
GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF HIGHER EDUCATION AND TRAINING**NO. 375****07 MARCH 2019****SKILLS DEVELOPMENT ACT, 1998 (ACT No. 97 of 1998): PROMULGATION OF THE
NATIONAL SKILLS DEVELOPMENT PLAN (NSDP)**

I, Grace Naledi Mandisa Pandor, Minister of Higher Education and Training, after consultation with the National Skills Authority (NSA), hereby promulgate the National Skills Development Plan to improve skills development in terms of Section 9(4) of the Skills Development Act, No 97 of 1998 as amended.



G.N.M. Pandor

Mrs GNM Pandor, MP

Minister of Higher Education and Training

Date: 6-2-2019



National Skills Development Plan 2030

'An Educated, Skilled and Capable Workforce for South Africa'



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



Title of Publication: National Skills Development Plan, 2030
Date of Publication: 07 March 2019
Place of Publication: Pretoria, South Africa
Publisher: Department of Higher Education and Training
Date of Gazette: 06 February 2019
Gazette Number: 42290

Images courtesy of: Department of Higher Education and Training
Brand South Africa
College of Cape Town
Lephalale TVET College
Oliver's House
National Youth Service Programme (EPWP)
Democratic Nurses Organisation of South Africa
Boland College

Minister's Foreword

As distinct from the previous National Skills Development Strategies, the National Skills Development Plan (NSDP) has been crafted in a policy context of the National Development Plan (NDP) and the White Paper on Post School Education and Training (WP-PSET). There is an explicit acknowledgement that South Africa needs to join hands and minds to generate the solutions to our challenges. The slogan of the NDP emphasises this cooperative paradigm in "Our Future – Make It Work".

Making it work is our collective responsibility. All South Africans seek a better future for themselves and their children. The NSDP is key to enabling government and social partners to contribute towards economic growth, employment creation and social development. The entire post school system has been the focus of a significant and radical improvement in the quality of education and training.

The NDP calls for such an improvement in the quality of education and training to enhance the capabilities of our people so that they are active participants in developing the potential of the country. The vision implicit in this is that by growing the economy faster, more people will be drawn into and will create work; thereby raising living standards for all, but particularly of the poor. The NSDP is informed by this vision and proposes that an understanding and determination of the demands of the labour market and of national priorities must be interpreted into appropriate interventions from education and training institutions.

The NSDP and the new SETA Landscape will be ushered in on 1 April 2020. This new dispensation will bring about changes with regards to the leadership and governance in Skills Development. SETAs will remain an authoritative voice of the labour market and experts in their respective sectors. For the country to achieve high levels of economic growth and address unemployment, poverty and inequality, social partners must work together to invest in skills development in order to achieve the vision set in the NSDP of an educated, skilled and capable workforce for South Africa.



*Minister of Higher Education and
Training*
Mrs Grace Naledi Mandisa Pandor



*Deputy Minister of Higher
Education and Training*
Mr Buti Manamela

**TOGETHER, WITH SOCIAL PARTNERS, MAKING SOUTH AFRICA A BETTER PLACE FOR ALL, THROUGH SKILLS
DEVELOPMENT!**

Contents

Minister's Foreword	1
Contents	2
Tables	3
Figures	3
Abbreviations	4
1 Vision of the National Skills Development Plan (NSDP)	5
2 Mission of the NSDP	5
3 Purpose of the NSDP	5
4 Outcomes of the NSDP	8
4.1 Identify and increase production of occupations in high demand	8
4.2 Linking education and the workplace	9
4.3 Improving the level of skills in the South African workforce	11
4.4 Increase access to occupationally directed programmes	12
4.5 Support the growth of the public college institutional type as a key provider of skills required for socio-economic development	13
4.5.1 Technical and Vocational Education and Training Colleges	13
4.5.2 Community Education and Training Colleges	14
4.6 Skills development support for entrepreneurship and cooperative development	15
4.7 Encourage and support worker initiated training	17
4.8 Support career development services	18
5 NSDP Principles	19
5.1 Locating the NSDP within an Integrated PSET System	19
5.2 Contributing to the country's socio-economic development objectives	19
5.3 Advancing an equitable and integrated system	19
5.4 Greater inclusivity and collaboration will be promoted	19
5.5 Focusing on support system for learners and employers	20
5.6 Strong emphasis on accountability	20
5.7 Understanding skills demand	21
5.8 Steering Supply: Qualifications and Provision	21
5.9 Steering Supply: Funding Mechanisms	22
6 National Skills Development Plan Outcomes	23
6.1 Outcome 1: Identify and increase production of occupations in high demand	23
6.2 Outcome 2: Linking education and the workplace	24
6.3 Outcome 3: Improving the level of skills in the South African workforce	24

6.4	Outcome 4: Increase access to occupationally directed programmes.....	25
6.5	Outcome 5: Support the growth of the public college system.....	26
6.6	Outcome 6: Skills development support for entrepreneurship and cooperative development	27
6.7	Outcome 7: Encourage and support worker initiated training.....	27
6.8	Outcome 8: Support career development services	28
7	Sector Education and Training Authorities	29
7.1	Scope of the SETAs	29
7.1.1	Understanding demand and signalling implications for supply.....	29
7.1.2	Steering the system to respond to skills supply	29
7.1.3	Supporting the development of the institutional capacity of public and private education and training institutions	30
7.1.4	Performing system support functions and managing the budgets and expenditure linked to SETA mandate	30
7.2	Institutional Arrangements of the SETAs	30
8	Sector Education and Training Accounting Authorities	31
9	Executive Authority and the Department	31
10	Quality Assurance Function	31
11	Planning, Reporting and Accountability.....	32
12	Funding Allocation	32
13	National Skills Fund.....	33
14	National Skills Authority	33
15	Role of Social Partners and Stakeholders	34

Tables

Table 1: Trends and graduate qualifications among the employed.....	11
Table 2: Workforce Transformation: 2001 – 2017	12
Table 3: SMME owners' educational levels.....	16
Table 4: Cooperatives contribution to South Africa's GDP 2003 – 2007.....	17

Figures

Figure 1: Linkage of Education and the Workplace through SETAs	10
Figure 2: Graduation / completion rates in public institutions, 2016	10

