

# **Fasset Sector Skills Plan Update for the Period 1 April 2012 to 31 March 2017**

**Draft 4  
23 September 2011**



## FOREWORD

It is with pleasure that the Fasset Board submits to the Department of Higher Education and Training (DHET) the Sector Education and Training Authority for Finance, Accounting, Management Consulting and other Financial Services (Fasset) Sector Skills Plan update for the period 1 April 2012 to 31 March 2017.

The Sector Skills Plan (SSP) update has been prepared in accordance with the guidelines included in the National Skills Development Strategy (NSDS) III for the period 2011 to 2016, as well as the DHET Guide to the Process and Timeframes for Developing Sector Skills Plans and the NSDS III (23 June 2010).

The main purpose of the SSP and the annual SSP updates are to describe the sector served by the Seta, to analyse the demand for and supply of skills to the sector and, on the basis of this analysis, to determine the skills needs and the skills development priorities for the sector. Strategies for addressing the skills needs and meeting the NSDS targets also form part of the SSP.

The SSP draws extensively on information collected through various research projects commissioned regularly by Fasset. In addition to these surveys, data from other sources were also analysed in order to identify skills trends that influence the sector.

The SSP is also the result of various broad-based consultative processes. First of all, the research projects that feed into the SSP give the total spectrum of stakeholders (employers, professional bodies, training institutions and learners) the opportunity to voice their opinions on skills needs and skills requirements in the sector.

Further consultation followed in 2010 during the development of the SSP for NSDS III. This included focus groups with employers and professional institutes in the sector and personal consultations with a number of industry experts. The SSP was then made available to all participants in the sector for comment, including employers, professional institutes, trade unions and relevant Government departments. Comments received were considered and incorporated where appropriate by the Fasset Board. Comments from the DHET on the SSP that was submitted to them in February 2010 were incorporated into this SSP update.

The SSP update was also made available to the sector for comment, once in July 2011 and again in August 2011, at the Fasset Annual General Meeting, where after it was submitted to Fasset's Board for approval in September 2011.

# CONTENTS

EXECUTIVE SUMMARY .....	ix
<b>1 INTRODUCTION .....</b>	<b>1</b>
1.1 Background .....	1
1.2 Preparation of the SSP update .....	2
1.2.1 Statistical information .....	2
1.2.2 Labour-demand projections.....	2
1.2.3 Stakeholder consultation .....	3
1.2.4 National strategies and imperatives .....	3
1.2.5 Progress towards implementation .....	3
1.3 Outline of the SSP .....	3
<b>2 PROFILE OF THE SECTOR .....</b>	<b>5</b>
2.1 Introduction.....	5
2.2 Industrial coverage .....	5
2.3 Organisations in the sector.....	6
2.3.1 Employers .....	6
2.3.2 Professional bodies .....	8
2.4 Total employment.....	9
2.5 Occupational composition of employment.....	10
2.6 Geographical distribution.....	13
2.7 Subsectoral distribution of employment.....	15
2.8 Race .....	16
2.9 Gender.....	17
2.10 Age .....	21
2.11 Disability .....	22
2.12 Transformation of the sector.....	22
2.13 HIV/AIDS .....	23
2.14 Conclusions .....	24
<b>3 ECONOMIC PERFORMANCE OF AND DEMAND FOR LABOUR IN THE SECTOR. 25</b>	
3.1 Introduction.....	25
3.2 Changes in gross value added.....	25
3.3 Employment trends.....	26
3.4 Skills demand in the sector.....	27
3.5 Changes in the skills content needed in the sector .....	29
3.6 Projected demand for labour .....	30
3.6.1 Baseline employment.....	31

3.6.2	Assumptions used in the model .....	31
3.6.3	Projection results .....	35
3.7	Conclusions .....	37
<b>4</b>	<b>THE SUPPLY OF SKILLS .....</b>	<b>39</b>
4.1	Introduction .....	39
4.2	Current workforce .....	39
4.3	Skills formation in the sector.....	40
4.3.1	Direct entry with FET-level qualifications into the labour market.....	40
4.3.2	Entry after school via learnerships .....	40
4.3.3	Entry via the higher education system with professional qualifications.....	40
4.3.4	Entry via the higher education system with national qualifications.....	41
4.3.5	Entry via the higher education system with national qualifications, followed by a learnership and a professional qualification.....	41
4.4	Skills formation at FET level.....	42
4.5	Skills formation at HET level.....	47
4.5.1	NQF Level 6 .....	47
4.5.2	NQF level 7 .....	53
4.6	Skills formation in the workplace .....	60
4.6.1	Learnerships.....	60
4.6.2	Internships.....	62
4.6.3	Short courses .....	62
4.7	SPECIAL SKILLS DEVELOPMENT INITIATIVES IN THE SECTOR.....	64
4.8	CONCLUSIONS .....	64
<b>5</b>	<b>SCARCE SKILLS.....</b>	<b>65</b>
5.1	Introduction.....	65
5.2	Scarce skills in the sector .....	65
5.3	Financial skills shortages in the rest of the economy .....	70
5.4	Conclusions .....	70
<b>6</b>	<b>SKILLS DEVELOPMENT PRIORITIES .....</b>	<b>72</b>
6.1	Introduction.....	72
6.2	Cross-cutting objectives .....	72
6.2.1	Strategic areas of focus for NSDS III .....	73
6.2.2	Support of Government's MTSF objectives.....	74
6.2.3	Human resource development strategy for South Africa (HRDS-SA) .....	75
6.2.4	The Industrial Policy Action Plan (IPAP) 2010/11 – 2012/13 .....	76
6.2.5	The New Growth Path .....	77
6.2.6	Fasset's role as training sector and its cross-sectoral responsibilities .....	77

6.3	Skills Development Priorities for the period 2011 to 2017 .....	78
6.3.1	Increasing the flow of new entrants to the labour market .....	78
6.3.2	Developing and maintaining the skills base of the current workforce.....	79
6.3.3	Strengthening the financial skills base of the public sector .....	80
6.4	Conclusions .....	80
<b>7</b>	<b>SECTOR STRATEGIES, GOALS AND OBJECTIVES.....</b>	<b>82</b>
7.1	Introduction .....	82
7.2	Definition of funding sources and mechanisms .....	82
7.2.1	Mandatory and pivotal grants .....	82
7.2.2	Discretionary funding.....	82
7.2.3	Catalytic funding.....	84
7.3	Funding structure that will apply during the period .....	85
7.4	NSDS goals, outcomes and outputs.....	86
7.5	Support of the President's outcomes.....	115
7.6	Financial projections.....	118
7.7	Monitoring trends and impact .....	123
7.7.1	Strategies .....	123
7.8	Conclusion.....	124

