation of a millwright. It has elicited a rapid response from artisans to have their skills upgraded and be retrained in the particular field, but also in new fields that are being characterised by upward trends in labour demand.

Despite the Manufacturing and Engineering SETA embodying, in South African terms, some comparatively high skilled manufacturing sectors such as Electrical Machinery and Vehicle and Automotive Components (in contrast to Textiles) (see Bhorat and Lundall, 2002), employers tend to misunderstand the concept of ABET (Adult Basic Education and Training) and have therefore not used it effectively to upgrade the lower echelons of the occupational ladder. Consequently, only about 7percent of firms within the SETA's ambit are engaged in providing ABET training.

The Initiation Process and its Teething Problems

Even in the second year of its operation a number of SETAs continued to experience problems associated with the clear demarcation and allocation of levies between SETAs as well as with delays in the time taken to affect payment and verify payment to employers who had undertaken training at the workplace. CHIETA, the SETA in the chemical sector maintained that these problems compromised efforts to win the confidence of affected companies in the sector. FIETA, the SETA for the forest industries alluded in greater detail to constraints it had experienced on similar matters:

> *'FIETA is in no position to judge whether the levies from all the employers that should be demarcated to this sector are being received. Non participating employers, and even some that are participating, are not sure in which SETA they are registered and to which SETA their levies are allocated. As FIETA become more efficient in disbursing levy grants, the unclaimed levies will diminish. Currently there are projects being funded by those unclaimed grants. FIETA is one of the smaller SETAs and it is difficult to perform all the administrative functions, as well as fund projects, on the ten percent levy income allowed for that purpose'(Forest Industries Education and Training Authority, Annual Report, p.14).*

In fact the late receipt of levies that are due to SETAs were often blamed on the South African Revenue Services whom it appears often paid these over to the SETAs from up to four (according to INSETA) to six (according to CTFL SETA) months after it had been handed over to them by employers. Many SETAs claimed that this late payment had an effect on employers in their sector. According to the CTFL (Textile SETA), many companies, especially SMMEs regarded the skill levies as a tax. In the context of a difficult economic environment in the textile and clothing sector, many employers were reluctant to spend resources on training.

On the basis of submissions gleaned from the Annual Reports, it appears that the process of devising a new management information system presented a number of challenges to most of the emerging SETAs. Interviews conducted with representatives of SETAs in Cape Town have intimated to cases where an industrial training board (ITB) was incorporated into a SETA, there at least was an infrastructural organisation that could be marshaled to support the development and growth of the new emerging SETA. Public sector SETAs that usually did not have such a preceding structure to draw upon lamented too that it placed them initially at a disadvantage to SETAs that were able to build from such a structure. However, even in SETAs where such an infrastructure existed, it was of little help in overcoming problems concerning the development of information systems which the non-ITB SETA such as FASSET, Banking and Insurance were able to overcome with less difficulties. Other ITB evolved SETAs such as the Chemical Industries SETA (CHIETA), noted that:

> *'The problems and delays experienced in developing and implementing an Integrated Management Information System (MIS) for CHIETA compromises our ability to compile and produce accurate information and reports'(CHIETA, Annual Report 2001-2002, p.10).*

CETA, the construction SETA, echoed similar sentiments about the challenges experienced to construct a viable information system for the management and distribution of levy payments and disbursements:

> *'SETAs that did not have an IT infrastructure had to adopt the Pastel system supplied by the DoL for the levy/grant system. The system was slow, unable to conform to the Generally Accepted Accounting Practices (GAAP) and had poor backup support. In addition, it combined the levy grant and accounting system, which has poor security. To overcome these problems, systems were set up with the accounts run on AccPac and non-financial levy information on Excel'(CETA, Annual Report 2000-2001, p.11).*

The SETAs that were not constituted out of ITBs generally attribute this as a disadvantage that they had to overcome. There is a belief prevalent among the non-ITB SETAs that capacity advantages were endemic to SETAs which inherited ITB linked structures. Whereas, most of the SETAs, which inherited one or other ITB claim that it was a liability whose closure and consolidation had to be adequately managed. This process of consolidation was seen to be onerous, time-consuming and resource intensive. Many of the supposed infrastructural advantages were not as significant. In many instances the outdated IT systems that the ITBs held retarded the initial progress at the SETA. Setting SETAs into place generally required vastly different obligations to those that had to be mobilised for previous structures such as the ITBs. Some of these included:

- Training assessors to launch assessment practices in a specific industry.
- Training of sectoral trainers to apply the principles and philosophy of outcomes based education when for instance learning materials were being developed.
- Setting up pilot projects on the implementation of RPL.

