**4. REPORT OF THE PORTFOLIO COMMITTEE ON HIGHER EDUCATION AND TRAINING ON THE STRATEGIC PLAN 2015/16 – 2019/20 AND ANNUAL PERFORMANCE PLAN 2017/18 OF THE SECTOR EDUCATION AND TRAINING AUTHORITIES (SETAs), DATED 01 NOVEMBER 2017**

The Portfolio Committee on Higher Education and Training having considered the Strategic Plan 2015/16 – 2019/20 and Annual Performance Plan (APP) 2017/18 of the SETAs, reports as follows:

**1. Introduction and background**

The Sector Education and Training Authorities (SETA) were established in terms of the Skills Development Act No. 97 of 1998 (as amended) with the mandate to promote skills development for the education and training sector. The Minister of Higher Education and Training relicensed the SETAs for two years from 1 April 2016 to 31 March 2018 to operate within the skills development framework as articulated in the National Skills Development Strategy (NSDS) III framework and other policies and strategies. The SETAs are public entities that fall under Schedule 3A of the Public Finance Management Act (PFMA), No 1 of 1999 and they are funded through the 1 per cent levy income paid by employers to the South African Revenue Service (SARS).

**2. Mandate of the Committee**

Section 55(2) of the Constitution of the Republic of South Africa, stipulates that the National Assembly (NA) must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) national executive authority, including the implementation of the legislation; and (ii) any organ of state.

The Committee oversees the implementation of the following Acts:

Higher Education Act, 1997 (Act No.101 of 1997), National Student Financial Scheme Act, 1999 (Act No. 56 of 1999), Continuing Education and Training Act, 2006 (Act No. 16 of 2006), National Qualifications Framework Act, 2008 (Act No. 67 of 2008), Skills Development Act, 1998 (Act No. 97 of 1998), Skills Development Levies Act, 1999 (Act No. 9 of 1999) and General and Further Education and Training Quality Assurance Act, 2001 (Act No. 58 of 2001). The Department of Higher Education and Training oversees the SETAs in terms of the Skills Development Act and the Skills Levies Act.

The Public Finance Management Act, 1999 (Act No. 29 of 1999) Section 27 (1) states that the Minister must table the annual budget for a financial year in the National Assembly before the start of that financial year. It further provides in Section 27 (4) that when the annual budget is introduced in the National Assembly (NA) or at a provincial legislature, the accounting officer for each department must submit to Parliament or provincial legislature, as may be appropriate, measurable objectives for each main division within the department’s vote.

The 2015/16 – 2019/20 Strategic Plans and the 2017/18 Annual Performance Plans of all the Sector Education and Training Authorities (SETAs) had been referred by the Speaker to the Committee for consideration and reporting. Therefore, the Committee reports in terms of the National Assembly, rule 166.

**4. Purpose of the report**

The purpose of this report is to account for the work done by the Portfolio Committee on Higher Education and Training during assessment of the Strategic Plans 2015/16 – 2019/20 and Annual Performance Plans (APPs) 2017/18 of the following Sector Education and Training Authorities (SETAs): Education, Training and Development Practices (ETDP) SETA, Health and Welfare (H&WSETA), Energy and Water SETA (EWSETA), Local Government (LGSETA), Services SETA, Insurance SETA (INSETA) Bank SETA, Finance and Accounting SETA (FASSET), Safety and Security SETA (SASSETA), Manufacturing, Engineering and Other Related Services SETA (MERSETA), Transport Education and Training Authority (TETA), Wholesale & Retail SETA (W&RSETA), Mining Qualifications Authority (MQA), Construction Education and Training Authority (CETA) and Chemical Industries Education and Training Authority (CHIETA). The report further makes financial and non-financial recommendations for consideration by the Minister responsible for the Department.

**3. Method**

In preparation for the review process, the Committee considered key policy documents that inform the work of the SETAs. The policy documents are: the National Development Plan (NDP), and the 2014-2019 Medium Term Strategic Framework (MTSF), the National Skills Development Strategy (NSDS) III, the National Skills Accord, the 2017 State of the Nation Address, the report by the Auditor-General of South Africa (AGSA) on the audit outcomes of the SETAs 2017/18 APPs, the National Treasury Framework for Strategic Plans and Annual Performance Plans and the National Treasury Instruction No 02 of 2016/17 on cost containment measures.

The 2015/16 – 2019/10 Strategic Plans and 2017/18 Annual Performance Plans of all the SETAs were referred by the Speaker to the Committee. Of the 21 SETAs, 15 SETAs were invited to Parliament by the Committee to consider their Plans as follows: Education, Training and Development Practices (ETDP) SETA and Health and Welfare SETA (HWSETA) on 17 May 2017; Energy and Water SETA (EWSETA), Local Government SETA (LGSETA) and Services SETA on 24 May 2016; Insurance SETA (INSETA) Bank SETA, Finance and Accounting SETA (FASSET) on 07 June 2017, (a Joint Meeting with the Portfolio Committee on Police) Safety and Security SETA (SASSETA) on 20 June 2017; Manufacturing, Engineering and Other Related Services SETA (MERSETA), Transport Education and Training Authority (TETA), Wholesale & Retail SETA (W&RSETA), Mining Qualifications Authority (MQA), Construction Education and Training Authority (CETA) and the Chemical Industries Education and Training Authority (CHIETA) on 21 June 2017. The Chemical Industries Education and Training Authority’s Plans were not considered due to the absence of the Chairperson of the Board and the Chief Executive Officer (CFO). The Committee resolved to consider the Plans of the Media, Information and Communication Technologies Sector Education and Training Authority (MICTSETA) and the Food and Beverages Manufacturing Sector Education and Training Authority (FoodBev SETA) at the next oversight visit. The Committee would endeavour in future oversights consider and report on the Plans of the other remaining SETAs.

**4. Overview and assessment of the 2015/16 – 2019/20 Revised Strategic Plan and 2017/18 Annual Performance Plan of the SETAs**

All the SETAs had developed their APP budget programmes and sub-programmes to operationalise the National Skills Development Strategy (NSDS) III. The NSDS is the overarching strategic guide for skills development and provides direction to sector skills planning and implementation in the SETAs. It also provides a framework for the skills development levy resource utilisation of the SETAs, including the National Skills Fund (NSF), and sets out linkages with and responsibilities of, other education and training stakeholders. These programmes laid down strategies on how the SETAs would discharge their mandate as per the Skills Development Act and the NSDS III. Most of the SETAs’ core delivery programmes in the APPs have been aligned to the NSDS III.

Below are the targets for the core delivery programmes of the SETAs as guided by the eight (8) Goals of the NSDS III.

**4.1. Implementation of the NSDS III**

**4.1.1. Goal 4.1. Establishing a credible institutional mechanism for skills planning.**

Currently, there is no mechanism to provide credible information and analysis on the supply and demand for skills in the country. While there are a number of disparate information databases and research initiatives, there is no standardised framework for determining skills supply, shortages and vacancies. There is also no integrated information system for skills supply and demand across government. SETAs play an important role in gathering statistics and other relevant information on labour market skills needs and training and communicate recent emerging trends, as well as to develop solid baseline indicators. Such information is essential in planning to meet the country’s skills needs and guiding investment in education and training provision.

All the SETAs have planned to conduct research and produce research reports to inform the review and updating of the Sector Skills Plans. This would be done through in-house research and commissioned research.

In informing a credible and reliable skills planning process, the SETAs committed the following:

**ETPD SETA**: For the 2017/18 financial year, the SETA planned to have an updated approved annual Sector Skills Plan. The SETA also planned to support five research organisations through skills development to conduct research (labour market supply and demand; work-integrated learning and Recognition of Prior Learning; strategies to address unemployment in the country; monitoring and evaluation and Early Childhood Development) that would inform the skills planning in the education sector. The ETDP SETA signed memorandum of understanding with universities to conduct research.

**HWSETA:** The SETA committed to having four applied research reports completed and confirmed by stakeholders that inform planning and impact of training assessed.

**Services SETA:** For the Services sector, the SETA planned to expand research capabilities and credibility to inform relevant and evidence-based planning. The SETA would have two research partnerships with public universities and would have well informed Sector Skills Plan, strategic Plan and Annual Performance Plan.

**EWSETA:** This SETA committed to increasing the number of researchers in the sector by appointing two research chairs, and in addition, it would commission two research projects. The Sector Skills Plan would be reviewed, approved and be submitted to the Department of Higher Education and Training.

**LGSETA:** For the 2017/18 financial year, the SETA planned to conduct 10 research projects on skills development needs that informs skills planning, qualification development and learning intervention development for the local government sector. The SETA would also host four research seminars to communicate research findings with stakeholders.

**BANKSETA:** To inform the development of a credible and reliable skills planning for the banking sector, the SETA committed to having an approved research agenda and three research reports would be completed and posted on its knowledge bank. The SETA would also develop a Sector Skills Plan.

**INSETA:** The SETA planned to have 1 300 employers submit the workplace skills plans, to identify 10 scarce and critical skills identified and to develop and distribute 1 500 Sector Skills Plans.

**FASSET**: In informing the sector skills planning, the SETA committed to commissioning and conducting 10 research interventions on topics of relevance to strategic planning, monitoring and evaluation of the SETA interventions and the development of the Sector Skills Plan.