## LIST OF TABLES

Table 2-1 SIC and subsector descriptions .....	6
Table 2-2 Distribution of levy-paying organisations per subsector: 2001-2010.....	7
Table 2-3 Employment distribution per organisation size: 2001-2010.....	8
Table 2-4 Professional body membership* .....	9
Table 2-5 Distribution of employment per occupational group: 2001-2010 .....	12
Table 2-6 Provincial distribution of employees: 2001-2010 .....	14
Table 2-7 Employment per subsector: 2001-2010.....	15
Table 2-8 Percentage Black employees per occupational category: 2001-2010 .....	18
Table 2-9 Percentage women per occupational category: 2001-2010 .....	19
Table 2-10 Employees according to occupational category, race and gender: 2010.....	20
Table 2-11 Average age by occupational category .....	22
Table 2-12 People with disabilities in the sector: 2010.....	22
Table 3-1 Economic growth assumptions (growth in GVA): 2011-2017 .....	32
Table 3-2 Growth in total employment: 2011-2017.....	33
Table 3-3 Replacement-demand assumptions: 2011-2017.....	35
Table 3-4 Summary of demand projections: 2011 - 2017.....	36
Table 3-5 Total number of key professional positions to be filled: 2011-2017 .....	37
Table 4-1 Grade 12 Statistics: 2008-2010 .....	43
Table 4-2 Professional body qualifications at FET Level.....	46
Table 4-3 Learnerships at FET level.....	47
Table 4-4 Number of entrants to the labour market at NQF Level 6: 1999-2009 .....	48
Table 4-5 Learnerships completed: 2000-2010 .....	61
Table 4-6 Attendance of Fasset's Lifelong Learning programme .....	63
Table 4-7 ABET learners in Fasset's sector: 2007-2009 .....	63
Table 5-1 Scarce skills per occupational category and subsector.....	66
Table 5-2 Managers: Occupations in which skills shortages are experienced.....	67
Table 5-3 Professionals: Occupations in which skills shortages are experienced .....	68
Table 5-4 Technicians and trades workers: Occupations in which skills shortages are experienced.....	69
Table 5-5 Clerical and administrative workers: Occupations in which skills shortages are experienced .....	69
Table 6-1 Alignment of HRDS-SA and Fasset Strategy .....	75
Table 6-2 Skills development priorities to increase the flow of new entrants to the labour market.....	78
Table 6-3 Skills development priorities to develop and maintain the skills base of the current workforce.....	79
Table 6-4 Skills development priorities to develop and maintain the skills base of the public sector..	80
Table 7-1 Summary of NSDS goals, objectives and success indicators 2011 to 2016 and 2012 to 2013 .....	87
Table 7-2 Support of the President's Outcomes Approach to Planning Government's Work (Outcome 5)115.....	116
Table 7-3 Financial projections for the period 2012 to 2013.....	119

## LIST OF FIGURES

Figure 2-1 Occupational composition of employment according to OFO major groups.....	10
Figure 2-2 Age distribution of employees in the Financial and Accounting Services Sector.....	21
Figure 3-1 Changes in Gross Value Added: 2001-2010.....	26
Figure 3-2 Changes in total employment: 2003-2010.....	26
Figure 3-3 Skills composition of the demand for labour: 2001-2010.....	28
Figure 4-1 Educational profile of the employees in the sector, 2008.....	39
Figure 4-2 Typical entry routes (with formal qualifications) into the Financial and Accounting Services Sector.....	40
Figure 4-3 Skills-formation components.....	42
Figure 4-4 Grade 12 accounting and mathematics achievement rates: 2008-2010.....	44
Figure 4-5 Number of passes in mathematics and accounting: 1999-2010.....	45
Figure 4-6 Qualifications in accounting awarded by public higher institutions at NQF level 6: 1999 - 2009.....	48
Figure 4-7 Qualifications in accounting awarded by higher education institutions at NQF Level 6 (national diplomas and three-year degrees) according to population group: 1999-2009.....	49
Figure 4-8 Qualifications in accounting awarded by higher education institutions at NQF Level 6 (national diplomas and three-year degrees) according to gender: 1999-2009.....	50
Figure 4-9 Other business and commerce qualifications awarded by public higher education institutions at NQF Level 6: 1999-2009.....	51
Figure 4-10 Other business and commerce qualifications awarded by public higher education institutions at NQF Level 6 according to population group: 1999-2009.....	52
Figure 4-11 Other business and commerce qualifications awarded by public higher education institutions at NQF Level 6 (national diplomas and three-year degrees) according to gender: 1999-2009.....	53
Figure 4-12 Qualifications in accounting awarded by public higher education institutions at NQF Level 7: 1999-2009.....	54
Figure 4-13 Qualifications in accounting awarded by public higher education institutions at NQF Level 7 according to population group: 1999-2009.....	55
Figure 4-14 Qualifications in accounting awarded by public higher education institutions at NQF Level 7 according to gender: 1999-2009.....	56
Figure 4-15 Other business and commerce qualifications awarded by public higher education institutions at NQF Level 7: 1999-2009.....	57
Figure 4-16 Other business and commerce qualifications awarded by public higher education institutions at NQF Level 7 according to population group: 1999-2009.....	58
Figure 4-17 Other business and commerce qualifications awarded by public higher education institutions at NQF Level 7 according to gender: 1999-2009.....	59
Fasset's first overarching priority is to ensure a steady increase in the flow of new entrants to the sector and into the financial divisions in organisations in the rest of the economy. This increase should be large enough to provide for the systematic eradication of the skills shortages that are currently experienced, for the expected growth of the economy, and for the replacement demand that exists in the sector. New entrants should possess the professional and technical qualifications required by the sector and should increasingly reflect the racial composition of the South African population. The specific priorities related to the overarching priority of increasing the flow of new entrants to the labour market are listed in Table 6-2 below. These priorities apply at different places in the access routes into the sector, as described in Figure 6-1 and Section 4.3 of this SSP. ....	78
Figure 7-1 Fasset income sources and funding mechanisms for 2012 to 2013.....	85