Abbreviations

APP	Annual Performance Plan
CBO	Community-Based Organisation
CDW	Community Development Workers
CETC	Community Education and Training College
CHW	Community Health Workers
CWP	Community Works Programme
DHET	Department of Higher Education and Training
EPWP	Expanded Public Works Programme
HET	Higher Education and Training
IPAP	Industrial Policy Action Plan
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NEET	Not in Employment, Education and Training
NGO	Non-Governmental Organisation
NGP	New Growth Path
NQF	National Qualifications Framework
NSA	National Skills Authority
NSDP	National Skills Development Plan
NSDS	National Skills Development Strategy
NSDS III	Third National Skills Development Strategy
NSF	National Skills Fund
OECD	Organisation for Economic Co-operation and Development
PIVOTAL	Professional, Vocational, Technical and Academic Learning
QCTO	Quality Council for Trades and Occupations
SDA	Skills Development Act
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SP	Strategic Plan
StatsSA	Statistics South Africa
TEA	Total Early-Stage Entrepreneurial Activity
TVET	Technical and Vocational Education and Training Colleges
WP-PSET	White Paper for Post-School Education and Training
WSP	Workplace Skills Plan

1 Vision of the National Skills Development Plan (NSDP)

‘An Educated, Skilled and Capable Workforce for South Africa’

2 Mission of the NSDP

To improve access to occupations in high demand and priority skills aligned to supporting economic growth, employment creation and social development whilst also seeking to address systemic considerations.

3 Purpose of the NSDP

The NSDP seeks to ensure that South Africa has adequate, appropriate and high quality skills that contribute towards economic growth, employment creation and social development. The Organisation for Economic Co-operation and Development (OECD) (2017) Report: Getting Skills Right in South Africa has acknowledged that, notwithstanding the efforts of the South African Government and a range of private sector stakeholders to tackle skills imbalances, some challenges remain. The report also suggests that the educational system could be improved, especially in terms of developing both basic skills and technical skills, with a specific focus on historically disadvantaged individuals. The report adds that more training options are needed for the employed and unemployed and that this training should be relevant for the improved employability and career progress of participants.

The NSDP derives from the broader plan of government, namely the National Development Plan (NDP), which aims to put in place the framework whereby we ‘build the capabilities our citizens to make our future work’. The NDP notes that “several challenges require attention, including a critical shortage of skills, a complex intergovernmental system, high levels of corruption, weak lines of accountability, inadequate legislative oversight and a long history of blurring the lines between party and state. These are difficult issues, requiring honest reflection, careful planning and decisive leadership.”

Both the NDP and the New Growth Path (NGP), albeit in different ways, emphasise the importance of skills development. While the achievement of the objectives of the NDP requires progress on a broad front, three priorities stand out:

1. Raising employment through faster economic growth;
2. Improving the quality of education, skills development and innovation; and
3. Building the capability of the state to play a developmental, transformative role.

The NGP (2011), states that “Improvements in education and skill levels are a fundamental prerequisite for achieving many of the goals in this growth path. General education must equip all South Africans to participate in our democracy and economy, and higher education must do more to meet the needs of broad-based development. The growth path also requires a radical review of the training system to address shortfalls in artisanal and technical skills.”

However, in the sections which deal with skills development neither of the two plans elaborates in any detail on the specific skills required to support economic and social development. Chapter 9 of the NDP sets a range of numerical objectives to be met by 2030 as indicated below:

1. Expand the college system with a focus on improving quality. Better quality will build confidence in the college sector and attract more learners. The recommended participation rate in the TVET college sector of 25 percent would accommodate about 1.25 million enrolments;
2. Provide 1 million learning opportunities through Community Education and Training Colleges;
3. Improve the throughput rate to 80 percent by 2030;
4. Produce 30,000 artisans per year by 2030;
5. Increase enrolment at universities by at least 70 percent by 2030 so that enrolments increase to about 1,62 million from 950 000 in 2010;
6. Increase the number of students eligible to study towards maths and science based degrees to 450,000 by 2030;
7. Increase the percentage of PhD qualified staff in the higher education sector from the current 34 percent to over 75 percent by 2030;
8. Produce more than 100 doctoral graduates per million per year by 2030. This implies an increase from 1,420 in 2010 to well over 5,000 a year; and
9. Expand science, technology and innovation outputs by increasing research and development spending by government and through encouraging industry to do so.

The NGP calls for the need to improve skills in every job and target 1,2 million workers for certified on-the-job skills improvement programmes annually from 2013. Every Sector Education and Training Authority (SETA) should therefore aim to facilitate and co-finance training for approximately 10% of the workforce annually.

The NGP also commits government to improve SETA performance by strengthening governance, accountability and administrative systems. It emphasises that SETAs must prioritise the identification and funding of the main sector skills needs based on the NGP.

The NGP emphasises the importance of skills development and, as indicated above, looks to the National Skills Development Strategy (NSDS) for guidance. This challenge translates into a question: What skills are required for the implementation of its five main job drivers:

1. Substantial public investment in infrastructure both to create employment directly, in construction, operation and maintenance as well as the production of inputs, and indirectly by improving efficiency across the economy;
2. Targeting more labour-absorbing activities across the main economic sectors – the agricultural and mining value chains, manufacturing and tourism and high-level services;
3. Taking advantage of new opportunities in the knowledge and green economies;
4. Leveraging social capital in the social economy and the public services; and
5. Fostering rural development and regional integration.

The White Paper for Post School Education and Training (WP-PSET) enunciates:

“National economic development has been prioritised, and the role of education and training as a contributor to development has begun to receive much attention. This is not to devalue the intrinsic importance of education. Quality education is an important right, which plays a vital role in relation to a person’s health, quality of life, self-esteem, and the ability of citizens to be actively engaged and empowered. However, few can argue with the need to improve the performance of the economy, to expand employment and to equip people to achieve sustainable livelihoods. This means improving partnerships, developing effective and well-understood vocational learning and occupational pathways, and improving the quality of the learning and work experiences along those pathways”.

Understanding skills needs

In this regard a multi-tiered approach is proposed:

1. Firstly determining skills at organisational level, understanding skills needs at the workplace, both in public and private sectors;
2. Secondly, determining skills at sectoral level of occupations in high demand and priority occupations; and
3. Thirdly, determining skills, at national level, which includes provincial and local levels of occupations in high demand and priority occupations.

Some of these tiers are already in place, requiring improvements from time to time, such as through Workplace Skills Plans (WSPs) and Sector Skills Plans (SSPs) developed by the SETAs. It is the role of the SETAs to analyse the WSPs when they prepare and consult on their SSPs.

Role of SETAs on the demand and supply side:

On the demand side:

1. Conduct labour market research and develop Sector Skills Plans (SSP);
2. Develop Strategic Plans (SP), Annual Performance Plans (APP) and Service Level Agreements (SLA); and submit quarterly reports.