**SASSETA:** For the 2017/18 financial year, the SETA committed to conducting three impact assessment on its learning programmes, to conduct three research studies in support of the safety and security sector and to publish two research studies conducted in support of the safety and security sector.

**MERSETA:** During the 2017/18 financial year, the SETA planned to have one researched Sector Skills Plan developed and approved. The SETA would implement 50 percent of its research strategy and plan.

**MQA:** The SETA planned to have nine sector research outputs completed during the 2017/18 financial year and to collaborate with three higher education institutions regarding skills development research in the mining and minerals sector.

**TETA:** In informing the credible skills planning within the transport sector, the SETA planned to conduct one tracer study, update eight transport sub-sector scarce and critical skills lists, to have an approved Sector Skills Plan, to support one partnership with universities or other stakeholder to support research in the sector.

**W&RSETA:** The SETA planned to consult 800 stakeholders across all sub-sectors to inform the development of quality and relevant Sector Skills Plan. The SETA would also produce four qualitative and quantitative research papers using primary and secondary data sources.

**CETA:** The SETA committed to have 2 050 levy paying members submitting credible data through the Workplace Skills Plans and Annual Training Reports that contribute to the development of the Sector Skills Plan. The SETA would also produce an updated and approved Sector Skills Plan aligned to the DHET SSP Framework.

**4.1.2. Goal 4.2: Increasing access to occupationally-directed programmes**

The NSDS seeks to ensure that middle and high-level skills are identified and addressed in all the sectors. All the SETAs had planned to fund skills development interventions to have learners entering scarce and critical skills training programmes in their respective sectors. These include learners entering and completing artisan development programmes, learners entering and completing undergraduate and post-graduate studies at universities, learnerships, and learners completing artisan development programmes, funding of lecturer development at universities, funding of researchers through bursaries and scholarships.

The SETAs committed the following:

**ETDPSETA:** The SETA committed to enrolling 3 600 unemployed learners in learnerships and skills development programmes; including unemployed youth with disabilities; to place 2 500 graduates in workplace experience and internship programmes; to award 500 new bursaries to students and 650 to continuing students, to 300 unemployed candidates receiving qualifications through Recognition of Prior Learning (RPL)

**HWSETA:** 4 000 unemployed learners (Interns, TVET and University students) would be enrolled in learnerships and skills development programmes; 1 950 unemployed learners would be placed in internships, workplace experience and work-integrated learning and 700 unemployed students and 40 unemployed postgraduates would be awarded bursaries.

**Services SETA:** 16 203 unemployed learners would be enrolled in learnerships and skills development programmes; 9 109 learners would be placed in internship programmes; 2 100 artisan learners would be enrolled in artisan development programmes; 3 533 bursaries would be awarded to unemployed learners and 1 000 candidates would be enrolled in RPL programmes.

**EWSETA:** 1 200 unemployed would be enrolled in learnerships programmes and 1 000 would complete; 930 learners would be placed in internships/ WIL programmes and 315 learners would complete the programmes; 500 unemployed learners would be awarded bursaries and 100 would complete the programme, 500 learners entering artisan programmes and 250 learners complete the programme.

**LGSETA:** 7 260 unemployed learners would be enrolled in learnerships and skills development programmes and 6 600 would complete the programme; 700 unemployed learners placed in internship programmes and 350 learners completed; 240 unemployed learners awarded bursaries and 700 learners completed

**BANKSETA:** 870 unemployed learners would be enrolled in learnership programmes and 533 learners would complete;

**INSETA**: 2 500 unemployed learners would be enrolled in learnerships and skills development programmes and 1 750 learners would complete; 800 unemployed learners would be entered in internship programmes and 500 learners would complete; 392 unemployed youth would be accepted in employment after completing internships; 800 learners would be awarded bursaries and 700 learners would complete and 100 candidates would be certified through RPL.

**FASSET:** 7 190 unemployed learners would be funded to enter learnership and skills programmes and 2 580 learners would complete; 1 830 unemployed learners entering bridging programme for completion of university and Professional Body respectively, and 1 281 learners would complete; 680 unemployed learners would be funded on NSFAS Loan Repayment Grant, FASSET Bursary Grant and NSFAS bursary and 480 TVET graduates placed in in-service training and 210 learners completed.

**SASSETA:** 3 000 unemployed learners would be enrolled in learnerships programmes; 1 450 learners (800 TVET students for WIL, 400 interns and 250 University students for candidacy) would be entered; 50 artisan learners would be enrolled in artisan programmes and 118 learners would be complete and 150 unemployed learners would be awarded bursaries.

**MERSETA:** 9 995 unemployed learners would be enrolled in learnerships and skills development programmes and 8 450 learners would complete; 886 graduates would be entered in internship programmes; 4 000 artisan learners would be enrolled in artisan trade qualifications and 5 775 artisan learners would complete; 170 bursaries would be awarded to unemployed learners and 1 500 learners would access RPL.

**MQA:** 1 350 unemployed learners would be entered in internships and WIL programmes and 815 learners would complete the programmes; 1 500 artisan learners would be enrolled in artisan development programmes and 1 800 would complete; 1 000 learners would be awarded bursaries and 600 learners would complete.

**TETA:** 2 524 unemployed learners would be enrolled in learnerships and skills development programmes and 2 766 learners would complete; 750 learners and graduates from higher education institutions would be entered in internship programmes and 358 learners would complete; 358 artisan learners would be enrolled in artisan development programmes; 250 unemployed learners would be awarded bursaries and 157 learners would complete.

**W&RSETA:** 2 200 unemployed learners registered in National Qualifications Framework (NQF) Level 2 - 5 learnerships and skills programmes addressing scarce and critical skills and occupations in the W&R sector and 1 420 learners certified; 3 000 bursaries would be awarded to unemployed bursars registered at TVET and HEIs; 4 000 TVET and HEIs graduates placed in workplace experience programmes and 2 400 graduates complete the programmes; 700 learners and interns from TVET and HEIs placed in internship programmes and 490 students would complete the programmes.

**CETA:** 4 550 unemployed learners would be enrolled in learnerships and skills development programmes and 2 277 learners would complete; 700 unemployed learners would be entered in internship and WIL programmes and 350 learners would complete; 3 500 artisan learners would be enrolled in artisan training and 1 750 artisan learners would complete; 500 bursaries would be awarded to unemployed learners and 80 funded learners would complete.

**4.1.3. Goal 4.3: Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities**

The SETAs are required to identify and partner with TVET Colleges to offer vocational courses and work experience for college learners, learnerships, apprenticeships, experiential training, and work-based placement for TVET lecturers. The MTSF had set a target of 140 000 of work-based training opportunities for TVET Colleges and Universities of Technology students. The SETAs had planned to identify and collaborate with TVET Colleges to, introduce qualifications that responds to their sectors, TVET College lecturer development, to strengthen the current TVET College offerings, and placement of students and lecturers in the workplace.

**ETDPSETA:** The SETA would support 400 public TVET Colleges lecturers and managers and 100 Community Education and Training College practitioners through skills development.

**HWSETA:** 40 TVET College lecturers would be placed on work experience with employers;

**Services SETA:** Five partnerships would be established with TVET Colleges and 150 partnerships with new employers.

**EWSETA:** The SETA had not planned to establish new partnerships with TVET Colleges during this financial year, but it would consolidate and deepen the partnerships that have been established with TVET Colleges.

**LGSETA:** 25 TVET College lecturers would be developed

**BANKSETA:** The entity aimed to sign 10 memoranda of understanding with TVET Colleges to assist TVET College learners’ access work-integrated learning opportunities.

**INSETA:** Eight lecturers from four TVET Colleges would be developed to support implementation of INSETA programmes; four programme approvals (1 per college) would be awarded to four Colleges; 260 TVET graduates would be supported to access workplace experience through internship, and 175 would complete workplace experience through internship.

**FASSET:** 480 unemployed TVET graduates would be placed in in-service training.

**SASSETA:** Eight public TVET Colleges would have SASSETA approved programmes

**MERSETA:** The SETA would establish new partnerships with 5 TVET Colleges

**MQA:** 30 TVET College lecturers would be placed for workplace exposure,

**TETA:** Three partnerships with TVET colleges would be established and operationalised; 100 TVET lecturers would be trained and complete TETA quality assurance systems.

**W&RSETA:** 4 Schools of Excellence would be established in TVET Colleges; 9 Extension of Scope would be awarded to TVET Colleges to deliver W&R qualifications; 20 TVET College lecturers would be capacitated on the NC(V) L3 and 4 subjects and 15 would complete the programme;

**CETA:** 50 TVET College partnerships would be supported and accredited with CETA to deliver and implement skills development programmes in the construction sector and 20 CETA offices would be opened in TVET Colleges.

**4.1.4. Goal 4.4: Addressing the low-level of youth and adult language and numeracy skills to enable additional training**

This goal seeks to address the low level of youth and adult language and numeracy skills to enable additional training, thereby ensuring that a national strategy is in place to provide all young people leaving school with an opportunity to engage in training or work experience, or improve their employability. The SETAs have planned to provide skills development interventions through Adult Education and Training (AET) and foundations for learning so as to address the challenge of low level of youth and adult language and numeracy skills.