## ABBREVIATIONS AND ACRONYMS

Abbreviation/acronym	Description
AAT	Association of Accounting Technicians
ABASA	Association for the Advancement of Black Accountants
ABET	Adult Basic Education and Training
ACCA	Association of Chartered Certified Accountants
ACFE	Association for Certified Fraud Examiners
ADRA	Association of Debt Recovery Agents
AMG	Assessor and Moderator Grant
ATR	Annual Training Report
B-BBEE	Broad-Based Black Economic Empowerment
CA(SA)	Chartered Accountant (SA)
CE	Continuous Education
CIMA	Chartered Institute of Management Accountants
CPD	Continuous Professional Development
CTA	Certificate in the Theory of Accounting
DEAT	Department of Environmental Affairs and Tourism
DHET	Department of Higher Education and Training
DoL	Department of Labour
ETQA	Education and Training Quality Authority
FAIS	Financial Advisory and Intermediary Services Act
Fasset	The Sector Education and Training Authority for Finance, Accounting, Management Consulting and other Financial Services
FET	Further Education and Training
FSB	Financial Services Board
GDP	Gross Domestic Product
GVA	Gross Value Added
HDSA	Historically Disadvantaged South Africans
HEMIS	Higher Education Management Information System
HET	Higher Education and Training
HRDS-SA	Human Resource Development Strategy of South Africa
HSRC	Human Sciences Research Council
ICB	Institute for Certified Bookkeepers
ICSA	Chartered Secretaries Southern Africa
IDC	Industrial Development Corporation
IIA-SA	Institute of Internal Auditors of South Africa

Abbreviation/acronym	Description
IRBA	Independent Regulatory Board for Auditors
IPFA	Institute for Public Finance and Auditing
LCG	Learnership Cash Grant
LL	Lifelong Learning
MTSF	Medium-Term Strategic Framework
NCS	New Curriculum Statement
NQF	National Qualifications Framework
NSA	National Skills Authority
NSC	National Senior Certificate
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
OFO	Organising Framework for Occupations
PIVOTAL	Professional, Vocational, Technical and Academic Learning
RA	Registered Auditor
SA	South Africa
SAIBA	Southern African Institute for Business Accountants
SAICA	South African Institute of Chartered Accountants
SAIFM	South African Institute of Financial Markets
SAIGA	Southern African Institute of Government Auditors
SAIPA	South African Institute of Professional Accountants
SAIT	South African Institute for Tax Practitioners
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SDA	Skills Development Act
Seta	Sector Education and Training Authority
SCG	Strategic Cash Grant
SDL	Skills Development Levy
SIC	Standard Industrial Classification
SMME	Small, Medium and Micro Enterprises
SOC	Standard Occupational Classification
SSP	Sector Skills Plan
WSP	Workplace Skills Plan

## EXECUTIVE SUMMARY

### INTRODUCTION

The Sector Education and Training Authority for Finance, Accounting, Management Consulting and other Financial Services (Fasset) prepared this Sector Skills Plan Update in response to the requirement set out by the Department of Higher Education and Training in the National Skills Development Strategy (NSDS) III (for the period 2011 to 2016) framework document. The sector served by Fasset belongs to the broader Financial Services Sector and is not distinguished as a separate sector in any of the national labour market or national accounts datasets. For this reason the analysis presented in this report draws extensively on the information contained in Fasset's own data system that has been built up since the inception of the Seta in 2000.

In addition to the analysis of Fasset's own data system, projections of the future demand for labour in the sector were derived from a labour-demand projection model developed for Fasset in 2008 after completion of its second sector survey. This model is updated and adapted on a regular basis. The model uses economic forecasts from an econometric model developed for the total economy by EcoQuant, an econometric consultancy.

In addition to the quantitative data analysis and the desktop research presented in this report, representatives from the sector were also consulted with regard to changes that are taking place in the sector. Two focus groups were held in June 2010 with employer representatives and representatives of the professional bodies active in Fasset's sector. Each time before the SSP and the SSP updates are submitted to the DHET they are published by Fasset for public comment and they are approved by Fasset's Board.

### PROFILE OF THE SECTOR

Fasset's sector includes 17 categories of the Standard Industrial Classification and, in order to facilitate the meaningful analysis of data, organisations belonging to the sector have been re-categorised into seven subsectors:

- Investment Entities and Trusts and Company Secretary Services;
- Stockbroking and Financial Markets;
- Development Organisations;
- Accounting, Bookkeeping, Auditing and Tax Services;
- Activities Auxiliary to Financial Intermediation;
- Business and Management Consulting Services; and
- South African Revenue Service (SARS) and Government Departments.

In the 2010/2011 financial year Fasset's sector consisted of 3 630 levy-paying- and non-levy paying organisations. Together these organisations employed approximately 114 500 people. The largest proportion of organisations (44%) rendered accounting, bookkeeping, auditing and or tax services, 18% were involved in business management and consulting services, while 16% were involved in stockbroking and financial markets.

The majority of organisations in Fasset's sector are small (employing fewer than 50 people). However, the relatively small number of large organisations (those that employ more than 150 people) employed 66% of the workforce in the sector in 2010.

A large portion of the workers in the Financial and Accounting Services Sector are members of professional bodies. The professional bodies are major role-players in this economic sector and contribute to the skills development and the professionalising of the sector. Furthermore, qualifications, professional designations and membership of professional associations are interlinked and most of the professional bodies confer upon their members, qualifications that have been registered on the NQF.

Total employment increased from 67 061 in 2001 to 119 327 in 2008, which represents an average annual growth rate of 8.6% over the seven-year period. However, from 2008 to 2010 total employment decreased annually by 2.0% to 114 528 although no large-scale retrenchments occurred in the sector during the 2009 recession. Employment was reduced by employers not filling positions that became vacant. Very few, if any, new positions were created during this period.

In 2010, 15% of employees in the sector were employed as managers, 33% as professionals (including trainee accountants) and 32% were employed as clerks and administrative staff. From 2001 to 2008 the occupational composition of the sector remained roughly the same. However, from 2009 employees were classified according to the Organising Framework for Occupations (OFO) system and as a result professionals' share of total employment increased while the share of "technicians and trades workers" decreased. The share of other occupational categories remained roughly the same over the ten-year period.

The sector is concentrated in the urban areas of Gauteng (in 2010, 51% of all employees were based in Gauteng), the Western Cape (21%) and KwaZulu-Natal (11%). Most of the provinces' share in total employment in the sector increased from 2001 to 2010, while Gauteng's share declined, which could be the result of wider participation of employer organisations situated outside Gauteng in Seta activities and less indicative of an actual movement of people in the sector.

The largest subsector – the Accounting, Bookkeeping, Auditing and Tax Services subsector – accounted for 36% of employment in the sector. This was followed by Business and Management Consulting Services with 18% and the South African Revenue Service (SARS) and Government Departments, with 15% of total employment.