On the supply side:

1. Address sector skills needs and priorities;
2. Address scarce and critical skills (PIVOTAL) through implementation of learning programmes (i.e. Artisans and Learnerships);
3. Facilitate easy access and different entry points (Articulation and RPL); and
4. To collaborate with the relevant Quality Council, especially the Quality Council for Trade and Occupations to ensure quality and provision of learning programmes.

4 Outcomes of the NSDP

4.1 Identify and increase production of occupations in high demand



The primary aim of determining occupations in high demand is to improve the responsiveness of the post school education and training system to the needs of the economy and to the broader developmental objectives of the country. The national list of occupations in high demand will be compiled and reviewed for every two years, to support planning processes in the post school education and training sector, particularly in relation to enrolment planning, decision making on the prioritisation of resource allocation, qualification development, and career information and advice.

Skills that are required are most frequently expressed in 'occupational' terms. Accordingly, the first and primary reason for using the notion of 'occupation' is that 'occupation' is the language used in the demand side, which is the labour market.

The NSDP starts with understanding and determining the demand of the labour market and national priorities that can be interpreted into interventions from education and training institutions through their planning processes on the supply side.

The methodology of Centres of Specialisation (CoS), amongst others, has the potential to prove to be the vehicle to drive an approach to meeting the occupations in high demand, rather than assuming that supply will generate demand. This approach will be encouraged, where possible.

4.2 Linking education and the workplace

Improving the relationship between education and training and work is a key policy goal of the WP-PSET. This recognises the importance of workplace-based learning in achieving the policy objectives of the post school education and training system. The WP-PSET is unequivocal that the main purpose of TVET is to prepare students for the world of work, a position that



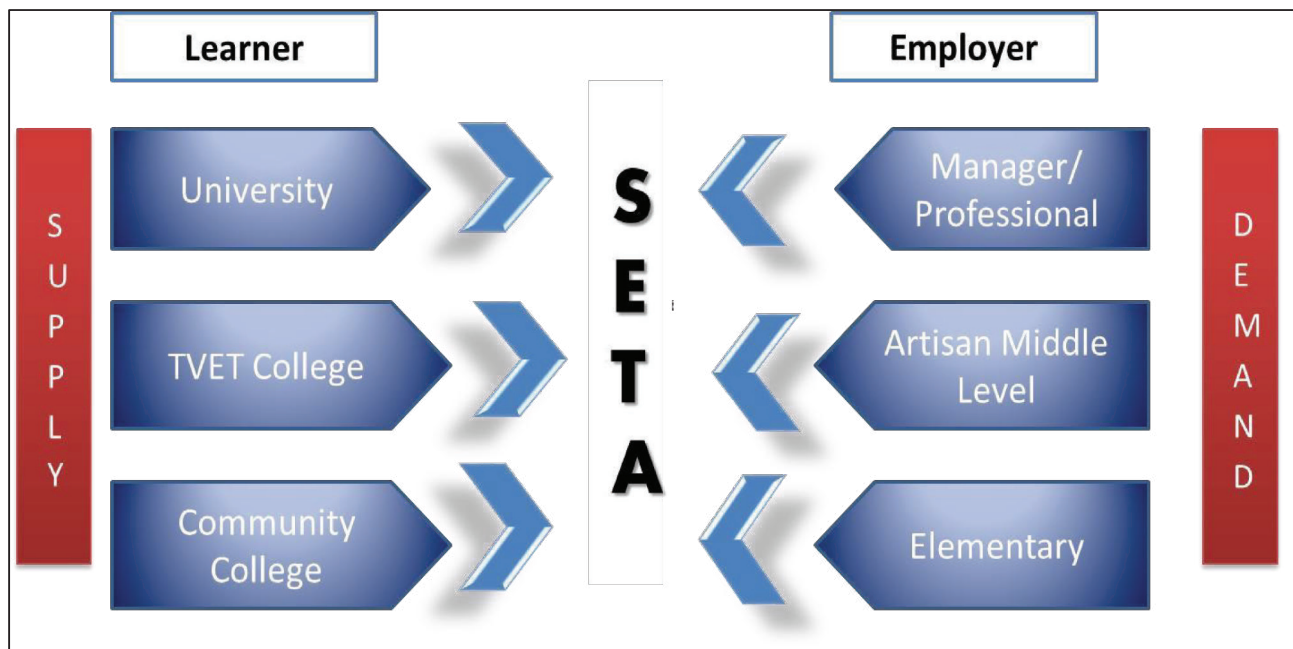
is in line with international practice. The OECD's review of TVET systems in 20 countries concluded that a key feature common to effective TVET systems everywhere is a focus on training for employment. Workplace-based learning is important for the employment prospects of students in the system.

Workplace based learning is explicitly supported and promoted in various policies and strategies including, but not limited to, the Skills Development Act (SDA), the NSDS III, the NDP, the NGP, the SETA Workplace-based Learning Programme Agreements Regulations, the National Skills Accord, the Youth Employment Accord, the Strategic Infrastructure Projects (SIPs), the National Youth Policy 2014 – 2019, the draft Turning the Public Sector into Training Space Strategy, the Public Service Human Resource Development Strategic Framework: Vision 2015, and the draft DHET Workplace-Based Learning Policy.

The alignment of planning and funding cycles of skills levy institutions will allow for much greater coherence between workplaces and education and training institutions in offering workplace learning opportunities to students in PSET, and industry experience for lecturing staff, particularly in public institutions.

The role of SETAs as intermediary bodies is posited as a key factor in linking the world of work and education. Figure 1 below depicts the positioning of skills levy institutions as bodies that seek to link demand with supply.

Figure 1: Linkage of Education and the Workplace through SETAs



The role of SETAs as intermediaries can be further harnessed considering the data provided in Figure 2 overleaf on University graduation / TVET College completion rates as provided from the education and training institutions. Figure 2 highlights that while there are graduates being produced, the linkage to the workplace and labour market is critical so as to realise the placements of graduates in the labour market to address occupations in high demand and priority occupations. The SETAs can facilitate and broker the linkages between the labour market, employers and sectors with the education and training institutional supply.

Figure 2: Graduation / completion rates in public institutions, 2016

Qualification Category	University Graduates in 2016	TVET College Completers in 2016
Science, Engineering and Technology	59,125	
Business and Management	56,364	
Education	42,107	
Other Humanities	45,480	
Report 191 (N3)		39,102
NC(V) Level 4		11 716
Report 191 (N6)		60,642

Source: Statistics on Post-School Education and Training in South Africa, 2016

4.3 Improving the level of skills in the South African workforce



South Africa is challenged by low productivity in the workplace, as well as slow transformation of the labour market and a lack of mobility of the workforce, largely as a result of inadequate, quality assured training for those already in the labour market.