Targets have been set for both unemployed and employed learners entering and completing the AET programmes as follows:

**HWSETA:** 1 200 learners would be registered for the AET programmes funded by the SETA.

**Services SETA:** 1 000 learners would be registered in Adult Education and Training programmes and 1 133 (cumulative) would complete the programmes.

**LGSETA:** 3 300 employees would be registered in Adult Education and Training programmes and 3 300 would complete the programmes.

**MERSETA:** In addressing the low-level of youth and adult language and numeracy skills to enable additional training, the SETA committed to placing 500 employed and unemployed learners in Adult Basic Education and Training, Foundations for Learning Courses and other short courses.

**MQA:** 4 700learners would be registered in AET Level 1-4 and 2 500 would complete the programmes successfully, 280 learners would complete Foundations for Learning Competency and 1 200 number of Grade 10, 11 and 12 learners who enter into Maths and Science support programmes.

**TETA:** 500 learners would be registered in AET programmes and 781 (cumulative) would complete; 100 out of school youth would be trained on Grade 12 improvement programmes and 25 youth would be trained through support programmes for further access to HEIs.

**W&RSETA:** 500 employed and unemployed learners would be registered on NQF Level 1 (AET) qualification/ learnership and 200 would be certificated.

**Goal 4.1.5: Encouraging better use of workplace-based skills development**

The skills development interventions in this area seek to address the low productivity in the workplace as well as a low transformation of the labour market and lack of mobility of the workforce. The SETAs have set targets for the training of employed workers to enter and complete learnerships programmes, skills development programmes, learners entering and completing bursary funded programmes. These interventions are meant to address the critical skills to enable improved productivity of the workforce and to adapt to changes in the labour market.

**ETDPSETA:** 6 000 public school teachers would be enrolled in learnership/full-qualifications, part-qualifications skills programmes; 26 public and 20 private higher education institutions would be supported through skills development. 2 000 school teachers would be awarded bursaries.

**HWSETA:** 8 750employed learnerswould be enrolled in learnerships and skills development programmes; 50 employed apprentices would be enrolled in artisan development programme; 270 employed learners would be awarded bursaries and 60 employed postgraduate research students would be awarded bursaries, and 20 learners would complete; 1 000 candidates would be enrolled in RPL programmes and 346 candidates would complete.

**Services SETA:** 5 990employed learners would enrol in learnerships and skills programmes and 2 733 would complete; 2 100 artisans would be entered in artisan development programmes and 840 artisan learners would complete; 883 bursaries would be awarded to employed learners and 360 learners would complete; 1 000 candidates would be enrolled in RPL programmes and 346 would complete.

**EWSETA:**  3 550 employed learners would be enrolled in learnerships and skills programmes and 1 300 learners would complete; 200 employed learners would be awarded bursaries and 20 learners would complete.

**LGSETA:** 11 000 employed learners would be enrolled in learnerships and skills programmes and 7 700 learners would complete; 400 employed learners would be enrolled in apprenticeship programmes; 250 employed learners would be awarded bursaries and 250 learners would complete, and 1 100 employed learners would be assessed through RPL against a qualification.

**BANKSETA:** 2 600 employed learners would be enrolled in skills programmes and 537 would complete and 1 000 employed learners would enrol in re / upskilling programmes

**INSETA:** 4 400 employed learners would enter learning programmes through bursaries, skills and learnership programmes and 3 080 learners would complete the programmes; 2 2 56 employees would achieve full or part qualifications through learnerships and skills programmes.

**FASSET:** 17 140 employed learners entering skills programme life-long learning, learnerships, skills development programmes and 16 875 would complete the programmes.

**SASSETA:** 5 000 employed learners would be enrolled in learnerships and skills programmes and 360 employed learners would be entered in bursary programmes.

**MERSETA:** 378 employed learners would be awarded bursaries; 3 468 companies (large, medium and small) would be paid mandatory grants for training; two SETA / higher education Institutions partnerships would be established; and 250 lecturers would be developed through skills programmes.

**MQA:** 7 700 employed learners would be enrolled in learnerships and skills programmes and 7 000 learners would complete; 400 artisan aides would complete the programme; 1 000 learners awarded bursaries and 600 would complete, and 200 employees would complete RPL programme, 50 coaches would be placed within workplaces to support employers with on-the-job training mentoring and coaching activities, and 6 000 retrenched employees would enter training and 6 000 would complete.

**TETA:** 1 500 employed learners would be enrolled in learnership programmes and 1 421 would complete; 300 employed learners enrolled in apprenticeship programmes; 100 employed learners awarded bursaries and 105 learners would complete the programmes.

**W&RSETA:** 3 000 employed learners registered in National Qualifications Framework (NQF) Level 2 - 5 learnerships and skills programmes addressing scarce and critical skills and occupations in the W&R sector and 2 000 learners complete the programmes; 300 employed learners registered on RPL and 250 learners certified; 3 000 employed learners registered on learnerships and skills development programmes and 200 learners complete the programmes, 25 employed learners registered for in MBA/ Masters or Doctoral degrees in HEIs and 12 complete the degrees

**CETA:** 227 employed learners would be enrolled in learnerships and skills programmes and 88 learners would complete; and 1 200 candidates would be assessed through RPL.

**4.1.6. Goal 4.6. Encouraging and supporting cooperatives, small enterprises, worker-initiated, non-governmental organisations (NGOs) and community training initiatives**

The NSDS seeks to ensure that the skills development interventions are not meant to train people to look for jobs only, but to also ensure that these interventions empowers people to create opportunities to make a living themselves and provide sustainable livelihood to the majority of the South African citizens. This would also contribute to a workforce that is better able to understand the challenges facing the economic sectors in which they operate. All the SETAs have planned to implement skills development interventions to support cooperatives, small enterprises, worker-initiated, non-governmental organisations and community training initiatives within their sectors. Of great significance is to note that, more of these interventions have targeted the rural and township areas, women, youth and people living with disabilities.

The Presidential Nine Point Plan requires provision of support to unlock the economic potential of the cooperatives, small, medium and micro enterprises, townships and rural enterprises.

**ETDPSETA:** 18 cooperatives and 100 NLPEs, NGOs and Worker Education Organisation would be supported through skills development.

**HWSETA:** 100 small and emerging businesses would be funded through HWSETA skills development funds; 175 participants would be enrolled in skills development projects funded by the SETA to support NGOs, CBOs and trade unions.

**Services SETA:** 300 cooperatives, 300 SMEs, 100 NGOs/ CBOs, 90 Non-Levy Paying Organisations and 3 active rural development projects would be supported through skills development.

**EWSETA:** 10 rural development projects would be implemented

**LGSETA:** 25 NGOs, 20 CBO, 35 cooperatives, 25 SMMEs, 25 Non-Levy Paying Enterprises and 5 rural projects would be supported on Skills development.

**BANKSETA:** The SETA would support 100 SME organisations through funding scarce and critical skills as identified by the skills planning. 200 SME businesses would be supported with skills development to build necessary business skills to sustain their business. The SETA would also support 30 Cooperative Financial Institutions with skills development and 300 CFI members would be trained. 1 500 learners from 10 rural areas would be trained through skills development programmes.

**INSETA:** In encouraging and supporting cooperatives, small enterprises, worker-initiated, NGO and community training initiatives, the INSETA committed to supporting 1 850 small and micro enterprises workers and cooperatives members through entering learning programmes, and 1 295 learners would complete, to support 775 SMMEs workers and cooperatives members to achieve full or part qualifications, including burial societies members.

**FASSET:** The SETA planned to support 400 small firms and 320 non-levy paying firms.

**SASSETA:** 2 500 unemployed learners, military veterans, NGOs, CBOs and Department of Defence would be registered in skills programmes related to violence against women.

**MERSETA:** In improving the competency level of SME, township and village enterprises and co-operatives, the SETA committed to supporting 20 co-operatives, 1 500 small businesses, 12 NGOs and CBOs, 200 Non-Levy Paying entities and to implement four rural development projects.

**MQA:** 6 000 retrenched employees would enter training programmes and 6 000 would complete, 4 000 beneficiaries in mining communities would enter training programmes and 4 000 would complete the programmes, and 60 beneficiaries would be trained in small-scale mining.

**TETA:** 300 small enterprises, 20 cooperatives, 10 NGOs and 8 rural development projects and 3 unions would be supported.

**W&RSETA:** 1 500 informal businesses would participate in business upliftment skills projects; 20 cooperatives would participate in upliftment initiatives to address the cooperatives skills development; 9 NGO/CBOs would participate in upliftment initiatives to address the NGO/CBOs skills development needs; 3 500 SME companies would benefit from skills development initiatives

**CETA:** 18 SMMEs in the construction sector would be supported with accreditation, two capacity building workshops in skills development would be held for Trade Union support, three NGOs would be supported with skills development intervention programmes within the construction sector.

**4.1.7. Goal 4.7: Increasing public sector capacity for improved service delivery and supporting the building of a developmental state**

This goal supports the 2014 – 2019 Outcome 6.12: An efficient, effective and development-oriented public service. SETAs have set targets to provide skills interventions to improve the capacity of the state in delivering the services. The skills interventions are to train the employees in the public service. This would be done through funding for bursaries and other skills development programmes relevant to address the needs of the public services.