More than half (56%) of the people working in the sector were Black<sup>1</sup>. White workers constituted 44% of the workforce, African workers 35%, coloureds 13% and Indians 9%. While most clerical and administrative workers (67%) and technicians and trades workers (63%) were Black, only a third of managers were Black. Nearly half of all professionals (45%) were Black.

More women are employed in the sector than men. In 2010 56% of all employees were women. African women constituted 19% of the total workforce, coloured women 9%, Indian women 5%, and white women 24%. The predominance of women is largely attributable to the large percentage (78%) of women in clerical and administrative positions. In contrast, only 38% of managers are women, although nearly half of all professional positions in the sector are occupied by women.

---

<sup>1</sup> The term "Black" includes African, coloured and Indian employees.

The employees in the sector are relatively young and in 2007/2008 more than half (57%) of the employees were 35 or younger. The average age of all employees was 36. Black employees were on average five years younger than their White counterparts.

The sector employs a relatively small number of people with disabilities. In 2010 only 0.6% of all employees were reported as having some disability. Almost 59% of people with disabilities employed in the sector occupy positions in the SARS and Government Departments subsector.

## **THE ECONOMIC PERFORMANCE OF AND THE DEMAND FOR LABOUR IN THE SECTOR**

The organisations that belong to Fasset's sector fall within two subsectors (in the national accounts data): the Finance and Insurance subsector and the Business Services subsector. These organisations are not, however, the only ones that make up these two subsectors and, therefore, the economic data does not provide a pure reflection of the economic performance of Fasset's sector uniquely.

The Finance and Insurance subsector outperformed the rest of the economy by a substantial margin over the period 2001 to 2008, but in 2009 it declined by 2.3%. This subsector recovered and grew by 1.2% in 2010. The Business Services subsector showed positive growth over the full period, although it grew more slowly than the total economy over the period 2004 to 2008. In 2009, when the South African economy went into recession, this subsector remained in positive territory.

Except for 2004 – when employment in Fasset's sector declined – growth in employment in the sector exceeded employment growth in the rest of the economy by a large margin in the period 2003 to 2008. However, in 2009 employment in Fasset's sector declined by 4% while the total economy shed 3% of its employment opportunities. In 2010 employment in Fasset's sector remained unchanged while employment in the total economy declined by another 2%.

Various factors influence growth in employment in this sector, including:

- The fact that the sector is largely a professional service sector and most of the work performed in this sector depends on the time and effort of trained personnel. For this reason growth in demand for the services of the sector and growth in employment are directly linked.
- A direct link exists between economic growth in South Africa and the growing demand for financial and accounting services – the latter coming from the growth in the number of businesses and higher business volumes.
- Business is becoming more complex, regulated and competitive, and investors are becoming more discerning regarding the financial management of companies in which they invest. This drives the demand for specialised financial services.
- New standards and compliance measures to redress risks of corporate failure, and the worldwide drive to promote sound corporate governance and ethics, increase the demand for professional financial and related services.

Economic growth and decline have different effects on the different services rendered by the sector.

The analysis of skills demand clearly shows that the sector consistently needs highly skilled workers (i.e. people with post-school qualifications) in more than half of the occupations in the sector. It also needs a large proportion of skilled workers – mostly in clerical and administrative positions.

The largest professional group in the sector is general accountants, trainee accountants, taxation accountants and external and internal auditors. Administrative occupations consist mainly of general clerks, accounting clerks and bookkeepers.

In Chapter 3 of this report projections of the demand for labour in the sector are presented. For comparative purposes three scenarios were constructed: a baseline scenario (which represents the most likely outcome based on previous economic trends and relationships); a negative scenario (which assumes lower than expected economic growth); and a positive scenario (which assumes higher than expected economic growth). All three scenarios are based on the assumption that the world economy will recover from the recession and that no further external shocks will occur over the next five years. The demand scenarios also assume no supply-side constraints.

Under the low-growth scenario the total number of positions in the sector will decline from 116 150 in 2010 to 114 680 in 2011. Over the period 2012 to 2015 it will remain more or less the same and in 2016 the positions will increase to 115 240. In 2017 it will increase only slightly to 115 300. Under this negative growth scenario the sector will only create a few new jobs between 2013 and 2016. Replacement demand will increase from 5 880 in 2010 to 9 640 in 2017.

Under the baseline scenario total employment will increase from 116 150 in 2011 to 138 030 in 2017. The new positions to be filled each year will increase from 1 600 in 2011 to 4 700 in 2016. In 2017 it will decline slightly to 4 250. Replacement demand will increase from 5 880 in 2011 to 11 540 in 2017.

The high-growth scenario renders the following results: Total employment will increase from 116 150 in 2011 to 159 330 in 2017. The new positions that will be filled each year will increase from 3 020 in 2011 to 9 330 in 2017. Replacement demand will increase from 5 880 to 13 320 in 2017.

## **THE SUPPLY OF SKILLS**

The supply of skills to the sector is analysed from different perspectives: the current workforce in the sector, the supply of new skills to the sector, and skills development in the workplace.

The supply-side analysis shows first of all that the Accounting Services Sector employs mainly highly skilled workers – in 2007 94.2% of employees held qualifications at National Qualifications Framework (NQF) Level 4 and above and 60.9% had qualifications at NQF Level 6 and above.

If the supply pipeline is considered, the first factor that plays a role in the supply of accounting skills is the Senior Certificate examination results, especially the pass rates in mathematics and accounting. The total number of candidates who passed mathematics increased at an average annual growth rate of 5.2% between 1999 and 2007. In 2008, Grade 12 learners sat the National Senior Certificate examination for the first time. Although the number of Grade 12 learners who sat for exams increased between 2008 and 2010, the

number of learners who wrote mathematics decreased annually over the same period by 6.5%. In 2010, fewer candidates (N=81 374) achieved 40% or more for mathematics than in 2008 (N=91 796).

Accounting at Senior Certificate level is not necessarily a prerequisite for entry into the field of accounting at tertiary level. However, accounting at school level could spark learners' interest in the field of accounting, while bookkeepers and accounting clerks will most probably be sourced from candidates with at least Grade 12 accounting. The number of learners who wrote accounting decreased annually between 2008 and 2010 by 4.4%. The total number of learners who passed accounting increased on average by 8.0% per year from 2002 to 2008, but only by 1.5% between 2008 and 2010. The number of learners who achieved 40% or more for accounting increased from 55 164 in 2008 to 56 830 in 2010.

Entry into the sector is also possible through qualifications offered at the Further Education and Training (FET) level by public and private FET colleges and through FET-level qualifications offered by some of the professional bodies.