The Skills Supply and Demand in South Africa Report (2016), indicates that it is universally recognised that higher levels of educational attainment are associated with better health and wellbeing, higher employment rates, better labour opportunities, and higher earnings.

The Report further notes that the education level of the employed population is increasing. From 2010 to 2014 the share of the employed with a matric certificate or higher education qualification increased by 2.6% from 49.9 to 52.5%. The share of the employed with a tertiary education increased from 19.3% in 2010 to 20.5% in 2014.

The number and share of the employed with only a primary education or lower was still over 2 million workers in 2014, with this group constituting 16.6% of the employed in 2010 and 13.8% in 2014. The majority of these 2 million workers are over 35 years of age, close to 90% are from the African population group and just 10% are from the coloured population group.

Table 1: Trends and graduate qualifications among the employed

	2013	2014
Tertiary employed	3,041,000	3,072,000
Employed with higher education qualifications	1,178,000	1,201,000
Employed with diploma and certificate qualifications	1,863,000	1,871,000

**All numbers rounded to thousands*

The NGP calls for increased workplace training of workers already in employment in order to improve productivity and the overall growth and development of our economy. To address this challenge, the Mandatory Grant, Discretionary Grant and Administration budgets of the SETAs will be reviewed as SETAs are required to support employed workers.

SETAs must support the training of employed workers and encourage employers to expand such training in order to improve the overall productivity of the economy, achieve transformation and address skills imbalances in our workforce in particular and the labour market in general. Table 2 below depicts South Africa's workforce transformation progress from 2001 to 2017 in various occupational levels, which remains not significantly inclusive.

Table 2: Workforce Transformation: 2001 – 2017

Occupational Level	Period	White	African	Coloured	Indian	Male	Female
Top management	2001	87%	6%	3%	4%	87%	13%
	2017	67%	14.3%	5.1%	9.4%	77.1%	22.9%
Senior Management	2001	81%	9%	5%	5%	80%	20%
	2017	56.1%	22.1%	7.7%	10.9%	66.2%	38.8%
Professionally Qualified	2001	56%	33%	6%	5%	62%	38.8%
	2017	42.2%	36.5%	9.6%	8.8%	53.4%	46.6%
Technically Skilled	2001	18%	58%	18%	6%	60%	40%
	2017	19.6%	61.7%	11.3%	5.6%	52.9%	47.1%

Source: 2017/18 Commission for Employment Equity Report.

4.4 Increase access to occupationally directed programmes



The NDP target of 30,000 artisans to be produced annually by 2030 is an indication that South Africa's intermediate skills base is too low to support the country's socio-economic development goals. The workforce is also not keeping pace with the skills required to remain competitive in an increasingly knowledge-based economy. To address this, the Quality Council for Trades and Occupations has, since 2012,

been developing new occupational qualifications which will become an important part of the offerings in TVET colleges and CET colleges.

The new occupational qualifications require some work experience for certification. Although there might be some flexibility in the design of different qualifications, there is no doubt that the system requires better and more systemic arrangements for workplace-based learning in order for the programmes to inspire confidence among employers and to improve employment outcomes for students. Skills levy institutions through their funding will play an important role in supporting the increased production of occupationally directed programmes.

4.5 Support the growth of the public college institutional type as a key provider of skills required for socio-economic development

4.5.1 Technical and Vocational Education and Training Colleges



The WP-PSET describes TVET colleges as the cornerstone of the post-school education and training system for South Africa and proposes an expansion of this institutional type to absorb the largest enrolment growth in the post-school system. The NDP also situates TVET colleges as critical pillars of the emerging post-school system and vital for social and economic development.

The growth of stronger TVET colleges will expand the provision of mid-level technical and occupational qualifications. These will articulate directly into the world of work for the growing numbers of young people leaving the schooling system. A significantly expanded TVET institutional type will also relieve the higher education institutional type which is already under strain from high demand driven by student aspirations for post-school education and a lack of alternative and attractive opportunities elsewhere in the PSET system. TVET is a high priority for government.

The focus on this institutional type since the recapitalisation of the public TVET colleges, and a range of intervention programmes since the creation of the Department, including the Turnaround Strategy, have led to some positive changes. The TVET colleges are starting to show results, but the system has been asked to do too much, too fast, with too little support.

This institutional type must build upon its existing strengths, but growth must be realistic. TVET colleges cannot be expected to improve capacity and quality without adequate planning, support, and resourcing. Expansion has to be built on improved capacity and performance, both of which require significant new investment in a chronically underfunded area.

Countries with strong TVET colleges have good relationships between industry and the TVET colleges. In these systems, TVET colleges play a particularly important role in directly linking intermediate technical education to the labour market.

This means that the South African system will benefit from a better understanding of skills needs for South African society and industry, and the ability of TVET colleges to respond to social and economic needs, in particular those at the intermediate level in the labour market. Some labour market analyses show that job prospects for a TVET college graduate are comparable to those for a matriculant at 50%, but much higher for qualified artisans where a study showed a placement rate of 79%. This means that TVET colleges do not always add substantial value to the opportunities for prospective labour market entrants.

Centres of Specialisation will be advocated to be the mode of delivery of identified occupational programmes, where this is practically possible. This mode of delivery will be encouraged, promoted and expanded in the TVET institutional type as it places the role of the employer at the centre with other stakeholders, such as SETAs. The role of the social partners remains central to the success of this methodology.

4.5.2 Community Education and Training Colleges



The NSDP acknowledges the role to be played by the Community Education and Training (CET) institutional type in expanding skills development in the country. The CET colleges will cater for the knowledge and skills needs of the large numbers of adults and youth requiring education and training opportunities, unemployed people, and those employed but in low or semi-skilled occupations.

StatsSA estimates that more than 18 million people above 20 years have educational levels below the National Senior Certificate, and there are few opportunities for education and work for them. This includes more than 3.3 million youth aged 15–24 years, and 4.6 million aged 25–34 years who are not in education, employment or training (NEET) (StatsSA, 2018), and people in rural areas who constitute the most marginalised.

The aim, therefore, is to create a differentiated institutional type that caters to the varied needs of communities, individuals and society. Programmes that are responsive to the needs of communities and that enable individuals to find work, start businesses, and develop sustainable livelihoods and progress into other education institutions, will be offered in CET colleges. They will also seek to assist community organisations, institutions, local government, individuals and local businesses to work together to develop their communities by building on existing knowledge and skills.

The focus on “community” implies that these colleges are located within communities, and that they will contribute to local needs and local development, building social agency and social cohesion. Links to communities will take several forms, including building relationships between CETCs and NGOs, CBOs, local government, and the local economy and labour markets.