**ETDPSETA:** The SETA committed to supporting 2 000 government officials in the education sector to enrol in public administration and management development programmes and to support five Teacher Unions through skills development.

**HWSETA:** For the 2017/18 financial year, the SETA planned to support Goal 3 of the NDP: A capable public service to deliver on the objectives of a developmental state by funding six projects through the discretionary grant aimed at the public sector education and training.

**LGSETA:** 257 Municipal Council committees would be trained on skills development programmes.

**FASSET:** For the 2017/18 financial year, the SETA would support five government departments that submit Workplace Skills Plans and Annual Training Reports

**SASSETA**: 3 500 employed learners Safety and Security related Departments and entities would be trained in labour relations Negotiations & mediation, Financial management, Forensic Investigations, cyber-crime, Occupational Health & Safety, specialised legal areas, case management, risk management and legislative drafting.

**MERSETA:** The SETA committed to maintain 50 percent government partnerships.

**TETA:** To support the national Department of Transport in safety programmes for the transport sector, two partnerships would be formed on road safety; five road safety awareness initiatives would be supported financially; two accident prevention projects would be supported and 100 persons would be put on accident prevention training.

**CETA:** 10 partnerships would be entered with public institutions to improve service delivery through skills development and 233 CETA rural based projects would be supported in the delivery of skills development programmes in the construction sector.

**4.1.8. Goal 8: Building career and vocational guidance**.

This goal seeks to ensure that the skills development system dedicates necessary resources to support career and vocational guidance, as this has proved to be a critical component in successful skills development worldwide. The SETAs have planned to develop and distribute career development guides and to host career guidance events.

**HWSETA:** 12 00 career guides aimed at marketing and communicating the health and social development occupations and careers would be distributed. Research within the health and social development fields of study would be promoted.

**Services SETA:** 10 career guidance events would be hosted during 2017/18 financial year

**EWSETA:** To increase awareness of energy and water occupations, the SETA would distribute 12 000 career guides and host 10 career guidance initiatives.

**LGSETA:** 24 000 career guidance textbooks would be distributed to learners with information pertaining to local government occupations.

**BANKSETA:** The SETA committed to conducting 40 career awareness workshops, to train 500 Life Orientation Teachers and to distribute 5 000 career guides.

**INSETA:** The SETAcommitted to providing career guidance and development information to youth through reaching two district municipalities in all nine provinces. The SETA also planned to collaborate with seven TVET Colleges and two industry partners on career guidance.

**FASSET:** The SETA planned to update its career guide, including a guide to bursaries available in the FASSET, sector and national learners print media and online campaign. The SETA would also place 32 learner adverts, attend 20 career event exhibitions and establish career guidance / student support at universities and TVET Colleges.

**SASSETA:** The SETA would conduct 31 career guidance events and programmes.

**MERSETA:** For the 2017/18 financial year, the SETA would implement 30 career guidance events.

**MQA:** The SETA would host an Annual International Literacy Day and 60 career guidance events.

**TETA:** 9 career exhibitions would be conducted to increase awareness of the TETA careers; 18 state career exhibitions would be supported; 8 sub-sector stakeholder events would be supported to increase visibility of the SETA; 20 career guidance advisors would be capacitated on career guides; 9 provincial capacity building workshops for Life Orientation teachers would be hosted; 54 schools would be supported and 10 000 career promotional packs would be procured.

**W&RSETA:** 100events and career guidance and initiatives would be supported and 30 Life Orientation lecturers would participate in lecturer capacitation programmes.

**CETA:** 18 career guidance events would be hosted and one career guidance booklet for the construction sector would be updated.

**4.2. Alignment of the Strategic Plan and Annual Performance Plan with the National Treasury Strategic Plan and Annual Performance Framework.**

The Framework requires that entities in developing their strategic plans and annual performance should conform to the technical to a structure and there are core elements that are to be included in the plans. These core elements are: Part A: for this part, the entity should in the strategic plan have a vision, mission, values, legislative and other mandates, situation analysis, strategic outcome oriented goals, SMART impact and outcome statements with 5-year targets. Part B is about programmes and sub-programmes and it should have programme purpose, strategic objectives, resource considerations and risk management. Part C should detail how the plan links to other plans like the national policy priorities.

For the APP, Part A should include updated situation analysis, revisions of legislative and other mandates and overview of budget estimates and the Medium-Term Expenditure Framework. (MTEF). Part B should detail the programmes and sub-programmes, programme purpose, for each programme, reconciling performance targets and budget, SMART annual and MTEF targets for strategic objectives, programme performance indicators with SMART annual and MTEF targets and quarterly targets for indicators. Part C should detail the links with other plans.

The Strategic Plans and APPs of the all the 14 SETAs met the technical requirements as prescribed by the National Treasury Framework. Notwithstanding of the Strategic Plans to the Treasury Regulations, the SASSETA and MERSETA’s 2017/18 APPs did not fully comply. Performance indicators in the APPs were not developed in accordance with the National Treasury SMART principles (specific, measurable, attainable, relevant and time-bound). With regard to MRESETA’s APP, the Auditor-General of South Africa (AGSA) identified that nine of the 37 indicators (representing 24 percent of the indicators) were not well defined and nine of the 51 targets (representing 18 percent of the targets) were not specific. In terms of the SASSETA APP, the AG identified that 4 of the 33 indicators (representing 12 percent of the indicators) were not well defined, the APP did not include 5 of the indicators and targets (representing 45 percent of the indicators and targets) for completeness when compared to the Service Level Agreement between the SETA and the DHET and that 4 of the 33 targets (12 percent of the targets) were not measurable. Of critical to note is the recurrence of the findings. Similar findings were made in the 2016/17 APP of the SASSETA.

**4.3. Alignment of the SETAs Annual Performance Plans with Policy priorities**

To address skills needs in their respective sector as well as to contribute to the skills needs to achieve the national priorities SETAs had developed Sector Skills Plans, which guides their interventions to address the skills shortage and to guide investment. The targets set above are as directed by the NSDS III and are also linked to priorities in other plans like the National Development Plan (NDP), the White Paper on Post-School Education and Training, the National Skills Accord (NSA), the new Growth Path, the Presidential Nine-Point Plan: Resolving the energy challenge, advancing beneficiation or adding value to the mineral wealth, implementation of a higher impact Industrial Action Policy Plan (IPAP), moderating workplace conflict, Operation Phakisa’s Ocean Economy, and unlocking the potential of SMMEs, cooperatives, townships and rural enterprises, as pronounced in the President Zuma’s State of the Nation Address. SETAS had also taken into consideration their sector specific plans and charters in addressing the skills needs.

Efforts had been made by all the SETAs to increase training of mid and high level skills (new artisan learners, artisan Recognition of Prior Learning, professionals in critical and scare skills areas) to address skills shortages in their respective sectors as identified in the Sector Skills Plans and lists of top ten scarce and critical skills. Of significance to note is that more funding in terms of Discretionary Grants of all the SETAs is geared towards funding the PIVOTAL (professional, vocational, technical and academic learning programmes that result in qualifications or part qualifications) skills.

The White Paper for Post-School Education and Training emphasise the need to strengthen and expand public TVET Colleges and turn them into attractive institutions of choice for school leavers. It also calls on the SETAs as the role player in the skills development sector to play a role in promoting and facilitating links between colleges and employers as well as supporting TVET curriculum development that responds to local labour market needs or that responds to a particular request from SETAs, employers or government to meet specific development goals.

The SETAs support to public TVET Colleges and public Higher Education Institutions had increased significantly. This skills development support recognises that the public institutions are critical stakeholders and can contribute in the skills development sector to address the skills needs for SETAs sectors and the national priority areas.

Higher Education Institutions would be brought on board to conduct research for different SETAs and would benefit from the research and skills infrastructure that the SETAs were funding.

The 2014 – 2019 Medium-Term Strategic Framework (MTSF) required that there should be an improved interface between SETAs, workplaces and education and training institutions to support greater opportunities for workplace-based training and experience, with 90 percent of learners who require workplace-based training and experience to complete their qualification placed by 2019. The Framework also emphasised that partnerships between SETAs and employers for placement would be increased. The SETAs had committed in their APPs to place TVET College learners and Universities of Technology students in workplace-based learning to acquire work experience to complete their qualifications. To support the quality of lecturing staff at TVET Colleges, the MTSF has proposed a target of 30 percent of TVET college lecturers that should have work-place exposure per annum by 2019. Targets had been set to implement this priority. The SETAs had also planned to increase partnerships with industry to make sure that there were more workplace opportunities available.

The National Development Plan has a set a target of producing 30 000 artisans per year by 2030. The MTSF target on artisan production is 24 000 per annum by 2019. The SETAs had followed through with this commitment by setting targets for new artisan learner enrolment and completions, and Artisan Recognition of Prior Learning to accelerate production of artisanal skills to support the country’s economy.

The SETAs that receive funding from government departments and entities had developed interventions to address the skills in those sectors in order to increase public sector capacity for improved service delivery and to support the building of a developmental state as required by the NDP and MTSF.