The analysis of the supply of skills at Higher Education and Training level is based on information obtained from the Department of Higher Education and Training's Higher Education Management Information System (HEMIS) database. This analysis shows that the number of people who entered the labour market with qualifications in accounting at (the old) NQF Level 6 increased by 9.5 % per year from 2 749 in 1999 to 6 829 in 2009. The number of African students who qualified grew at 11.0% per year. The number of women who graduated with NQF Level 6 qualifications in accounting increased on average by 7.9% per year, as opposed to an annual growth of 4.5% for men in this category.

Many new entrants to the Financial and Accounting Services Sector enter with qualifications at NQF Level 7. At this level the total number of graduates grew at an annual rate of 5.1% from 2 406 in 1999 to 3 963 in 2009. The number of African graduates who qualified at NQF Level 7 grew from 264 in 1999 to 1 505 in 2009 at an average annual growth rate of 19.0%. The number of women who graduated grew on average by 7.9% per year and the number of men by 2.8%.

From the analysis of output of the higher education sector, it is clear that the number of graduates coming out of the system has grown more or less at the same pace as or faster than the growth of the sector. Most of the growth was in the number of African candidates. This will, in the long run, facilitate the transformation of the sector. However, it is imperative that young Black graduates should complete the professional learnerships and become full members of the professional bodies active in the sector.

Employers play a crucial role in the formation of entry-level skills in the sector. Most of the professional qualifications are attained through learnerships, and most of those that are not currently linked to learnerships require a certain amount of workplace experience. Employers' roles are to provide the workplace exposure and mentorship needed by learners and interns.

Only 2.1% of the workers in Fasset's sector have qualifications at NQF Level 1 or below. The need for Adult Basic Education and Training (ABET) is therefore limited.

## SCARCE SKILLS

A direct comparison between demand and supply is not possible because financial skills are used in all sectors of the economy and Fasset's sector shares in the supply. For this reason Fasset relies on other mechanisms to establish whether there are mismatches between demand and supply, the most important of which being the monitoring of scarce skills through the Mandatory Grant submissions. In 2010 employers were asked to identify the occupations in which scarcity is experienced and then to indicate how many people they would need in these occupations to fill positions in their organisations. The majority (69.9%) of the positions identified by employers relate to professional occupations, including trainee accountant and auditor vacancies. Twenty-one per cent were in clerical and administrative occupations, and 3.6% were in managerial occupations.

At managerial level employers mainly stressed their inability to meet their own employment equity objectives. They reported a shortage of competent and skilled Black managers, an overall shortage of candidates with experience in management, a lack of competent and skilled women and people with disabilities, and the unrealistic salary expectations of some candidates.

At the professional level employers reported shortages of general accountants and trainee accountants and auditors. The need for qualified Chartered Accountants (CAs (SA)) was often mentioned. A general shortage of qualified, competent and experienced accountants was identified as well as a lack of experienced and qualified Black and female chartered accounting professionals, as well as difficulties in retaining qualified people due to the high demand for accounting skills. A shortage of professionals with the ability to perform accounting and auditing functions electronically was also identified.

Shortages of financial skills are not only evident in Fasset's sector. Research undertaken by SAICA indicated that shortages are experienced in all sectors of the economy – and that the public sector is generally worse off than the private sector.

## SKILLS DEVELOPMENT PRIORITIES

Chapter 6 of this SSP outlines the skills development priorities that Fasset intends to support over the five-year period 2012 to 2017. These priorities are summarised in the table below:

<b>Increasing the flow of new entrants to the labour market</b>
<ul style="list-style-type: none"> <li>Increasing the number of entrants to the labour market at Further Education and Training (FET) level</li> <li>Developing work readiness and soft skills of entrants at Higher Education and Training (HET) level</li> <li>Increasing the number of graduates in professional-body-accredited HET programmes</li> <li>Increasing the number of learners who qualify on professional learnerships</li> <li>Increasing the retention, work readiness and labour-market absorption of learners on learnerships</li> <li>Increasing the number of learners that enter the labour market through internships</li> </ul>
<b>Developing and maintaining the skills base of the current workforce</b>
<ul style="list-style-type: none"> <li>Increasing the number of employees in the labour market at FET and HET levels</li> <li>Ensuring that employees receive training (short courses and skills programmes)</li> <li>Supporting skills development in small companies</li> </ul>
<b>Strengthening the financial skills base of the public sector</b>
<ul style="list-style-type: none"> <li>Increasing the number of public sector learners on FET- and HET-level qualifications and learnerships</li> </ul>

In the development of the skills development priorities Fasset took into account the needs of the sector as well as the objectives set by the National Skills Development Strategy III, the Medium Term Strategic Framework (MTSF), the Human Resources Strategy for South Africa (HRDS-SA), the Industrial Policy Action Plan (IPAP) and the New Growth Path (NGP). Furthermore, Fasset did not only consider the needs of its own sector, but also the financial needs of the rest of the economy. Together with its network of professional bodies, Fasset is well-positioned to play a major role in alleviating cross-sectoral skills shortages. The effectiveness with which it can play this role is, however, dependent on additional funding and Fasset will apply for funding from the National Skills Fund (NSF) once the funding windows are defined and open for applications.

# 1 INTRODUCTION

---

## 1.1 BACKGROUND

According to the Skills Development Act (SDA) Section 10(1)(a), each Sector Education and Training Authority (Seta) must develop a Sector Skills Plan (SSP) within the framework of the National Skills Development Strategy (NSDS). Each Seta must also submit annual strategic plans and reports on the implementation of the Seta SSP to the Director-General of the Department of Higher Education and Training (DHET).<sup>2</sup>

In April 2010 the Minister of Higher Education and Training in consultation with the National Skills Authority (NSA) released the first draft Framework for the National Skills Development Strategy (NSDS) III, which covered the period 2011/12 to 2015/16. This document stated that all Setas are required to submit sectoral analyses to the DHET according to broad guidelines included in the framework document. The submission date for the sector analyses was 30 June 2010 and on that date Fasset submitted a report to the DHET.

On 23 June 2010 the DHET issued a document entitled *Guide to the Process and Timeframes for the development of Sector Skills Plans and the NSDS III*. This document stipulates that the purpose of a SSP is to:

- Determine the skills development priorities after an analysis of the skills demand and trends, and the supply issues within sectors;
- Identify a set of sector specific objectives and goals that will meet sector needs, skills needs related to economic or industrial growth strategies, and scarce and critical skills needs in the sector;
- Identify strategies to address these objectives and goals;
- Identify activities that will support these strategies;
- Implement and resource these activities; and
- Report on performance in relation to these objectives and goals.