Even though the financial sector SETAs (FASSET, Banking SETA and INSETA) undoubtedly deployed the most efficient combination of resources and organisational skills to implement the skills development strategy, here too procedural bottlenecks such as the status of VAT, the late issuing of regulations and the changing deadlines emanating from the DoL are obstacles that have been mentioned to be hindering the progress in its strategies. The SETAs which have a large representation of employers in the public sector in turn are affected by the 'ring-fencing' which allows government departments to withhold the levies and direct these to costs of training employees internally. This lack of consistency means that the SETAs having a higher representation of public sector employees are hamstrung by the government departments which are ostensibly meant to be at the forefront of the implementation of government policy.

Learnership Agreements

One of the central obligations, which the Skills Development Act requires SETAs to fulfill, is the promotion and establishment of learnerships. Learnerships are spread over a number of NQF levels ranging from levels in further education to levels in higher education and although related to apprenticeship agreements in form, are entirely different in its content and coverage of learning requirements and is ultimately determined through the exhibition of a specified competence from the learner. Essentially SETAs are required to broker a learnership agreement between the learner/s, the employer/s and the training provider. All three in turn have to fulfill certain obligations for the learnership to be completed. Some SETAs (e.g. CHIETA and LGWSETA) alluded to the process of developing and registering learnerships as cumbersome with delays being experienced in the first year of implementation. In the 2000/2001 annual report, LGWSETA provided the following explanation for the delay in learnership registrations:

> *'During the year, the LGWSETA was unable to register any learnerships due to a number of factors. Stakeholder learnership committees had not been established, the SSP (Sector Skills Plan)/Learnership Manager had not been appointed and priority learnerships had not been identified'. (LGWSETA, Annual Report 2000-2001, p.11).*

Table 4 indicates that by April 2003, 428 learnerships had been registered with the South African Qualifications Authority by all 25 SETAs. On the whole, almost four-fifths (78 percent) of the registered learnerships were within the further education (FET) band of the NQF and realistically this meant that some level of relationship can be conceived as a possibility between many SETAs with institutions in the FET segment including the public FET colleges. Conversely, the remaining 22 percent of the registered learnerships would fall within the higher education bands of the NQF. Again, it would be logical to assume that some level of relationship would emerge between SETAs responsible for learnerships in the higher education band that involves both public and private higher education institutions.

Perhaps the spread in the distribution of learnerships in terms of the educational levels on the NQF can be used as a gauge of the level of skills demand within each sector. The demand for learnerships in higher level skills (level 5 and above) appears to be prominent in sectors covered by the following SETAs: FASSET, BANKSETA, DIDTETA, ETDP, ISETT, LGWSETA, MAPPP and POSLECSETA. Historically, many of the learning programmes in the higher skill levels were well catered for by distance educational providers, private higher educational institutions and professional institutes which provided accreditation to the qualifications that were being offered. The highest recognised form of professional training is often conducted at universities and professionally regulated by a professional body, but outside of this loop, the most prominent of these professional accrediting institutions in the sphere of accounting, banking and insurance in South Africa have been the Institute of Chartered Secretaries and Administrators, the Association of Chartered Certified Accountants, the Actuarial Society of South Africa, the Institute of Certified Bookkeepers, the South African Institute of Chartered Accountants, the Public Accountants and Auditors Board, the Chartered Institute of Management Accountants and the Institute of Bankers. Many other specialised post-qualification programmes can be pursed within each of the above fields. Over time, these bodies served to vet the content provided by such providers. It is logical to understand that higher education institutions that fall both within the public and private domains will