Notwithstanding that the NSDS III set clear objectives for the SETAs and that SETAs were required to implement the Strategy, it is critical to ensure alignment in the skills planning so as to foster collaborations and minimise duplicating efforts, for example, SETAs funding Research Chairs to conduct similar research, collaboration in the area of artisan development for SETAs working in related sectors.

The SETAs had also established their own bursary schemes to fund unemployed and employed learners. This is to fund the production of high-level scarce and critical skills in the form of undergraduate and post-graduate degrees to address the skills shortages in their respective sectors. The White Paper for Post-School Education and Training states that where SETAs are funding the provision of qualifications for undergraduates who are not currently employed in line with sector priorities, they should make ring-fenced contributions to NSFAS instead of attempting to manage their own systems of disbursing funds to students.

**4.4. Governance and management**

The PFMA states in section 49(1) that every public entity must have an authority, which must be

accountable for the purposes of this Act. The SETAs have the boards as the accounting authority, appointed in terms of Section 11 of the Skills Development Act, Act 1998 (Act No. 97 of 1998). 15 members representing different constituencies and stakeholders in their respective sectors/chambers constitute the Board of the SETA.

Of the 14 SETAs that appeared before the Committee, 12 had functional boards except the Safety and Security SETA and the Wholesale and Retail SETA. The SASSETA was placed under administration an accounting because it was placed under administration in terms of Section 15(2) of the Skills Development Act, 1998 (Act No. 97 of 1998). The Safety and Security SETA was placed under administration in February 2015 for a period of 12 months, and the term of the administrator was extended for another 12 months up until February 2017. Owing to the magnitude of the problems discovered by the administrator at SASSETA, the term was further extended until August 2017. Some of the reasons that led to SASSETA been placed under administration included: inadequacies in the planning and report processes; under-performance; irregularities in management of contracts and non-compliance with the supply chain management processes. The term of office of the Administrator would come to an end by end September 2017.

The W&RSETA received qualifications for the 2014/15 and 2015/16 financial years, respectively, and there was inadequate achievement of the targets set. The Minister wrote to the W&RSETA board to develop a turn-around plan to improve the performance of the SETA. The response from the W&RSETA board was not satisfactory to the Minister, and the SETA was placed under administration in October 2016. The W&RSETA board challenged the Minister’s decision and the matter was before the Constitutional Court.

The 12 SETAs, ETDP, HWSETA, Services SETA, EWSETA, LGSETA, BANKSETA, INSETA, FASSET, MERSETA, TETA, MQA and CETA had a full complement and functional Boards, with all board-committees. Four of the 12 SETAs were previously placed under administration between 2010 and 2013. These were Energy and Water SETA, Local Government SETA, Services SETA and Construction SETA. There were significant improvements in the governance of some of the SETAs that had been previously under administration, such as the Services SETAs, Local Government SETA and Construction SETA. There were no vacant seats on the Boards. The Services SETA and Construction SETA moved from being under administration to achieve a clean audit in 2015/16, while Energy and Water SETA and Local Government SETA received unqualified audit opinions in 2015/16 financial year from the Auditor-General of South Africa.

There were SETAs which had exceptional governance such as FASSET, which received clean audits since its establishment, the Bank SETA received clean audits for more than five consecutive years and the Health and Welfare SETA received clean three consecutive years.

In terms of the Executive Management level, six of the SETAs had vacant positions. The HWSETA had two vacant positions of the Chief Executive Officer and Chief Financial Officer, the Services SETA had a vacant Chief Financial Officer, EWSETA had two vacant positions, the Chief Executive Officer and Chief Financial Officer, the BANKSETA had a vacant position of Chief Executive Officer, FASSET had a vacant position of Chief Financial Officer and the MQA had three vacant position of Chief Financial Officer, Chief Executive Officer and Chief Operations Officer.

**4.5. SETA Landscape**

The 2011 SETA landscape and the National Skills Development Strategy (NSDS) III term was supposed to end on 31 March 2016. However, due to delays in the finalisation of the new landscape the SETAs were re-licensed for another two years, from 1 April 2016 to 31 March 2017. Similarly, the NSDS III was also extended for two years. Of critical to note is that the term of office of the current SETA boards would be ending on 31 March 2018. The 13 SETAs, except W&R SETA have advertised calls for the nominations of Accounting Authorities members from 1 April 2018 – 31 March 2020 due to the extension of the landscape and the NSDS III. The Committee has noted that the delays in the finalisation of the new SETA landscape had created uncertainties in the sector, with some SETAs losing critical skills and struggling to fill positions for a shorter period. This would also have unintended consequences on the skills development interventions meant to raise the skills profile of the country, grow the economy, reduce poverty, inequality and unemployment.

**5. Overview and assessment of the 2017/18 Medium-Term Expenditure Framework (MTEF) Budget of the 14 SETAs**

The SETAs are funded through the 1 percent skills development levies from employers in their respective sectors to fund skills development initiatives. The SETAs receive 80 percent of the skills development levies, interest and penalties collected in respect of the SETA, as allocated in terms of section 8(3)(b) and 9(b) of the Skills Development Levies Act. According to section 14(3) of the Skills Development Act, the moneys received by a SETA may be used only in the prescribed manner and in accordance with any prescribed standards or criteria to (a) fund the performance of its functions; and (b) pay for its administration within the prescribed limit.

The Minister of Higher Education and Training has introduced guidelines on the implementation of SETA Grant Regulations aimed improving the focus, management, and effectiveness of SETA grant spending. The Guidelines stipulate that of the 80 percent of the skills development levies contributed by the employers, 20 percent is for Mandatory Grants, 49 percent for Discretionary Grant and 10.5 percent for Administration, including a 0.5 percent contribution to the Quality Council for Trades and Occupations (QCTO).

**5.1. Analysis of SETAs 2017/18 MTEF Budgets**

**5.1.1. ETDPSETA**

The ETDP SETA’s budget for the 2017/18 financial year amounted to R863.9 million. The budget had increased by R38.1 million from R825.8 million allocated in the 2016/17 financial year. The budget was expected to increase to R915.8 million and R970.7 million in 2018/19 and 2019/20 respectively. The allocation for discretionary grants amounted to R569.02 million, which constituted the bulk of the budget of the ETDP SETA, followed by the allocation for the Administration programme, which amounted to R193.8 million. Allocation for spending on mandatory grants amounted to R98.6 million. The allocation to the Quality Council for Trades and Occupations (QCTO) increased to R2.4 million for the 2017/18 financial year from R1.9 million in 2016/17.

In terms of economic classification, R193.8 million is allocated for current payments, of which R93 million was allocated for compensation of employees and R100.8 million was allocated for goods and services. The bulk of the budget on goods and services, which amounted to R62.9 million was transferred to a line item “Other”. The allocation for operating leases had doubled from R7.09 million allocated in 2016/17 to R14.2 million in 2017/18. The allocation for spending on consultants had also increased from R5.7 million in 2016/17 to R7 million in 2017/18. Travel and subsistence allocation also increased from R8.1 million in 2016/17 to R12.8 million in 2017/18.

The allocation for capital expenditure (CAPEX) decreased from R34.4 million in 2016/17 to R11.3 million in 2017/18. However, allocation for expenditure on machinery and equipment increased significantly from R2.4 million in 2016/17 to R10.3 million in 2017/18.

**5.1.2. HWSETA**

For the 2017/18 financial year, the HWSETA has a total budget of R600.1 million. The budget had increased by R32.9 million from an allocation of R567.1 million allocated in 2016/17. The allocation for Programme 2: Skills Development Programme Implementation and Projects amounted to R480.4 million and constituted the majority of the budget of the HWSETA, followed by the allocation for expenditure on Administration, which amounted to R86.6 million and R32.9 million for Education and Training Quality Assurance (ETQA).

In terms of economic classification, R128.2 million was allocated for current payments. This budget increased by R6.7 million, from R121.5 million allocated in 2016/17 financial year. Of the total budget allocated for current payments, R63.7 million was allocated for expenditure on compensation of employees and R64.5 million for goods and services.

The allocation for capital expenditures (CAPEX) amounted to R19.0 million, which was the biggest spending line item in goods and services, followed by the allocation for expenditure on line item “Other”, which amounted to R15.4 million, and the allocation to lease payments, which amounted to R12.2 million.

The allocation for transfers and subsidies amounted to R471.8 million. This expenditure was made up of R88.5 million allocated for Mandatory Grants and R383.2 million for Discretionary Grants.

**5.1.3. Services SETA**

The Services SETA’s total budget for the 2017/18 financial year amounted to R1.68 billion. The budget had decreased by R59.7 million from R1.74 billion in the 2016/17 financial year. The budget was expected to increase to R1.77 billion and R1.85 billion in 2018/19 and 2019/20 respectively. The allocation for programme 3: Skills Development, which amounted to R1.21 billion constituted the biggest portion of the budget of the Services SETA, followed by the allocation for programme 2: Planning R266.6 million. The budget for programme 2: Planning increased by R76.2 million from R190.3 million allocated in the 2016/17 financial year. Allocation for spending on programme 1: Administration amounted to R229.7 million, which was had increased by R13.9 million from R215. 8 million allocated in 2016/17.