The document further specifies that SSPs must be informed by research that analyses the sector and that establishes baselines for employment in the sector in terms of equity concerns: class, race, gender, age, disability and HIV/AIDS status. The document also indicates that sectoral skills development needs must take account of national skills development imperatives as reflected in various Government plans, the Medium Term Strategic Framework (MTSF) and the Human Resource Development Strategy for South Africa (HRDS-SA).

The Sector Education and Training Authority for Finance, Accounting, Management Consulting and other Financial Services (Fasset) prepared an SSP in response to the requirements set out above and submitted a final version to the DHET in February 2011.

Subsequently the DHET indicated that the SSPs had to be updated every year and that each updated version needed to be forward looking for another five years – i.e. the SSP has become a “rolling” plan.

---

<sup>2</sup> Previously this responsibility lay with the Department of Labour (DoL).

## **1.2 PREPARATION OF THE SSP UPDATE**

As its full name indicates, Fasset is responsible for activities described as finance, accounting, management consulting and other financial services. For the sake of brevity, the sector is referred to in this SSP as the “Financial and Accounting Services Sector” or “Fasset’s sector”.

### **1.2.1 Statistical information**

The sector served by Fasset belongs to the broader Financial Services Sector and in none of the labour market datasets or national accounts datasets is it seen as a separate subsector. Therefore, it is impossible to analyse the sector using national datasets. For this reason Fasset has, since its inception in 2000, built up its own data system from information submitted by employers as part of their Mandatory Grant applications. All of this information is captured in an electronic data system and is analysed every financial year of the Mandatory Grant scheme. This SSP update draws on information collected through analyses of the grant applications submitted to Fasset in the first 10 years of the implementation of the skills development legislation.

Fasset also conducts extensive sector surveys every five years. Surveys were conducted in the 2002/2003 and 2007/2008 financial years. Apart from gathering detailed information on the profile of the sector, these surveys sought the views of stakeholder groups such as employers, professional institutes, learners and educational institutions on skills needs and various other labour market issues. Other research that informs the strategic-planning processes includes various studies on the need for learnerships in specific subsectors or components of the sector conducted in the last two years and an electronic survey carried out in June 2010 to determine the skills needs of all employers in the sector.

The analysis presented in chapters 2 to 5 draws extensively on the information contained in Fasset’s data system. The Mandatory Grant applications represent approximately 80% of employees in the sector. Fasset also requires non-levy-paying organisations to register on the data system and to supply certain employment information before they can participate in Fasset-sponsored training programmes. It is estimated that approximately half of the non-levy-paying organisations in the sector are registered in the data system.

In order to compensate for organisations that did not submit Mandatory Grant applications and for non-levy-paying organisations that haven’t registered, the data was weighted and can be considered to be representative of the total sector. (See Annexure A for more information on the weighting process that was followed.)

### **1.2.2 Labour-demand projections**

In Chapter 3 of the SSP projections of the future demand for labour in the sector are given. This information resulted from a labour-demand projection model developed for Fasset in 2008 after completion of its second sector survey. The model uses economic forecasts from an econometric model developed for the total economy by EcoQuant, an econometric consultancy.

The projections presented in this SSP update are a revision of the projections presented in the previous version of the SSP. The revised projections are based on more recent economic and labour market information and cover the period 2012 to 2017.

### 1.2.3 Stakeholder consultation

In addition to the quantitative data analysis and the desktop research presented in this SSP update, consultations with the representatives from the sector were also held with regard to changes that are taking place in the sector. Two focus groups were held in June 2010: one with employer representatives and one with representatives of the professional bodies active in Fasset's sector. The following questions were asked in the focus groups:

- What are the key changes currently taking place or anticipated to take place over the next five to six years that will impact on the skills needs of the sector?
- What impact has the recent recession had on the growth of the sector, and what is the anticipated sectoral growth over the next five years?
- What factors are impacting on the occupational composition of the sector?
- What factors are impacting on the demand for professional skills, for administrative skills, and for other skills within the sector, and how?
- How can the sector make a greater contribution towards national equity goals?
- How can the sector promote access, success, and career progression in respect of skilled human resource development?
- How can the sector better align its own strategic goals with national priorities?
- How can the sector expand its number of pivotal partnerships and increase its linkages with public education service providers?

The information obtained through these focus groups was incorporated into the SSP.

### 1.2.4 National strategies and imperatives

A very important part of Setas' responsibilities is to support other Government initiatives. In the original SSP attention was given to the Human Resources Development Strategy for South Africa and the objectives set out in NSDS III. Subsequently, the New Growth Path: The Framework was released. This document as well as the Industrial Policy Action Plan (2) and other relevant legislative changes were also considered in this SSP update.

### 1.2.5 Progress towards implementation

This SSP update is submitted to the DHET at the end of August 2011, only five months after the NSDS III period started. Because of the short time period that has elapsed, it is not yet possible to provide statistical information on progress made towards the objectives set out in the SSP for the period 2011 to 2016. Nevertheless, Fasset offers in this SSP update some commentary on the progress made so far.

## 1.3 OUTLINE OF THE SSP

Chapters 2 to 5 of the SSP are dedicated to an analysis of the sector. The analysis starts in Chapter 2, where a profile of the sector is sketched. Where possible, the changes that have occurred in the sector since the inception of the Seta system are shown. Chapter 3 gives a short overview of the economic performance of the Financial Services Sector, of which Fasset's sector forms a part, and describes the demand for skills in Fasset's sector. Chapter

4 describes the supply of skills to the sector. Chapter 5 deals with the issue of skills shortages or scarce skills.

Chapters 6 to 7 deal with the planning part of the SSP. The skills development priorities of the sector are outlined in Chapter 6. The linkages between the skills development priorities and Government policies and imperatives are also explained in this chapter.

This is followed in Chapter 7 by the specific skills development objectives and targets set for the five-year planning period and a high-level budget. Chapter 7 also deals with the monitoring and evaluation of the objectives and targets.

## 2 PROFILE OF THE SECTOR

---

### 2.1 INTRODUCTION

The nature and composition of any sector are critical factors in the assessment of skills needs and in the development of skills strategies. This chapter gives a brief profile of the Financial and Accounting Services Sector. The profile includes the industrial coverage of the sector, an overview of the organisations and employment in the sector, the occupational profile of employees, and the professional bodies associated with the sector. The chapter also describes the transformational initiatives in the sector and it comments on HIV/AIDS prevalence in the sector.