Table 4: Registered Learnerships within SETAs by NQF Levels as at 8 April 2003

	NQF Levels									
SETA	NQF 1	NQF 2	NQF 3	NQF 4	NQF 5	NQF 6	NQF 7	Total	% FET	% HE
FASSET	0	0	2	2	2	1	6	13	30.77	69.23
Percentage	0.00	0.00	15.38	15.38	15.38	7.69	46.15	100.00	30.77	69.23
BANKSETA	0	0	1	2	4	1	0	8	37.50	62.50
Percentage	0.00	0.00	12.50	25.00	50.00	12.50	0.00	100.00	37.50	62.50
CHIETA	1	10	7	7	1	2	0	28	89.29	10.71
%	3.57	35.71	25.00	25.00	3.57	7.14	0.00	100.00	89.29	10.71
TEXTILES	0	38	0	4	0	0	0	42	100.00	0.00
%	0.00	90.48	0.00	9.52	0.00	0.00	0.00	100.00	100.00	0.00
CETA	0	1	8	0	0	0	0	9	100.00	0.00
%	0.00	11.11	88.89	0.00	0.00	0.00	0.00	100.00	100.00	0.00
DIDTETA	0	0	0	0	6	0	0	6	0.00	100.00
%	0.00	0.00	0.00	0.00	100.00	0.00	0.00	100.00	0.00	100.00
ETDP SETA	0	0	0	2	4	3	0	9	22.22	77.78
%	0.00	0.00	0.00	22.22	44.44	33.33	0.00	100.00	22.22	77.78
ESETA	1	1	1	4	3	0	0	10	70.00	30.00
%	10.00	10.00	10.00	40.00	30.00	0.00	0.00	100.00	70.00	30.00
FOODBEV	0	3	19	10	1	1	0	34	94.12	5.88
%	0.00	8.82	55.88	29.41	2.94	2.94	0.00	100.00	94.12	5.88
FIETA	5	7	8	8	0	0	0	28	100.00	0.00
%	17.86	25.00	28.57	28.57	0.00	0.00	0.00	100.00	100.00	0.00
HWSETA	1	0	1	4	1	2	0	9	66.67	33.33
%	11.11	0.00	11.11	44.44	11.11	22.22	0.00	100.00	66.67	33.33
ISETT	0	0	0	4	5	0	0	9	44.44	55.56
%	0.00	0.00	0.00	44.44	55.56	0.00	0.00	100.00	44.44	55.56
INSETA	0	1	1	12	1	0	0	15	93.33	6.67
%	0.00	6.67	6.67	80.00	6.67	0.00	0.00	100.00	93.33	6.67
LGWSETA	0	0	0	0	1	1	1	3	0.00	100.00
%	0.00	0.00	0.00	0.00	33.33	33.33	33.33	100.00	0.00	100.00
MAPP	0	0	0	11	21	0	0	32	34.38	65.63
%	0.00	0.00	0.00	34.38	65.63	0.00	0.00	100.00	34.38	65.63
MQA	0	0	24	11	0	0	0	35	100.00	0.00
%	0.00	0.00	68.57	31.43	0.00	0.00	0.00	100.00	100.00	0.00
MERSETA	0	17	17	18	5	0	0	57	91.23	8.77
%	0.00	29.82	29.82	31.58	8.77	0.00	0.00	100.00	91.23	8.77
POSLECSETA	0	0	1	1	2	0	3	7	28.57	71.43
%	0.00	0.00	14.29	14.29	28.57	0.00	42.86	100.00	28.57	71.43
PAETA	6	1	0	1	0	0	0	8	100.00	0.00
%	75.00	12.50	0.00	12.50	0.00	0.00	0.00	100.00	100.00	0.00
PSETA	0	0	0	3	0	0	0	3	100.00	0.00
%	0.00	0.00	0.00	100.00	0.00	0.00	0.00	100.00	100.00	0.00
SETASA	0	3	0	1	2	0	0	6	66.67	33.33
%	0.00	50.00	0.00	16.67	33.33	0.00	0.00	100.00	66.67	33.33
SERVICES	3	2	3	11	4	0	0	23	82.61	17.39
%	13.04	8.70	13.04	47.83	17.39	0.00	0.00	100.00	82.61	17.39
THETA	0	3	5	8	7	0	0	23	69.57	30.43
%	0.00	13.04	21.74	34.78	30.43	0.00	0.00	100.00	69.57	30.43
TETA	0	0	4	0	1	1	0	6	66.67	33.33
%	0.00	0.00	66.67	0.00	16.67	16.67	0.00	100.00	66.67	33.33
W&RSETA	0	2	0	2	1	0	0	5	80.00	20.00
%	0.00	40.00	0.00	40.00	20.00	0.00	0.00	100.00	80.00	20.00
Total	17	89	102	126	72	12	10	428	78.04	21.96
%	3.97	20.79	23.83	29.44	16.82	2.80	2.34	100.00	78.04	21.96