The CET colleges link directly with the work of public programmes to provide appropriate skills and knowledge. These programmes include the Expanded Public Works Programme (EPWP), Community Works Programmes (CWPs), the state’s infrastructure development programme,

and economic and social development initiatives such as the Community Development Workers (CDW) and Community Health Workers (CHW) programmes. Such programmes can provide work-integrated learning opportunities while the colleges provide classroom and workshop-based learning. There is an important role for SETAs in facilitating such partnerships. The nature of programme interventions that are to be put in place must also respond practically to the NDP. The NDP mandates the PSET system to expand the college system with a focus on improving quality.

The NDP further proposes that CET colleges should reach an additional 1 million learners by 2030. The National Skills Fund (NSF) will play a significant role in this institutional type as directed by the NSDP, targeting especially the unemployed and strengthening the capacity of this institutional type to deliver skills for socio-economic development.

4.6 Skills development support for entrepreneurship and cooperative development

The NDP has set the target of 5% for the Gross Domestic Product (GDP) and unemployment reduction to 6% by 2030.

This is expected to be achieved through the creation of 11 million jobs, the majority of which are expected to be contributed by small and expanding businesses. Small, Medium and Micro-sized Enterprises are a crucial part of South Africa’s economic growth.

It is estimated that SMMEs contribute more than 30% to South Africa's GDP. With regard to employment, SMMEs in South Africa absorb about 70% to 80% of the employed population but contribute less than 4% to export earnings, leaving a large margin for growth. High unemployment is compounded by low/no net job creation.

Table 3: SMME owners' educational levels

SMMEs	Number (2008Q1)				Number (2015Q2)			
	Total	Formal	Informal	Other	Total	Formal	Informal	Other
Total	182,823	666,501	1,420,933	95,389	251,821	667,433	1,497,860	86,528
No schooling	140,732	3,645	129,138	7,950	79,986	5,490	70,588	3,909
Less than primary completed	296,391	18,890	265,016	12,485	236,842	15,381	211,230	10,230
Primary completed	140,323	10,281	126,764	3,278	118,385	4,709	109,286	4,389
Secondary not completed	742,242	127,419	593,192	21,631	789,648	112,404	653,413	23,831
Secondary completed	474,806	224,419	223,526	26,861	568,226	221,738	318,732	27,756
Tertiary	358,711	274,048	64,618	20,045	431,784	299,797	115,574	16,413
Other	29,618	7,799	18,679	3,140	26,950	7,914	19,036	0

Source: Bureau for Economic Research, 2016



According to the Global Entrepreneurship Monitor South Africa Report of 2016/17, South African societal entrepreneurship attitudes substantially improved over the past decade and are above the average for efficiency driven economies. In contrast, entrepreneurial perception and competencies in the adult population fall below the average for efficiency driven economies. This shows a disjuncture

between attitudes and skills. Similarly, South Africa's Total Early-Stage Entrepreneurial Activity (TEA) rate in 2016 was 6.9% and ranked 46th out of 65 countries, down from 38th place in 2016.

The inability of the youth to engage in economic activity and find employment suggests that young people may not be receiving the necessary skills and work experience to drive the economy forward. This situation cannot be allowed to persist.

The challenge of inculcating a culture and spirit of entrepreneurship and self-employment lies not only in making funding available but in developing the skills and competencies of the youth and potential entrepreneurs in general.

It is recognised that entrepreneurship and cooperative development is less about obtaining formal occupational qualifications and more about applied, peer and mentored learning and support. Research suggests a demand for short, modular, competency-based training which reduces time and, hence, the opportunity cost of training; that skills needs are similar at each stage of a business life cycle; and that bespoke support produces better results than programmes with set curriculum and timeframes for later stage businesses.

Support for the cooperatives can play an important role, not just in the margins, but in the mainstream of the South African economy. These vary from stokvels to burial societies, and financial, trade and production cooperatives. There is compelling evidence of the success of cooperative models, particularly internationally. Successful cooperatives operate more as a consortium of established small businesses providing complementary skills and specialist services.

Cooperatives are intended to provide economic benefit through collaboration and economies of scale thereby reducing input, operational and distribution costs. Entrepreneurs that form and or join cooperatives, have similar needs to other businesses in terms of access to information, markets and finance.

Table 4: Cooperatives contribution to South Africa's GDP 2003 – 2007

Total (Rbn)	2003	2004	2005	2006	2007
	12,299	15,123	7,222	6,771	7,129.6

Source: the DTI Baseline Study

Skills levy institutions will actively support skills development needs of entrepreneurs and cooperatives within their sectors, with particular focus on the unemployed, youth, women and people with disabilities.

4.7 Encourage and support worker initiated training



Trade unions and their education programmes, as well as other worker-initiated training programmes, play an important role in the skilling of workers in broader sectoral policy and capacity to effectively engage in the workplace and broader economy.

Trade unions and worker education and training initiatives are able to use the critical networks of their organisations (e.g. shop stewards and union officials) to educate their members and other workers to suit their needs in a manner that is also beneficial to the economy as a whole.

South Africa has a long history of worker education and training that needs to be supported and expanded. Worker-initiated education and training can contribute to a workforce that is better able to understand the challenges facing the economic sectors in which they operate.

Skills levy institutions will play a crucial role in supporting and encouraging worker training initiatives. This will benefit the workplace, our economy, as well as the developmental objectives of our country.

4.8 Support career development services

Career development is a key component of the NSDP. For each and every person being able to embrace their full potential, career development is vital.

Our entire skills development system must dedicate the required resources to support career and vocational guidance as this has proved to be a critical component in successful skills development initiatives



world-wide. Both the SETAs and the NSF respectively must seek to build career guidance initiatives in their sectors and generally as a key component of the NDSP.

The preamble to South Africa's Constitution notes the importance of 'freeing the potential of each person' whilst the NDP talks about the need for every individual to 'embrace their potential'. This embracing and freeing up of potential is critical to the nations' socio-economic development. Career development services, therefore, do not just aim to provide quality career and study related information and counselling services, but also to contribute to the larger goal of assisting our people to 'embrace' and 'fulfil their potential'.

One of the most important milestones in someone's life is to make a career choice. The decision someone makes will have a significant impact on the rest of his or her personal and professional life. There has been limited emphasis, particularly at a school level, on career and vocational guidance for our youth. The result is that young people in particular may opt for a programme because it is marketed or there is financial aid. There is a lack of guidance to direct young people to programmes for which they have an aptitude, and which will provide training in areas needed in the economy.