### 2.2 INDUSTRIAL COVERAGE

Fasset's sector includes 17 categories of the Standard Industrial Classification (SIC). Most of these categories fall within the main group "Finance, Real Estate and Business Services". Some of the economic activities described under the 17 SIC codes are similar and, in order to facilitate the meaningful analysis of data, organisations belonging to the sector have been re-categorised into seven subsectors.<sup>3</sup> The SIC categories and the subsectors to which each belongs are indicated in Table 2-1.

The subsector descriptions are generally self-explanatory. However, it should be noted that the development organisations belonging to the Financial and Accounting Services Sector include only those that provide financial assistance and (in some instances) business advice, such as the Industrial Development Corporation (IDC). Similarly, business and management consulting services encompass a wide range of activities and may also fall under other Setas. Only those organisations that choose to describe their main functions in terms of SIC code 88140 or 88142 are included in this subsector. Some of the accounting and auditing firms also provide business and management consulting services but, because accounting and auditing is their main business, they are classified in the subsector "Accounting, Bookkeeping, Auditing and Tax Services".

The subsector "Activities Auxiliary to Financial Intermediation" includes statutory bodies such as the Financial Services Board (FSB) and the Independent Regulatory Board for Auditors (IRBA), professional associations, as well as services not included in any of the other subsectors. Debt collection is an example of such a service.

---

<sup>3</sup> This categorisation is used consistently throughout all of Fasset's research reports.

**Table 2-1 SIC and subsector descriptions**

<b>SIC Code</b>	<b>SIC Description</b>	<b>Subsector Name</b>
81904	Investment Entities and Trusts	Investment Entities and Trusts and Company Secretary Services
88103	Company Secretary Services	
83110	Administration of Financial Markets	Stockbroking and Financial Markets
83120	Security Dealing Activities	
83121	Stockbroking	
88102	Asset Portfolio Management	
83180	Development Corporations and Organisations	Development Organisations
88101	Tax Services	Accounting, Bookkeeping, Auditing and Tax Services
88120	Accounting, Bookkeeping and Auditing Activities, Tax Consultancy	
88121	Activities of Accountants and Auditors Registered in Terms of the Auditing Profession Act.	
88122	Activities of Cost and Management Accountants	
88123	Bookkeeping Activities, including Relevant Data Processing and Tabulating Activities	
83190	Activities Auxiliary to Financial Intermediation	Activities Auxiliary to Financial Intermediation
88140	Business and Management Consulting Services	Business and Management Consulting Services
88142	Project Financial Management	
91108	South African Revenue Service (SARS)	SARS and Government Departments
9110E	National Treasury Provincial Treasuries	

## 2.3 ORGANISATIONS IN THE SECTOR

### 2.3.1 Employers

In the 2010/2011 financial year Fasset's sector consisted of 3 630 levy-paying and non-levy-paying organisations. Together, these organisations employed approximately 114 500 people.

In 2010, 44% of employers indicated the main business functions of their operations as accounting, bookkeeping, auditing and/or tax services, 18% as business management and consulting services, while 14% indicated that they were involved in stockbroking and financial markets (Table 2-2). The subsector "SARS and Government Departments" consisted of a small number of large organisations, with SARS being the largest employer in the sector.

Table 2-2 also shows how the organisational composition of the sector looked during the period 2001 to 2010. Between 2005 and 2006 the subsector "Accounting, Bookkeeping, Auditing and Tax Services" share in levy-paying organisations in the sector dropped

suddenly from more than 60% to a little over 40%. This happened when the levy threshold was raised from a payroll of R250 000 per year to R500 000. Many small accounting and bookkeeping firms then became non-levy payers (although many remained involved in Fasset's activities such as its lifelong learning events). The other subsectors were not affected to the same extent because the payrolls of the organisations were generally larger than R500 000 per year.

**Table 2-2 Distribution of levy-paying organisations per subsector: 2001-2010**

Subsector	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%	%
Investment Entities and Trusts and Company Secretary Services	6	9	8	8	8	13	13	12	12	12
Stockbroking and Financial Markets	10	9	7	8	7	15	15	16	16	16
Development Organisations	1	1	1	1	1	1	1	1	1	1
Accounting, Bookkeeping, Auditing and Tax Services	58	60	64	62	63	42	43	44	44	44
Activities Auxiliary to Financial Intermediation	11	9	7	8	8	9	9	8	8	8
Business and Management Consulting Services	11	11	11	12	11	18	18	18	18	18
SARS and Government Departments	3	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Calculated from Fasset's data system.

The majority of organisations in Fasset's sector are small (employing fewer than 50 people). However, the relatively small number of large organisations (those that employ more than 150 people) employed 66% of the workforce in the sector in 2010 (Table 2-3). In contrast, only 5% of sector employment is found in organisations that employ between one and nine people, 6% in organisations that employ between 10 and 19 people, and 11% in organisations that employ between 20 and 49 people.

The trends analysis shown in Table 2-3 indicates that the share of small organisations (those that employ fewer than 50 people) in sector employment increased from 19% in 2001 to 27% in 2009 and decreased in 2010 to 22%.

**Table 2-3 Employment distribution per organisation size: 2001-2010**

Organisation size category	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%	%
1 - 9 employees	4	8	9	9	10	4	4	4	4	5
10 - 19 employees	6	9	10	11	10	9	9	9	8	6
20 - 49 employees	9	12	12	13	14	14	15	14	15	11
50 - 149 employees	9	10	8	9	8	10	12	13	13	12
150+ employees	73	61	60	57	58	64	60	61	60	66
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Calculated from Fasset's data system.

### 2.3.2 Professional bodies

A large portion of the workers in the Financial and Accounting Services Sector are members of professional bodies that represent the interests of the various professions and occupations in the sector. As such, the professional bodies are major role-players in this economic sector and contribute to the skills development and the professionalising of the sector. The majority of bodies actively promote sound corporate governance, codes of conduct, and professional standards to serve broad public interests. Accounting bodies often perform regulatory and professional functions to uphold practice standards and strengthen public and investor confidence in the economy. Several organisations play an active role in setting standards for education and training, some confer qualifications, and many cooperate closely with the Setas to support a range of skills development initiatives within and outside the Financial and Accounting Services Sector.

Furthermore, qualifications, professional designations and membership of professional associations are interlinked and most of the professional bodies confer upon their members qualifications that have been registered on the NQF. Most of these qualifications require workplace experience in addition to institutional training and are linked to learnerships that are registered with Fasset. At the same time, several of the learnerships registered with Fasset provide access to membership of professional bodies and to the professional designations guarded by the professional bodies. The total set of qualifications used in the sector forms an intricate combination of qualifications conferred by further and higher education institutions – both public and private – and those conferred by the professional associations themselves.