be deployed as training providers for most skills enhancement and upgrading of employee skills at the workplace at the N5 levels and above. While skills requiring some level of theoretical training at higher education institutions exist within learnerships registered by the remaining SETAs, the need for theoretical training in further education provision is emphasised quite strongly as can be gleaned from Table 4 where 78 percent of registered learnerships are at level 4 or below of the NQF.

If we isolate SETAs which have a large number of learnerships that fall into the further education sector and for arguments sake let us focus on learneships at levels 3, our attention is immediately drawn to learnerships that have been registered by CHIETA (7 NQF level 3 learnerships), CFLT (an exception is made to cover 38 NQF level 2 learnerships), FIETA (8 NQF level 3 learnerships), FOODBEV (19 NQF level 3 learnerships), MQA (24 NQF level 3 learnerships) and MERSETA (17 NQF level 3 learnerships). What is the significance of this 'arbitrary' listing? There is virtually a universal position that permeates industry generally and some of the SETAs convey this sentiment in their annual reports, that the quality of delivery of programmes within the further education sector do not match and meet up to the required needs expected by industry with respect to training.

Initially, technical colleges in South Africa catered for the delivery of programmes in engineering education, but over time this purely engineering focus was diluted to include programmes especially in business studies. Gradually business studies programmes came to dominate many technical colleges and in this they were accompanied by the emergence of non-vocational programmes such as those in Art, Music, Educare and Social Services and Utility Studies. However, much of the prejudging of the uneven quality in the delivery of technical college programmes may have been directed to courses in engineering but there does not exist any comprehensive study that shows in what way this is so. With the exception of learnerships in textiles (CFLT SETA) and food and beverages (FOODBEV) and perhaps furniture, if courses in woodworking are not offered, then almost all the NQF level 3 learnerships registered by CHIETA, MQA and MERSETA can be done in conjunction with a public FET college which offers programmes in the traditional engineering fields. In the case of the NQF level 2 textile learnerships, it is important to recognise that these are closely oriented to firm specific production methods in the clothing, leather, footwear and textile industries and taking into account the visits that I have made to a number of institutions in the Western Cape, very few further education and training programmes in the Western Cape would be able to give appropriate theoretical instruction which caters for the specific needs of particular learnerships within the textile and related industry.

A case can still be made for FET institutions having the capacity and appropriate course offering to support learnerships at the NQF level 3 in food and beverages and in forest industries. The difference between the two is that the FET institutions still provide programmes that are located in the craft trades. The FET programmes have therefore not kept abreast of technical and mass production advances that have been experienced in industry. However, the craft type of instruction is still infinitely more empowering than the diluted instruction that would be required for modern mass production activities. Take for instance the woodworking craft trades: modern cabinet makers often do not require the same degree of workmanship skills that was commanded by the traditional cabinet maker who was obliged to be absolutely familiar with all types of joinery work as well as work of sculpture and woodturning. Traditional upholstery workers (Interview conducted in

1996) assert that most modern upholstery workers have difficulty performing highly skilled operations that are within the domain of the craft worker. But, it is true that the theoretical instruction that is available at such public educational institutions is obsolete and out of sink with the requirements of modern mass production systems. In some industries, however, even though the craft system of production is an historical aberration, training for workers in the fundamentals of craftsmanship, although more appropriate for small enterprises, still provides a useful knowledge foundation which can be applied to the new work milieu. At FET institutions students can still obtain instruction in cabinet making, French polishing (finishing) and upholstering. Similar corresponding forms of instruction can be provided at FET institutions for the food and beverage industry. The disjuncture emerges where instruction in large-scale mass production processes are required. Within this realm, education institutions, both further and higher, can only provide instructional support on the theoretical principles of particular scientific technologies (e.g. the biochemistry and biotechnology required for processes of fermentation, brewing, distillation and preservation of food and beverage substances). This shows that the universal position in circulation, that FET institutions do not provide valid instructional offerings to learners and particularly for learnerships at the FET level, requires modification and qualification.