In terms of economic classification, R43.8 million was allocated for compensation of employees, which increased by R14.8 million from 2016/17. The increase was as a result of 37 employees who were appointed during the last quarter of the 2016/17 financial year, and who were fully-budgeted for in the 2017/18 financial year. The allocation for spending on goods and services amounted to R156.3 million, which was a decrease of R38.3 million from the 2016/17 financial year. The bulk of the budget on goods and services was for expenditure on consultants, contractors and special services, which amounted to R90.3 million. The allocation for maintenance, repair and the running cost amounted to R32.9 million and was the second largest expenditure line item in goods and services, followed by expenditure on staff training, recruitment, assistance and welfare which amounted to R20.2 million.

The Mandatory Grants transfers and subsidies to public corporations and private enterprises amounted to R159.9 million, an increase of R11.7 million from R148.1 million allocated in 2016/17. The allocation for Discretionary Grants transfers and subsidies amounted to R1.373 billion, an increase of R341.9 million from R1.031 billion allocated in 2016/17 financial year.

**5.1.4. EWSETA**

The Energy and Water SETA’s total budget for the 2017/18 financial year amounted to R323.1 million. The budget increased by R75.9 million from the allocation of R247.1 million in 2016/17. The bulk of the budget for 2017/18, which amounted to R185 million was allocated to Discretionary Grants, followed by Mandatory Grants which was R75 million.

In terms of economic classification, R46.2 million was allocated for compensation of employees, which increased by R14.08 million from 2016/17. The allocation for legal fees increased from R2.2 million in 2016/17 to R5.1 million in 2017/18, and the transfer to the QCTO increased from R675 000 in 2016/17 to R1.4 million in 2017/18. The consultancy budget increased from R3.6 million in 2016/17 to R4.9 million in 2017/18.

In relation to capital expenditure, the allocation for expenditure on computer equipment increased from R373 000 in 2016/17 to R2 million in 2017/18. The allocation for expenditure on office furniture and fittings increased from R341 000 in 2016/17 to R2.8 million in 2017/18. The overall expenditure for CAPEX increased from R1.5 million in 2016/17 to R5.2 million in 2017/18.

**5.1.5. LGSETA**

The LGSETA’s total budget for the 2017/18 financial year amounted to R600.05 million. The budget has decreased by R39.9 million from R560.1 million allocated in the 2016/17 financial year. The budget is expected to increase to R659.5 million and R693.7 million in 2018/19 and 2019/20 respectively. The allocation for the Administration programme amounted to R75.03 million, which increased by R7.3 million from R67.6 million allocated in 2016/17. The allocation for the Skills Planning programme increased from R150.2 million in 2016/17 to R162.1 million in 2017/18 financial year. Programme 3: Skills Development received the bulk of the SETA’s budget which amounted to R356.2 million.

In terms of economic classification, R34 million is allocated for compensation of employees, which increased by R11.8 million from 2016/17. The allocation for good and services amounted to R41.03 million, which decreased by R5.8 million from R46.8 million allocated in 2016/17. The allocation for mandatory grants amounted to R142.9 million and R382.1 million for discretionary grants.

**5.1.6. BANKSETA**

The total income for the Bank SETA for the 2017/18 financial year amounted to R767.1 million. The income has increased by R30 million from R460 million allocated in the 2016/17 financial year. The allocation for discretionary grant expenditure of R491.6 million constituted the bulk of the budget of the Bank SETA. The discretionary grants increased by R31.9 million from an allocation of R459.6 million allocated in 2016/17.

The allocation for mandatory grant expenditure amounted to R178.7 million and is the second largest expenditure line item of the Bank SETA. These funds were allocated to employers for the training of employees. The administration budget for 2017/18 amounted to R92.8 million, which was an increase of R4.4 million from R88.4 million allocated in 2016/17.

**5.1.7. INSETA**

The total budget of the INSETA for the 2017/18 financial year was R467 million. The budget increased by R4 million from the allocation of R463.6 million in 2016/17. In relation to expenditure estimates for 2017/18, R59.7 million was allocated for the administration programme, R104.6 million for mandatory grants and discretionary grants received an allocation of R303.2 million.

**5.1.8. FASSET**

The total income for the FASSET for 2017/18 financial year was R490 million. This was income was comprised of levy income of R455.7 million, R13.9 million of levies received from government Departments and R20.3 million of investment income. The income has increased by R30 million from R460 million allocated in 2016/17 financial year. Allocations for spending on discretionary Grant expenses, R346.9 million constitute the bulk of the budget of the FASSET. The Discretionary Grants fund the bulk of the core skills intervention programmes, mainly for placement of students in the workplace, academic support (bursaries and NSFAS bursaries, lifelong learning programmes, Non-PIVOTAL programmes in the form of learners’ employment grant and academic bridging programmes). Allocations for spending on mandatory grant expenses, R113.9 million is the second largest spending of the SETA. These funds were allocated to employers for training of employees. Administration budget for the current financial year was R64.4 million, which increased by R3.5 million from R60.9 million allocated in 2016/17.

In terms of economic classification for administration budget, R27.6 million was allocated for salaries. The budget increased by R9.8 million from R17.8 million allocated in 2016/17. Allocations for spending on service provider fees constitute the second largest spending line item, with a budget of R14.2 million, followed by allocation for spending on Board ad hoc assignments which increased from R3.9 million in 2016/17 to R4.6 million in 2017/18. Allocations for spending on Board expenses increased from R1.7 million in 2016/17 to R2.6 million in 2017/18.

**5.1.9. SASSETA**

For the 2017/18 financial year, the SASSETA has a total revenue of R428.8 million. The budget has increased by R26.2 million from R402.6 million income of 2016/17. The bulk of the income budget amounting to R277.9 million was received from Skills Development Levy- DHET- Core contributions, followed by income of R130.6 million received from government departments contributions. In terms of expenditure, allocations for spending on Discretionary Grant amounting to R284.5 million. This constituted the bulk of the budget of the SASSETA. The allocation had increased by R17.8 million from R266.7 million allocated in 2016/17. Allocations for spending on Administration is R74.9 million was the second highest expenditure, followed by the allocations for spending on Mandatory Grants, which amounted to R52.2 million. Prior Year Projects received an allocation of R17.03 million.

In terms of the expenditure estimates per economic classification, R39.03 million was allocated for spending on cost of employment. This was the highest spending line item in Administration budget. The second largest spending was a line item other with a budget of R11.6 million. Allocations for consulting fees was R3.8 million.

**5.1.10. MERSETA**

The MERSETA’s total budget for the 2017/18 financial year amounted to R1.192 billion. The budget decreased by R267.290 million from R1.459 billion allocated in 2016/17 financial year. Allocations for spending on discretionary and mandatory grants, which was R990.4 million constitute the largest spending of the SETA budget. Allocations for spending on Administration amounted to R172.5 million.

In terms of expenditure estimates per economic classifications, R142.930 million was allocated for spending on compensation of employees. Allocation for spending on consultants and contractors amounted to R2.998 million. Lease payment budget was R17.172 million, which was the second largest spending on the Administration budget, followed by travel and subsistence and other goods and services amounting to R8.387 million and R8.591 million respectively.

**5.1.11. MQA**

The total revenue for the MQA for the 2017/18 financial year was R1.221 billion. The revenue increased by R154.993 million from an allocation of R1.066 billion in 2016/17. In terms of expenditure estimates per economic classification, allocations for spending on compensation of employees amounted to R78.017 million and good services was R56.399 million. Transfers and subsidies amounted to R1.437 billion, of which R1.208 billion is for Discretionary Grant and R228.558 million was for Mandatory Grant. The total expenses of the SETA are projected to be R1.582 billion, though the total revenue was R1.221 billion.

**5.1.12. TETA**

For the 2017/18 financial year, the Transport Education and Training Authority’s revenue amounted to R834. 444 million. This was made up of R744.160 million from skills development levies, R15.574 million from interests and penalties and R74.710 million from investment income. Allocations for spending on Administration amounted to R93.019 million, which increased marginally by R1.7 million from an allocation of R91.281 in 2016/17 financial year. Discretionary Grant allocation was R569.338 million. There was no increase in allocation to the Discretionary Grant. Allocation for Mandatory Grant decreased from R173.869 million in 2016/17 financial year to R167.436 million in 2017/18.

**5.1.13. W&RSETA**

The total revenue of the SETA is R1.024 billion, which was made up of non-tax income of R35 million, and transfers from skills development levies amount of R989.937 million. The revenue had increased by R50.973 million from the 2016/17 allocation. Allocation for spending on Administration amounted to R129.929 million and transfers and subsidies (Mandatory and Discretionary Grants) is R895.008 million.

In terms of expenditure estimates per economic classification, R63.054 million was allocated for spending on compensation of employees and R62.769 million was for goods and services. The SETA planned to spend R31.650 million on (Research Chairs and SOEs).

**5.1.14. CETA**

The total revenue for the SETA for the 2017/18 financial year was R748.963, which increased by R33.665 million from 2016/17 allocation of R713.298 million. The revenue was made up of R644.618 million from skills development levies, R32.490 million from penalties and R71.885 million from exchange revenue. In terms of expenditure estimates, the bulk of the money, R661.973 million was allocated for spending on Mandatory and Discretionary Grants and R87.170 million was allocated for Administration. Compensation costs amounted to R41.245 million. Allocation for spending on communications, Public Relations Marketing was R7.981 million, and allocation for spending on consulting and outsourcing was R4.995 million. Travel and subsistence budget was R2.882 million.