The OECD (2017) Report: Getting Skills Right in South Africa, calls for the provision of tailor made career advice services to students early on, based on better skills needs information.

5 NSDP Principles

The principles that underpin the NSDP are:

5.1 Locating the NSDP within an Integrated PSET System

The NSDP promotes a greater level of integration within the post school education and training system, with a specific focus on the coordination of planning, funding, monitoring, evaluation and reporting on the system with a focus on skills levy institutions.

5.2 Contributing to the country's socio-economic development objectives

The NSDP contributes to strategies and priorities of various sectors of the economy, with an emphasis on inclusive growth and employment generation as set out in the NDP, the NGP, the Industrial Policy Action Plan (IPAP) and other key policy documents of government.

5.3 Advancing an equitable and integrated system

The NSDP supports the transformational and redress imperatives in SA through a strong focus on addressing equity in relation, amongst others, to class, gender, race, youth, geography and disability. The NSDP seeks to ensure that skills development interventions reach those already in employment and provides for opportunities for new entrants to the labour market to gain work experience.

5.4 Greater inclusivity and collaboration will be promoted

The NSDP promotes:

- 5.4.1. Collaboration through partnerships within the public sector as well as between the public and private sectors to support effective skills development;
- 5.4.2. A focus on quality education and training provision and articulation between programme and qualification offerings to ensure effective learning to work pathways;
- 5.4.3. A strong focus on workplace-based learning in both the public and private sectors;
- 5.4.4. Partnerships across the skills development system with both public and private providers; and

- 5.4.5. Effective and meaningful stakeholder engagement to support ownership and participation among stakeholders including social partners, individuals, employers, labour, providers, prospective learners, and the public.

5.5 Focusing on support system for learners and employers

The NSDP seeks to:

- 5.5.1. Ensure that prospective learners and the public are aware of when and how to apply for programmes and have access to a simplified process;
- 5.5.2. Improve efficiency and effectiveness of decision-making, planning, allocation of funds, implementation, and quality assurance;
- 5.5.3. Harness the use of technology, where possible and relevant, standardise processes across all skills levy institutions, improve efficiencies and increase stakeholder involvement through on line portals and accurate data analysis for improved decision making; and
- 5.5.4. Standardise stipends or allowances paid to learners during their training by skills levy institutions.

5.6 Strong emphasis on accountability

The NSDP seeks to:

- 5.6.1. Improve the governance oversight and monitoring and evaluation mechanisms and capacity, with strong social partners' involvement;
- 5.6.2. Institute mechanisms to ensure that actions are taken based on findings from these monitoring and evaluation systems. This, with a view to understanding the strengths, challenges and impact of the system;
- 5.6.3. Review the system where evidence suggests that there are obstacles that are preventing the realisation of the agreed upon outcomes. This will ensure that the Minister can act where there is non-performance or maladministration;
- 5.6.4. Introduce mechanisms for instructions to the SETAs by the Minister, where there are challenges; and
- 5.6.5. Review the SETA Standard Constitution to strengthen governance and accountability mechanisms.

5.7 Understanding skills demand

- 5.7.1. Central to understanding the skills in demand, will be an analysis of sectoral growth and development plans and labour market information. The analysis will result in an evidence based understanding of skills and occupations requirements to support economic and social development priorities;
- 5.7.2. Social partners and other interested stakeholders will be actively involved in this process of determining required skills and occupations. Employers will be involved in the planning and the provision of the required skills;
- 5.7.3. Partnerships and collaboration with the higher education and research institutions, amongst others, will be central for evidence based understanding of skills demand and supply;
- 5.7.4. SETAs will continue to gather credible information from the workplaces to understand the demand for skills and occupations, both nationally and within sectors;
- 5.7.5. Use the analyses to verify occupations, in collaboration with employers and labour, across various groups (managers, professionals, service and clerical workers, artisans, plant and machinery operators and elementary workers) that are in high demand; and
- 5.7.6. Research and innovation is a key component of the NSDP.

5.8 Steering Supply: Qualifications and Provision

- 5.8.1. Quality Councils will ensure the design, development and maintenance of occupational standards and qualifications;
- 5.8.2. Education and training institutional enrolment plans will be aligned to occupational standards and qualifications. This will be coupled with resources to support the improvement of the throughput and quality of these programmes; and
- 5.8.3. Skills levy institutions will play an intermediation role in these discussions so as to encourage partnerships between institutions and workplaces and, where relevant, between public and private providers. This in turn will support the planning processes undertaken by the skills levy institutions with workplaces linked to occupational learning programmes and workplace-based learning opportunities.

5.9 Steering Supply: Funding Mechanisms

Levy funding will be aligned with fiscus funding to ensure support for workplace-based learning, to design and implement workplace based learning incentives, and to increase enrolment and throughput qualifications. These funding mechanisms will ensure an alignment of funding sources to support the NSDP vision.

6 National Skills Development Plan Outcomes

6.1 Outcome 1: Identify and increase production of occupations in high demand

Sub-Outcome 1.1: National enrolment and resource ratios for the high, intermediate and elementary skills level.

Performance Indicators

Targets will be set for a three year period and annually determined through the Service Level Agreements with skills levy institutions, to include but not limited to:

1. Percentage of levy resources to be directed at developing high level skills by 2030, including managers, professionals and associate professionals;
2. Percentage of levy resources to be directed at developing intermediate level of skills (including the target of 30 000 artisans produced per annum by 2030); and
3. Percentage of levy resources directed at developing elementary level skills by 2030.

Sub-Outcome 1.2: Targets for priority occupations

Performance Indicator

1. List of priority occupations identified from hard-to-fill vacancies by employers and occupations that are required to advance South Africa's developmental needs i.e. SIPS, Operations Phakisa etc.

Sub-Outcome 1.3: Targets for priority qualifications

Performance Indicators

1. Once targets for priority occupations are identified, then qualifications that are best placed to deliver these will be identified;
2. Once priority qualifications are identified, institutions and workplaces will be targeted for investment;
3. Identified institutions will be referred to as Centres of Specialisation; and
4. Number of bursaries or skills levy grants allocated.

Sub-Outcome 1.4: Identification of interventions required to improve enrolment and completion of priority occupations:

Performance Indicator

Expert teams, known as Occupational Teams or Professional Bodies, will work with SETAs, selected institutions and workplaces to determine the required interventions and workplaces to increase the required occupations.

6.2 Outcome 2: Linking education and the workplace

Sub-Outcome 2.1: Opening of workplace based learning opportunities increased.