From site visits made to various FET institutions in the Western Cape between October and November 2002, it was clear that many attempts have been made to align specific programme offering at these institutions to the equivalent learnership requirements. However, these alignments generally only occur where these specific sectors are perceived as representing a likely source of employment for the graduates of the institution. This alignment was quite prominent at the FET colleges, which maintained strong engineering programmes (e.g. Athlone Technical College, Western Province Technical College and Westlake Technical College). In addition, at the engineering type of FET colleges, apart from theoretical instruction, which leads to the award of national technical certificates (N1, N2, N3 to N6), the institutions are geared to the offering of practical workshop programmes. Delivery of training on these programmes is modularised and they are accredited by the MERSETA. The programmes generally covered the fields of mechanical engineering studies, electrical and electronic engineering, motor mechanics and in the case of the Athlone and Western Province Technical colleges, programmes where offered in building and engineering studies. At the time of the interviews (end of 2002), the final determinant of qualification was the award of a trade test certificate and the status of being classified as an artisan. At all three similar engineering type of FET colleges in the Western Cape, the period of compulsory modular training for those intending to work in industry and eventually be admitted to the status of an artisan was between 22 and 33 weeks. Those who enter industry with the plan of becoming fully qualified artisans, which has a significant wage incentive, would return to the institution, or any other recognised trade test center for the final preparation of the trade test examination. At the non-engineering FET colleges, the closest alignment appears to be occurring with learnerships and programmes endorsed by the Tourism SETA, but these programmes are related to potential employment activities in the tourism sector.

In the Western Cape, interviews with informants at FET institutions suggests that there is a perception that SETAs have a limited involvement with FET institutions that are based outside the Cape Town Metropole/ Cape Peninsula. At institutions at which linkages had been established (e.g. involving MERSETA and THETA) these have not resulted in significant financial rewards for the institutions and at some of these, the financial benefaction derived from big corporate sponsors was more important as was the case for the South Cape Skills Training Centre in the township of Thembalethu in George.

Using evidence of events in the Western Cape, two examples can be cited where Technikons appear to have made more significant progress on the establishment of linkages with SETAs. In 2002, an agreement was reached between the Graduate Centre for Management (GCM) at the Cape Technikon and the THETA SETA to formulate curricula for programmes that meet the requirements of the relevant unit standards as well as those of industry. These programmes are meant to cater for all industries represented by the THETA SETA. Besides making provision for the development of adequate learning material and the means to ensure delivery of programmes to learners with facilities for proper assessment, the Cape Techikon was given the task to liaise with industry in establishing learnerships. The second initiative involved the Cape Technikon supporting the establishment of a learnership in the retail sector for the Retail and Wholesale SETA. This retail and wholesale learnership was perceived as the first phase of an 18 month programme that would initially begin with 50 learners. At the time of the interview (November 2002), I was informed that modules had been developed for level 2, 4 and 5 of the NQF. It was explained why the Technikon was specifically involved in supporting learnerships that were located within the further education band of the NQF which is often a problem that develops when particular SETAs seek the involvement of higher education institutions in programmes that are essentially within the further education band of the NQF.

From what can be gleaned from the evidence recorded in the annual reports of SETAs there is surprisingly very limited documentation provided of linkages with FET colleges. One exception is the Energy SETA (ESETA) which is collaborating with the Alexandra Technical College.

> *'The ESETA is closely guiding and conducting capacity building at the college for purposes of preparing the institution to conduct a pilot of the NQF level 1 and 2 Electrical Learnerships. The department [the DoL (PL)] is also helping the institution to put together an Electrical appliance repair skill programme targeted for implementation early next year. This is done in collaboration with GTZ who have committed to funding the project' (Chief Executive's report in ESETA Annual Report for 2000-2001).*

A similar state of affair is reported in the Annual Report for 2002 of ESETA:

> *'The department [DoL (PL)] continues to work closely with the Alexandra Technical College in developing a pilot programme for the NQF level 1 and 2 electrical learnerships. This will ensure a coordinated collection of data during learnership implementation that will facilitate a review of the programmes and qualifications. An electrical appliance repair skills programme is being developed with funding committed by German donor GTZ' (ESETA Annual Report 2002, p.11).*

The above statements that were pronounced for different periods of time alludes to a slow process in the delivery and implementation of some programmes and even donor funded programmes appear to be plagued with the constraints of a slow tempo of implementation. However, from all the Annual Reports of SETAs that was available for perusal, ESETA was the only SETA which highlighted a collaborative association with an FET college.