**5.2. Adherence to the Public Finance Management Act, 1999 (Act No.1 of 1999)**

Section 53(3) of the PFMA states that a public entity must submit a budget in terms of subsection (1) may not budget for a deficit and may not accumulate surpluses unless prior written approval of the National Treasury has been obtained. Sub-section 53 (4) further states that the accounting Authority for such a public entity is responsible for ensuring that expenditure of that public entity is in accordance with the approved budget.

Of the 14 SETAs that were assessed, 13 had complied with the PFMA. They had not budgeted for a deficit nor surplus. Their total income was equal to the total expenditure estimates. However, the Mining Qualifications Authority (MQA) did not comply with the PFMA requirement as it had budgeted for a deficit. Its total expenditure income was projected to be higher than the total income. This deficit was also carried over into the 2018/19 and 2019/20 financial years. The MQA reported that the deficit would be covered by moneys that would be collected during the year.

**5.3. Adherence to the National Treasury Instruction No. 02 of 2016/17**

The National Treasury Instruction in line with Section 38(1)(b), Section 38(1)(c) and Section 51(1)(b)(iii) of the PFMA requires that accounting officers and accounting authorities are responsible for ensuring that all employees are mindful of the current economic realities and need to intensify efforts to improve efficiency in expenditure. The Instruction proposes the development of annual cost-containment plans to reduce expenditure on: Consultants or professional service providers, travel and accommodation expenditure, including international travel; catering, social events, entertainment allowances, corporate branded items, communication and advertising and the hiring of venues and the size of delegations to events, conferences, consultations and meetings.

Some of the SETAs (W&R SETA, CETA, SASSETA, FASSET, and Services SETA) had increased allocations for the spending on consultants or professional services. Some had cited in-house capacity challenges to perform those functions. Of importance to note was also the increase in the allocation for legal fees. Some SETAs had cited that they had legal cases that they were dealing with which necessitated the increase in the allocations for legal fees. There were also areas where SETAs have effected cost-containment measures in their budget spending. Some of the SETAs (TETA, MQA, INSETA, Bank SETA and HWSETA) had not distributed their administration budget good and services allocation in terms of line items, which made it difficult for the Committee to assess their spending patterns.

**6. Observations**

The Portfolio Committee on Higher Education and Training having assessed the Strategic Plans 2015/16 – 2019/20 and APP 2017/18 of the SETAs made the following observations:

* 1. **Education, Training and Development Practices SETA**
     1. The ETDP SETA had offices in all the nine provinces of the country and the Committee commended this.

6.1.2. The Committee was concerned that the development of the Sector Skills Plans (SSPs) for the ETD sector was outsourced to consultants.

6.1.3. The Committee expressed a concern about the high failure rate of first year students at higher education institutions (HEIs) who received bursaries from the ETDP SETA.

6.1.4. The ETDP SETA had six Research Chairs across different higher education institutions (HEIs) which undertook different kinds of research for the SETA. The ETDP SETA paid consultancy fees to these institutions.

6.1.5. The Committee commended the ETDP SETA for the good governance and financial management systems in place, such that it has never received a qualified audit.

**6.2. Health and Welfare SETA**

6.2.1. The HWSETA was commended for its good governance, provincial footprint and development of its SSP internally.

6.2.2. The Committee expressed a concern about duplication in the skills development programmes offered by the HWSETA and the ETDPSETA.

6.2.3. The Committee was concerned that students at the TVET Colleges had been offered an unaccredited National Certificate Vocational NC(V) Primary Healthcare programme.

6.2.4. The Committee expressed a concern about the non-payment of the 30 percent contribution by certain government departments for training and development to the HWSETA.

**6.3. Services SETA**

6.3.1. The Services SETA was commended for getting two consecutive clean audits post the administration period as well strategies introduced by the board to improve the performance of the SETA.

6.3.2. The Committee raised a concern with regard to the low levels of education of the employees of the Services SETA.

6.3.3. Learnership hopping in particular by unemployed learners was noted as a serious concern owing to varying stipends paid by the SETAs.

6.3.4. The Committee was concerned with the slow pace of transformation in the real estate sector.

6.3.5. The Services SETA was among the SETAs which developed their own Sector Skills Plans (SSPs) and this was commendable.

6.3.6. The Services SETA was encouraged to support the SMMEs, NGOs and Cooperative since the NSDS III goal six mandates SETAs to provide support on skills development programmes to these organisations.

**6.4. Energy and Water SETA**

6.4.1.It was commendable that the EWSETA had projects in place to support the gas and oil exploration, including the training of artisans and engineers for Operation Phakisa Ocean Economy initiative.

6.4.2. The training of 10 000 artisans as part of the war on water leaks projects to revitalize the township economy was commended by the Committee.

6.4.3. The Committee was concerned that the country had to import skills for mega infrastructure projects that were meant to grow the economy, such as the Medupi Power Station while there were funds allocated for skills development.

6.3.4. The Committee expressed a concern with regard to the increase in legal costs from R2 million in 2016/17 to R5.2 million in 2017/18.

6.3.5. The Committee urged the EWSETA to aim for a clean audit in the 2016/17 financial year instead of an unqualified audit as targeted in the APP 2017/18.

**6.5. Local Government SETA**

6.5.1.The improvement in the governance of the LGSETA post the administration period was commended by the Committee and the introduction of strategic initiatives by the board.

6.5.2. The high turn-over of the councillors and their inadequate understanding of the local government sector were noted as serious concern which also contributed to service delivery protests.

6.5.3. The high drop-out rate in the Adult Education and Training programmes was noted a serious concern and the LGSETA resolved to combine the AET programmes with skills programmes and offer stipend to the learners.

6.5.4. The Committee noted that the LGSETA should consider the possibilities of making use of Ward Committees in selecting unemployed learners to the learnership programmes.

6.5.5. The proposal by the LGSETA to have a strategic session with Committee and the Department to discuss the strategic objectives and long term commitments of the SETAs was noted by the Committee.

**6.6. Bank SETA**

6.6.1. The Committee expressed a concern about the visibility and the footprint of the Bank SETA, especially in rural areas. It was noted that ordinary people were not familiar with the skills development programmes offered by the Bank SETA, especially in rural areas.

6.6.2. The Committee noted with concern that the targets for the 2017/18 financial year showed little or non-improvement from the previous financial year including the expected output.

* + 1. The Committee was concerned that the costs of the training programmes were high and the number of learners that graduated after the programme were low, resulting in poor return for the investment made.
    2. The Bank SETA was commended for insourcing most of its non-core functions which also limited the spending on service providers.

**6.7. Finance and Accounting SETA**

6.7.1.FASSET was commended for maintaining a clean audit for the past 16 years.

6.7.2. The Committee expressed a concern about the R14.2 million allocated for service provider’s fees which also constituted the second biggest expenditure line item for 2017/18.

6.7.3. The Committee noted with concern that the future progression of the learners that entered the skills development programmes of the FASSET was not adequately monitored. FASSET acknowledged that the database of the beneficiaries was not adequate, and undertook to implement other mechanisms to improve learner tracking.

6.7.4. The Committee raised a concern about the increase in board fees from R1.7 million in 2016/17 to R2.6 million in 2017/18.

6.7.5. The Committee was concerned about the low levels of finance and accounting skills in the public sector, and requested the FASSET to expand its skills programmes in the public sector.

**6.8. Insurance SETA**

6.8.1. The training programme aimed at improving TVET College lecturer’s skills in offering insurance sector related programmes in Colleges was noted. However, the Committee was concerned that only four (4) out of the 50 TVET Colleges out had been selected for the programme.

6.8.2. The Committee noted that the people who established burial societies and stokvels based in the townships and rural areas required financial literacy skills. Meanwhile, the INSETA supported burial societies in the Western Cape and Eastern Cape while the demand for these skills remained a challenge in the country.

6.8.3. The Committee raised concerns about the impact of the skills development programmes of the INSETA and lower throughput rates.

* 1. **Safety and Security Sector Education and Training Authority**

6.9.1. The turn-around strategy implemented by the administrator was commended.

6.9.2. The drop-out rate of learners in the skills programmes was noted as a concern.

6.9.3. The inadequate absorption of learners into workplaces after completion of the training programmes was noted as a concern.

6.9.4. The Committee expressed a concern about the indicators that were not well defined and targets that were not measurable as required by the National Treasury SMART criteria.

6.9.5. The Committee expressed a concern about inadequate information and communication technology (ICT) systems at SASSETA.

6.9.6. The Committee were concerned about unaccredited bogus service providers who trained learners in unaccredited programmes.

6.9.7. The Committee expressed a concern about the non-payment of levies by certain government departments and entities in the safety and security sector.

* 1. **Transport Education and Training Authority**

6.10.1. The Committee expressed concerns about the inadequate targets on the number of youth trained through support programmes for access to post-school education and training. The Committee urged TETA to collaborate with the CET Colleges in expanding the Grade 12 improvement programme.

6.10.2. The Committee was concerned about the low number of road safety awareness initiatives financially supported by TETA given the high fatality rates in South African roads.

6.10.3. The decline in the number of TVET lecturers trained on TETA quality assurance systems was noted as a concern given the huge demand for lecturer training in the TVET sector.