Performance Indicators

Targets will be set for a three year period and annually determined through the Service Level Agreements with skills levy institutions, to include but not limited to:

1. Number of TVET students requiring work integrated learning to complete their qualifications provided with workplaces;
2. Number of universities of technology and comprehensive universities requiring work integrated learning to complete their qualifications provided with workplaces;
3. Number of TVET lecturers exposed to the workplaces;
4. Number of workplace based learning experiences made available for graduate/internships;
5. Number of learnerships opportunities for the unemployed provided; and
6. Workplace based learning policy and regulations developed and revised.

6.3 Outcome 3: Improving the level of skills in the South African workforce

Sub-Outcome 3.1: To increase workers participating in various learning programmes to a minimum of 80% by 2030, to address, critical skills required by various sectors of the economy, to transform workplaces, improve productivity and to improve economic growth prospects in various sectors of the economy.

Performance Indicator

1. The number of employees trained and supported through skills development interventions.

6.4 Outcome 4: Increase access to occupationally directed programmes

Sub-Outcome 4.1: Occupational qualification developed by the Quality Councils

Performance Indicator

1. The number of qualifications developed in line with the occupations in high demand identified.

Sub-Outcome 4.2: Increase access for Intermediate and high level skills

Performance Indicators

Targets will be set for a three year period and annually determined through the Service Level Agreements with skills levy institutions, to include but not limited to:

1. Number of artisans produced towards meeting the target of the NDP;
2. SETAs through SSPs identify artisans and other intermediate level skills required by various economic sectors;
3. Dedicated grant set aside for artisan development;
4. Number of bursaries granted;
5. Artisan Recognition of Prior Learning will be prioritised;
6. Partnerships with TVET colleges established and universities of technology working in partnerships with the industry;
7. Research encouraged that will be relevant and have an impact in occupationally directed programmes;
8. Standards, policies, and systems to ensure that quality artisans are produced; and
9. Implementation (and improvement) of a single, national artisan development data system and management information system.

6.5 Outcome 5: Support the growth of the public college system

Sub-Outcome 5.1: Support the TVET Colleges

Performance Indicators

Targets will be set for a three year period and annually determined through the Service Level Agreements with skills levy institutions, to include but not limited to:

1. Support for, and prioritisation of, Centres of Specialisation, where practically possible;
2. Support for TVET colleges in implementing occupationally directed programmes;
3. Number of learners whose qualifications require work integrated learning will be supported with strong partnership with the industry;
4. Number of lecturers receiving work place exposure; and
5. Number of SETA offices established and maintained.

Sub-Outcome 5.2: Support the CET Colleges

Performance Indicators

Targets will be set for a three year period and annually determined through the Service Level Agreements with skills levy institutions, to include but not limited to:

1. Number of unemployed learners participating in skills and occupational programmes;
2. Number of learners participating in youth, adult language and numeracy skills to enable further training;
3. Number of the local small business and cooperatives; and
4. Number of skills support initiatives for CBOs, NGOs, and NPOs.

6.6 Outcome 6: Skills development support for entrepreneurship and cooperative development

Sub-Outcome 6.1: To increase skills development support for entrepreneurial activities and the establishment of new enterprises and cooperatives

Performance Indicators

Targets will be set for a three year period and annually determined through the Service Level Agreements with skills levy institutions, to include but not limited to:

1. SETAs identify in their skills planning research, established and emergent cooperatives and their skills needs;
2. SETAs through their skills planning research, identify skills needs of small and emerging enterprises;
3. Number of entrepreneurship and cooperatives activities inclusive of informal traders supported by skills levy institutions; and
4. Number of workplace base learning opportunities opened for servicing the number of micro, small and medium-sized enterprises and cooperatives.

6.7 Outcome 7: Encourage and support worker initiated training

Performance Indicator

Targets will be set for a three year period and annually determined through the Service Level Agreements with skills levy institutions, to include but not limited to:

1. Skills levy institutions will work with the federations/trade unions in their sectors in identifying the required skills needs, especially in better understanding the sectors, and implement the relevant interventions.

6.8 Outcome 8: Support career development services

Performance Indicators

Targets will be set for a three year period and annually determined through the Service Level Agreements with skills levy institutions, to include but not limited to:

1. Career development services (including material) must be accessible to all especially in rural areas and targeted beneficiaries; and
2. Prioritise the support of career development services related to the sector and government priorities.

7 Sector Education and Training Authorities

7.1 Scope of the SETAs

The White Paper notes the challenges that relate to the wide role of the SETAs and argues that the development of “a tighter, streamlined focus for the SETAs is a key step in strengthening them”. Central to the role of SETAs is to effectively contribute towards the realisation of the outcomes as laid out in the NSDP, throughout their functions is to focus on building the relationships with workplaces and education and training institutions.

7.1.1 Understanding demand and signalling implications for supply

The purpose is specifically to encourage skills and qualifications in occupations that support economic growth, encourage employment creation and enable social development. This includes an analysis of the implications of these trends for supply planning. SETAs will support the process of determining and outlining the demand for occupations in their sector through:

1. Engaging workplaces to enable them to provide increasingly relevant data on the skills of their existing workforce as well as projected skills needs, through relevant templates;
2. Engaging stakeholders (including but not limited to employers, labour and government) to ascertain their perceptions of future trends in their sectors and the implications of these for the demand and supply interventions signals to steer supply of skills, and
3. Continuously exploring the implications of the findings from the workplace data and stakeholder engagement with respect to sector trends and national policy priorities.

7.1.2 Steering the system to respond to skills supply

1. The SETAs will manage and use the levy-grant mechanism to support the process of collecting information and steer the system to ensure that funding concentrates on driving the provision of quality qualifications and/or workplace-based experience, and
2. These will target the existing workforce, pre-employed (students) and the unemployed and will inform career guidance processes to encourage individuals to plan their learning and occupational pathways within this context.

7.1.3 Supporting the development of the institutional capacity of public and private education and training institutions

Institutional capacity of public and private education and training institutions will be developed through:

1. The delivery of programmes against qualifications (on all the sub-frameworks) that support economic growth, encourage employment creation and enable social development for workers, unemployed and pre-employed (students), and
2. Facilitating workplace-based experience as part of a qualification or a post-graduates qualification with a specific focus on occupations that support growth, encourage employment creation and enable social development.

7.1.4 Performing system support functions and managing the budgets and expenditure linked to SETA mandate

Budgets, expenditure and systems will be managed through:

1. Administering the skills grants against the agreed upon priorities and timelines, and
2. Working with the shared services, where applicable, to ensure a consistent application process for workplaces and potential learners.