It has been quite difficult to gauge the number and growth in learnerships that were completed. Learnerships overall cover a wider spectrum of occupations and job titles so one would presume that it is significantly better than the old apprenticeship system that it replaced. Although one is not comparing equivalent elements it may nonetheless still be useful to compare the number of trade tests that apprentices were subjected to before 1990 with the number of learners that proceeded through similar trade testing procedures in the more recent period. Unfortunately there is not an adequate record of statistical evidence to make an accurate overall comparison, although it is possible to do so using the very limited data that has been published by the ESETA and is shown in Table 5.[1]

Table 5: Formal Assessments Completed in ESETA in 2001/2

Industry	Number
Electrical Engineering Trade Tests	330
Mechanical Engineering Trade Tests	160
Control and instrumentation Trade Tests	18
Related engineering trade tests	28
Power plant operations	118
Education and training practitioners	155
TOTAL	809

Source: ESETA Annual Report 2002, p.8.

Throughout the 1980s there were in the region of 10 000 apprentices registered in the electrical trade industries and in 1989 when these figures were the lowest for the decade, 9 931 apprentices were registered in the sector (Mohamed & Kimmie, 1992). Roughly one-quarter of registered apprentices were admitted to the artisan ranks either by successfully completing a trade test or for those who were unsuccessful in progressing through the trade tests by graduating naturally to artisanal status by what was then referred to as admission through the 'effluxion' of time. This means that roughly 2 500 apprentices were admitted to the artisan ranks in the decade of the 1980 and roughly 2 800 would have done so in the trough year of 1989. From Table 5, we can discern that 809 formal assessments occurred in the industries constituting the jurisdiction of the ESETA, which is significantly lower than the period of the late 1980s and one third of these were for either operator qualifications and qualifications of education and training practitioners. On the whole, almost 19 percent (155) of the formal assessments were not in technical matters relating to firm or industry needs but to requirements concerned with the implementation of the skills development strategy.

Despite an enormous degree of ingenuity shown by most of the SETAs to unanticipated problems experienced along the way, each of these slowed the tempo of implementation and delivery in a way, which the original progenitors of the targets may not have foreseen. But, the accumulation of these minor setbacks will have a major effect on the accomplishment of the targets especially when progress comes to be evaluated in 2005.

[1] The efforts of this particular SETA is graciously acknowledge.

Achieving Systemic Integration

In providing for an effective framework in which the accreditation, quality control and delivery of education and training can take place smoothly, a very sophisticated landscape for education and training institutions coupled with labour market institutions are required to be instituted. The process, however, has been complicated and slow. This has contributed to reversals and crucial moments when it appeared that everything was on track causing a great deal of frustration. Numerous stakeholders have voiced their frustrations with the process. At the heart of the process is the struggle between licensing and delivery of education and training provision. Many of the criticisms voiced by specific SETAs are commonly held by most of these organisations. While the DoL and its supporting institutions have upheld the notion of demand-led training provision, in practice, the stakeholders within the education community adhere to a different interpretation. These differences permeate the entire educational and training system in South Africa. The educational planners and the educational community generally are one of the targets that have consistently featured in these and perhaps it is appropriate to capture sentiments shared by a wider spectrum of managers in similar institutions to that voiced by the CEO for the Services SETA:

> *'Some of the largest delays in establishing learnerships are due to the length of time it takes to have standards and qualifications registered through SAQA's structures. An additional frustration in terms of this act is the vagueness with which it comtemplates relationships between band and vocational ETQAs and the unwillingness of SAQA, itself to intervene and facilitate memorandums of agreement between vocational ETQAs, the CHE and GENFETQA. While the act gives rise to vocational ETQAs, as very definite and necessary creatures of statute, SAQA, the upper guardian of all ETQAs appear to be paying lip service to vocational ETQAs and continuously siding, through its paralysis to do anything effective, with Band ETQAs, i.e. the Department of Education. Industry and particularly employers and labour appear to play second fiddle to educationalists and providers in SAQA's decisions, perpetuating the problem of the "tail wagging the dog" when it comes to changing the structures of vocational development in South Africa' (Review of the CEO in Service SETA, Annual Report 2002, pp.19-20)*