6.10.4. The Committee expressed a concern about the inadequate manufacturing of locally based locomotives to improve the economy.

6.10.5. The Committee enquired about the role to TETA in the Operation Phakisa Ocean Economy initiative. TETA indicated that it was responsible for transport related training in the initiative.

6.10.6. The skills development programmes to support small business initiatives (motor- mechanics, panel-beaters, cooperatives) was commended by the Committee.

**6.11. Manufacturing, Engineering and Other Services SETA**

6.11.1. The Committee expressed a concern about the decline in the number of learners entering and completing skills programmes in 2017/18.

6.11.2. The Committee was concerned with the decline in the manufacturing sector, which had contributed to factory closure and further job losses. The Committee noted that the MERSETA had an important role to play through facilitation of relevant skills needed to improve the manufacturing sector.

6.11.3. The Committee expressed a concern about the inadequate technological innovations that contributed to job creation in the manufacturing sector.

6.11.4. The Committee noted that the manufacturing sector was moving towards the digital era and continuous up-skilling of workers in the sector to meet the high level skills demand of modern day manufacturing was essential.

6.11.5. The Committee was concerned about the low levels of success in the implementation of RPL in the manufacturing sector, owing to resistance from employers in empowering workers. The MERSETA indicated that employers were not willing to spend more on compensation of employees due to the decline of the sector.

6.11.6. The support programmes given to retrenched workers in the manufacturing sector by MERSETA was commended by the Committee.

6.11.7. The Committee enquired about the expenditure on goods and services for 2017/18. MERSETA indicated that it had reduced spending on goods and services by 69 percent in 2017/18.

6.11.8. The Committee expressed a concern about the Auditor-General’s (AG’s) findings on the 2017/18 Annual Performance Plan regarding the indicators that were not well defined and targets that were not measurable.

**6.12. Wholesale and Retail SETA**

6.12.1.The Committee welcomed the progress that had been made by the administrator since his appointment in October 2016 and urged him to work towards achieving a clean audit at the end of the 2017/18 financial year.

6.12.2. The Committee enquired about the inadequate transformation in the wholesale and retail sector. The administrator indicated that the sector was untransformed with low representation of black Africans in senior management, and the majority of the training providers were predominantly white, whilst the workforce in the sector was predominantly black.

6.12.3. The Committee was concerned about the ongoing court case between the dissolved W&RSETA board and the Minister. The Department indicated that the matter was before the Constitutional Court.

6.12.4. The Committee expressed a concern about the withdrawal of the township and rural areas revitalisation programme by the previous board.

**6.13. Mining Qualifications Authority**

6.13.1. The Committee expressed a concern about the delays in the filling of the vacant posts of the Chief Executive Officer (CEO) and Chief Operations Officer (COO).

6.13.2. The Committee was concerned about the decline in the number of learners entering artisan programmes per annum from 2 600 in 2016/17 to 1 500 in 2017/18.

6.13.3. The training programme for the unemployed people in the mining communities was commended by the Committee.

6.13.4. The Committee was concerned that the MQA had budgeted for a surplus over the MTEF period.

6.13.5. The Committee expressed a concern about the low number of TVET learners placed in the mining industry for work-integrated learning (WIL).

**6.14. Construction Education and Training Authority**

6.14.1. The progress that had been made by the board and management post-administration period was commended by the Committee. The CETA also received a clean audit for 2015/16.

6.14.2. The Committee expressed a concern about the adherence of the CETA to the National Treasury instruction on cost-containment measures in relation to the R5 million allocated for expenditure on consultancy fees and R7.9 million for communication, public relations and marketing.

6.14.3. The Committee was concerned that the CETA was one of the six SETAs that did not meet the standards of good governance. The CETA indicated that discussion with the Department were ongoing to rectify the matter.

6.14.4. The construction of the skills development centres (SDCs) in rural and township areas was commended including the employment of the locals in the construction of these centres.

6.14.5. The placement of 20 interns with disabilities at the CETA’s provincial offices was commended by the Committee. The CETA aimed to place 88 interns by the end of 2017/18 financial year.

**7. Summary**

The Committee assessed the Strategic Plan 2015/16 – 2019/20 and Annual Performance Plan 2017/18 of 15 SETAs during the second parliamentary term of 2017. The key objective of the Committee in meeting these SETAs was mainly to assess whether the SETAs were implementing their mandate as stipulated in section 10 of the Skills Development Act, 1998 (Act No.97 of 1998), and whether their targets and performance indicators were aligned to the NDP vision for 2030 and other government priorities.

The SETAs play a critical role in facilitating skills development for the employed and the unemployed in their relevant sector and they also provide skills intervention support to support other national priorities. The mandate of the SETAs had been expanding over the years to include other functions which were not part of their key mandate such as disbursement of bursaries to students, training of lecturers, supporting TVET Colleges with funding etc. The expanded mandate required SETAs to divert some of the funds meant for skills development and training to fund other socio-economic demands of society.

In relation to governance, most of the SETAs that met with the Committee were under good governance and management besides the W&RSETA and SASSETA, which were still under administration. The key challenge of the SETAs was the uncertainty brought by delays in finalising the proposed new SETA landscape, and the delays impact on their ability to commit funds for future commitments and to appoint and retail senior staff on a full time basis. This is evidenced by the high number of SETAs with vacant positions at the Executive Management level.

The Committee was concerned about the training costs of the skills programmes offered by some of the SETAs. Some of the training costs of the programmes per annum were far beyond the cost of a university degree programme. Further concerning was the poor throughput and completion rates of the SETA’s training programmes, including the tracking of learner progression or placement into workplaces. Some of the SETAs were unable to account about the where-abouts of the beneficiaries who were funded owing to inadequate database and monitoring and evaluation systems in place. The Committee’s view was that SETAs should not be satisfied about funding learners to meet enrolment targets, whilst they disappeared in the system.

**8. Recommendations**

The Committee recommends that the Minister of Higher Education and Training consider the following:

8.1. There needs to be a standardised framework for determining skills supply, shortage and vacancies.

8.2. An integrated information system for skills supply and demand across government needs to be established.

8.3. MERSETA and SASSETA have to establish mechanisms to ensure that their APPs comply fully with technical requirements as prescribed by the National Treasury Framework. They need to ensure that performance indicators are developed in accordance with the SMART principles of the National Treasury. MERSETA and SASSETA must ensure that they targets are well defined and are specific. SASSETA must ensure that its indicators are measurable and ensure that steps are in place to ensure that recurrence of findings is not a pattern.

8.4. Vacant positions at the executive management level of HWSETA, EWSETA, BANKSETA, MQA, FASSET and the SASSETA needs to be filled.

8.5. There needs to be a progress report given on the progress towards the finalisation of the new SETA landscape as this process needs to be brought to its finality.

8.6. The WRSETA, CETA and SASSETA should produce time-frames on the internal capacitation on functions that they do not have in-house.

8.7. TETA, MQA, INSETA, Bank SETA and HWSETA should submit their administration budget goods and services allocation to enable an assessment of their spending patterns.

8.8. Mechanisms should be developed to monitor the performance of first year students at Higher Education Institutions (HEIs) who are supported with SETA bursaries in order to provide support and prevent high failure rates.

8.9. The skills development programmes offered by SETAs need to be thoroughly engaged to ensure that there is no duplication.

8.10. The Department needs to look into and address the issue of unaccredited programmes such as the NC(V) programme in Primary Healthcare offered by TVET Colleges.

* 1. Mechanisms should be put in place to address the non-payment of the 30 percent contribution by certain government departments for training and development to the HWSETA.

8.12. The Services SETA needs to ensure that it capacitates its employees with low levels of education.

8.13. The funds allocated for skills development by the EWSETA must be used optimally to mitigate the imparting of skills that are meant to grow the economy.

8.14. The LGSETA should ensure that programmes are in place to ensure that the councillors understand the local government sector. A plan should be put in place to ensure that councillors comply and attend these programmes.

8.15. Bank SETA needs to work on a programme that ensures that they contribute in developing skills in the rural areas.

8.16. A system should be put in place to ensure that the output is almost equal to the input when it comes to training programmes and the graduating of learners from these programmes.

8.17. A system should be put in place to enable the tracking of learner progression in the skills development programmes.

8.18. The INSETA should expand its lecturer training and development programme to more TVET Colleges.

8.19. The INSETA should expand its financial literacy skills programmes to other provinces to enhance the skills level of the people in townships and rural areas.

8.20. SETAs should devise ways to improve the lower throughput rates in their skills development programmes.

8.21. There are already programmes offered to ensure that learners are absorbed into the workplace environment. However, more needs to be done to ensure more students are absorbed into the workplace environment.

8.22. Adequate technological innovations that contribute to job creation in the manufacturing sector must be invested in.

8.23. There needs to be a stringent effort to ensure that employers in the manufacturing sector implement the Artisan Recognition of Priory Learning (APRL) Policy, criteria and guidelines.

8.24. The WRSETA must revert to investing in the township and rural areas through the revitalisation programme.

8.25. The Minister should consider the feasibility of merging some SETAs, such as BANKSETA, FASSET and INSETA and Agriculture SETA and Food and Beverages SETA.

Report to be considered.