7.2 Institutional Arrangements of the SETAs

1. SETAs will have no limited lifespan but a mechanism to address non-performance will be established;
2. Where required, the Minister will introduce institutional reviews, as the socio-economic policy environment is not static;
3. SETAs demarcation, amongst others, will be based on industrial classification, value chain and financial viability; and
4. Establishment of Shared Services, where practically possible.

8 Sector Education and Training Accounting Authorities

1. SETAs will continue to have stakeholder driven governing bodies (Accounting Authorities). Business, labour and government will continue to nominate representatives onto the Accounting Authority in an equitable manner across the three parties.
Representatives will continue to be appointed by the Minister for a period of a five year term. The Minister will stipulate a maximum number of accounting authority members consistent with the principle of creating effective and efficient structures;
2. The decision about numbers on the Accounting Authority will take into consideration the nature of the sector (for example the number of sub-sectors) and the need to support effective decision-making and good governance. The accounting authority will continue to have governing powers and steer the sector in terms of the scope (mandate and functions) of the SETA whilst the management of the SETA will focus on operational and administrative roles;
3. The roles and responsibilities of the accounting authority will further be defined. This will include a clear statement regarding conflict of interest and guidelines regarding the number of meetings per annum and the rates at which members of the accounting authority are remunerated;
4. The Minister retains the responsibility for appointing an administrator when required; and
5. The legislation will be amended to streamline the processes pertaining to the appointment of an administrator, which may include the appointment of an assessor. These processes will aim to ensure that the governance challenges are addressed and that a clear intervention plan is developed and implemented within a defined time frame.

9 Executive Authority and the Department

Oversight by the Executive Authority rests by and large on the prescripts of the Public Finance Management Act, whilst the Skills Development Act will remain an applicable and specialised Act, where roles of the Executive Authority and the Department will be further elaborated and through other relevant skills development regulations to be introduced in alignment with NSDP.

10 Quality Assurance Function

The WP-PSET highlights the complexity with respect to the manner in which quality assurance functions are implemented in this sector and argues that the system needs to be streamlined and simplified.

Quality assurance functions carried out by the SETAs including the workplace and undertaken by the National Artisan Moderating Body will be effectively integrated into the Quality Council for Trades and Occupations (QCTO). The funding allocation from the fiscus and skills levy will be reviewed to ensure that QCTO fully carries out its legislative mandate.

11 Planning, Reporting and Accountability

The planning cycle will be aligned with the Medium-Term Strategic Framework (MTSF) 5-year planning cycle and the MTEF 3-year budget cycle. Thus skills levy institutions and the QCTO will establish their 5-year priorities against defined outcomes, a 3-year budget against this plan and submit Annual Performance Plans (APPs) in accordance with the requirements of the Public Finance Management Act, No 1 of 1999 (as amended) and Regulations. These plans will be reviewed within the context of the DHET plans for the PSET system. The APP will allow the system to review the annual performance of SETAs to ensure that the SETAs and the QCTO have met the agreed upon milestones. This will form the basis for the monitoring of the SETAs.

The NSA will undertake a 3-year review of the contribution that skills levies institutions make to the intended objectives of the system and on this basis the system determines adjustments to the next 3-year MTEF budget against its 5-year MTSF plan and priorities (medium term outcomes). These will then be reviewed for the extent of alignment to the performance outcomes and ultimately to the NSDP.

Standardised timelines across SETAs will be set with clear milestones for various activities, including but not limited to inviting applications with regards to discretionary grants amongst others.

There will be an increased standardisation of processes related to the key functions of the SETAs which will allow effective and efficient monitoring. Service Level Agreements will be guided by the NSDP priorities, where required will be multiyear agreements.

12 Funding Allocation

The implementation of the NSDP cannot be achieved without cooperation and participation of social partners. The levy will remain at 1% with 20 % allocated to the NSF and 80% to SETAs. The Mandatory Grant, Discretionary Grant and Administration budget will be reviewed to support the implementation of the NSDP.

Any changes with regards to the levy system will be designed to increase the efficiency and effectiveness of the use of the levy to meet socio-economic developmental needs of our country and the improvement of the collection of the skills levy as articulated in the Skills Development Levies Act. The NSA will conduct regular evaluation of the impact of the skills development levies.

13 National Skills Fund

The NSF will:

1. Continue to receive 20% of the skills development levy;
2. Fund and scale-up the training of unemployed people and work seekers to assist them in making transitions into employment or self-employment.
3. Support the efforts of other partners in addressing the needs of the poor (marginalised and disadvantaged groups) in a manner that supports the equity imperatives outlined in this document;
4. Focus on skills development offered through the CET Colleges, prioritising the not in employment, education and or training (NEET), and support wider government strategies such as youth programmes, building small businesses and cooperatives, and rural development. It is anticipated that government departments and agencies will partner with the NSF in this area of work; and
5. Support the research into the post school education and training system as well as to institutional development. As such, it could be used in the form of incentives to support institutions to develop human and infrastructure capacity to grow the enrolment and throughput of programmes that are in high demand. In this regard the NSF will act as a catalytic fund to encourage institutional development and improved provision system wide.

14 National Skills Authority

The NSA will focus on monitoring and evaluation of the implementation of the NSDP. Evidence based regulations, policies and systems will be introduced by the NSA, where required. The NSA will conduct regular studies, not limited to impact studies of the NSDP which might necessitates some improvement where required on any aspect of the NSDP.

The NSA will remain a social partner authority. The nature of work of the NSA will also require the NSA to be an expert body in amongst others, monitoring and evaluation process, collaborating and partnering with credible research institution especially in the field of monitoring, evaluation and policy development. The NSA will continue to provide strategic advice towards an improved national skills development system.

The NSA role will include advising the Minister on national skills development policy, national skills development strategy and reporting. Regular reviews on the effectiveness of the governance structures and the performance of the system will be undertaken to ensure the relevance, credibility, appropriateness and quality of the outputs of the NSDP match the resources allocated.

The NSA will therefore have an oversight role of promoting strategy improvement in conceptualization, strategy management, strategy governance, strategy administration, strategy implementation, strategy monitoring, evaluation and reporting. The function of the NSA will ensure that through NSDP, transformation and developmental imperatives are realised.

15 Role of Social Partners and Stakeholders

Social partners will continue to play an active role, amongst others, in SETA Accounting Authorities and in the NSA, these roles will be further elaborated in the Act and relevant skills development Regulations with key responsibility for the implementation of the NSDP.

Social partners remain at the heart of the NSDP as agreed under, amongst others, the National Skills Accord, 2011. In the Accord, parties agreed that:

“Action and implementation should be a hallmark of the partnership, with constituencies identifying areas where they can make firm commitments as well as identifying actions that other constituencies would need to undertake”.