Although the bulk of its learnerships that it offers are within the further education band, the Services SETA voiced criticism at the Council for Higher Education (CHE) for inconsistency in dealing with vocational ETQAs by refusing to formalise the relationship with the Services SETA ETQA. The concern of the Services SETA was that the lack of formalisation of its ETQA was hampering its capacity to deliver and control new learnerships within its demarcated scope. A final issue was raised against legislation that was constraining the work of the SETAs especially the Further Education Act which was:

> *'Yet to be fully implemented but creating significant delays with the registration of multi-purpose providers at the FET levels, an important cog in the leadership machine'.(ibid., p.20)*

It is important that the difficulties in integrating the complex process of accreditation and quality control on the one hand, with the demands that employers and labour has with respect to firm level training on the other hand, are addressed. This is a crucial test for the NSDS and it remains a crucial test of the success towards the over-arching human resource development strategy. Failure to deliver at least on the fundamental indicators would result in the entire process being put under massive scrutiny, especially by technocrats within the National Treasury who are rumored not to be convinced about the path taken towards a levy based training system and it has been suggested in informal conversations would move to shift the policy on this front should it be considered to have become a failure.

Conclusion

Despite the absence of adequate data from which to gauge the performance of SETAs, the inadequately scattered data has enabled us to construct a rather pessimistic picture of the progress and development of learnership training. The picture clearly shows that the success indicator of objective five of having a minimum of 80 000 people proceeding through learnerships by March 2005 generally seems unattainable. The reason for this is that the substance of the indicator was unrealistic from the beginning and the process of setting up SETAs and getting them to function effectively has proved to be a mammoth task. The task, however, would become more feasible with a reduction in the level of bureaucracy and a simplification in the legislative framework governing skills development in the country.

Philosophically, the tensions seem to pit the educationalists against the vocationalists. This tension is even embodied in the human resource development strategy. The national skills development strategy on the other hand is clearly an attempt to elaborate skills empowerment through vocational measures. Indeed this is the elegance of a demand driven strategy. Even though it is being postulated in rather stark terms, the institutional struggle over control in the regulation and determination in the path of skills development has highlighted the foundational concerns of each. Non-educationalists are almost always vocationalists. The educationalists are principally concerned with quality and accreditation and the hierarchies that accompanies it (and most educationalists would definitely emphasise these aspects of the learning process), but in doing so the importance of production and outputs and delivery is being displaced as a secondary concern. This is irksome to the vocationalists, because the priorities of implementing and executing training inadvertently becomes frustrated and quite severely too. The vocationalists merely view SAQA, for instance, as the vehicle to obtain higher productive outputs in the world of work. The vocationalists, however, have been weak at articulating these concerns with effective propositional statements premised on counter-arguments. This is in marked contrast with the repetitiveness and quantity of output that characterises the demeanor of the educationalists when they advance their cause.

In order to meet the target indicators by March 2005, the hegemony of the educationalists over the skills development system in South Africa would require significant modification. Ultimately, failure to adjust may result in the entire process being threatened with curtailment by the technocrats from the National Treasury. Given the opportunity, the National Treasury technocrats will not hesitate to replace the current grant levy rebate funding mechanism with the dour tax rebate training scheme which has a dismal performance record. We are extremely fortunate to be witnessing such a classical denouement in bureaucratic rivalry unfold around the agenda of public institutions that have been tasked to enhance the skills needs of the South African labour force. The process is more interesting, because it is outside the visible public arena and is often buried in the interstices of state institutions. These institutions have a non-partisan public location and even when the shifts in policy are incontrovertible, the bearers of their plight are usually represented through individuals that depict wider social interests. But, these shifts can be directly related to the pivotal tensions that affects the manner of comprehension and systematisation of the institutions that constitute our immediate organisational milieu. With greater assertion of the vocational mandate, from the institutions that make up the NSDS, the successes in meeting some of the target indicator that have been set will become a corrective to the intermittent setbacks in the new skills dispensation in South Africa.

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