The professional bodies not only play a pivotal role in skills development in the financial services field; they are also represented on Fasset's Board and are closely involved in the activities of Fasset and its substructures. As a result of these linkages, as well as the pre-existing experience and capacity of the professional bodies, some of them act as quality assurance partners for the learnerships registered with Fasset.

The professional bodies associated with Fasset are listed in Table 2-4 below, which also indicates their current total membership.

**Table 2-4 Professional body membership\***

<b>Professional body</b>	<b>Acronym</b>	<b>Full Membership</b>	<b>Student Membership</b>	<b>Total Membership</b>
Association of Accounting Technicians	AAT	978	2 142	3 120
Association for the Advancement of Black Accountants**	ABASA	2 500		2 500
Association of Chartered Certified Accountants	ACCA	373	2 923	3 296
Association of Debt Recovery Agents	ADRA	186		18
Association for Certified Fraud Examiners	ACFE	3 150	15	3 165
Chartered Institute of Business Management	CIBM	561		561
Chartered Secretaries Southern Africa	CSSA	2 558	1 899	4 457
Chartered Institute of Management Accountants	CIMA	1 600	6 000	7 500
Institute of Municipal Finance Officers	IMFO	1 439	349	1 788
Institute of Accounting and Commerce	IAC	778		778
South African Institute of Professional Accountants	SAIPA	6 793	1 688	8 481
South African Institute for Tax Practitioners	SAIT	3 261	1 684	4 945
Institute of Certified Bookkeepers	ICB	3 769	29 361	33 130
Institute of Internal Auditors of South Africa	IIA-SA	7 660	70	7 730
Institute of Credit Management	ICM	934	549	1 483
South African Institute of Chartered Accountants	SAICA	32 535	9 074	41 609
Southern African Institute of Government Auditors	SAIGA	450	200	650
Southern African Institute for Business Accountants	SAIBA	990	10	1000

\*The figures include individuals who belong to more than one professional body.

\*\*Updated figures were obtained from the professional bodies in June 2011. This professional body did not provide updated figures.

## **2.4 TOTAL EMPLOYMENT**

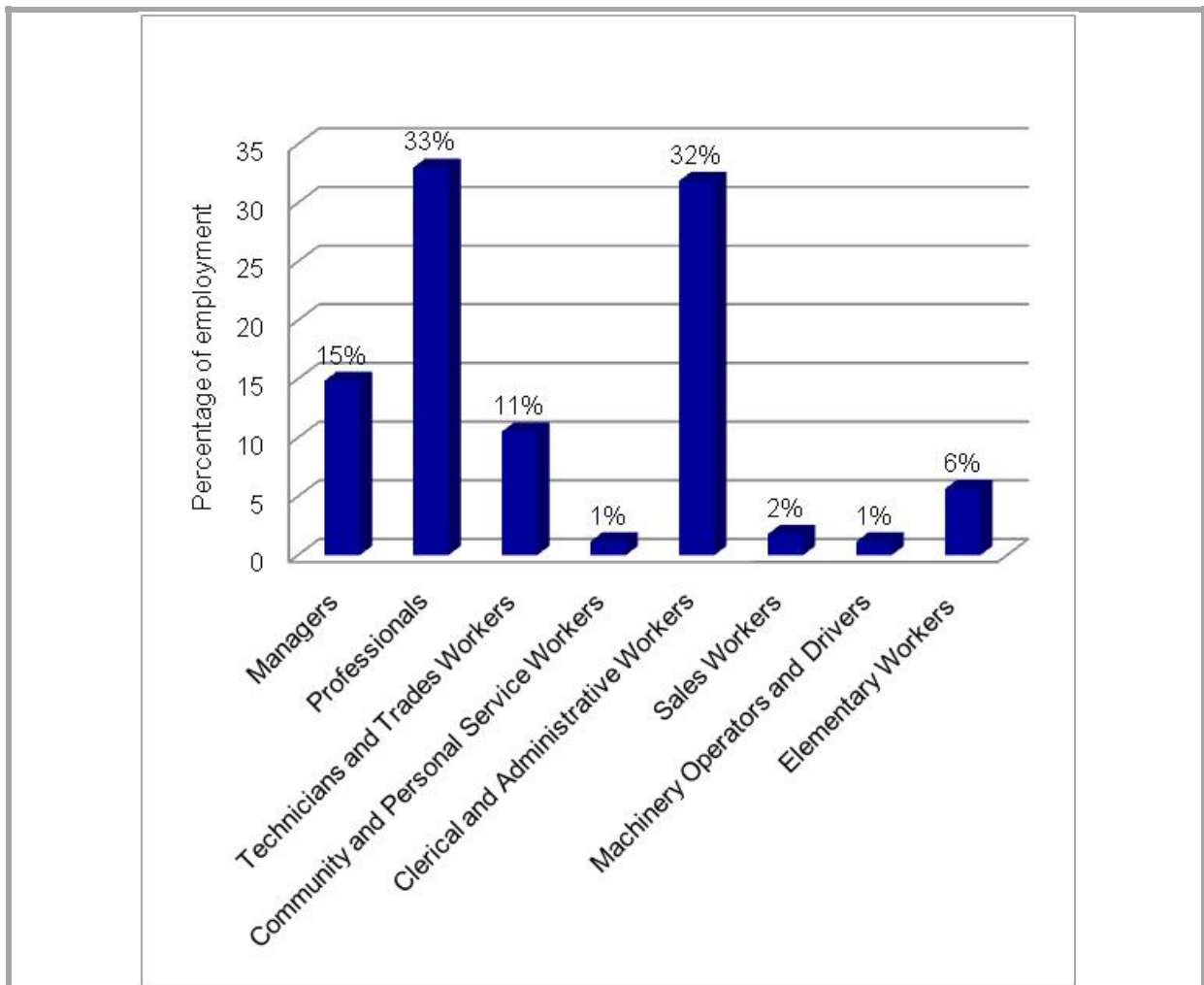
At the end of March 2010 approximately 114 500 people were employed in the Financial and Accounting Services Sector. Total employment increased from 67 061 in 2001 to 119 327 in 2008, which represents an average annual growth rate of 8.6% over the seven-year period. However, in 2009 employment decreased by 4% and in 2010 it remained more or less the same as in 2009 - 114 528. There were, however, no large-scale retrenchments in the

sector during the 2009 recession. Employment was reduced by employers not filling positions that became vacant. Very few, if any, new positions were created during this period.

## 2.5 OCCUPATIONAL COMPOSITION OF EMPLOYMENT

From 2001 to 2008 employers in the Financial and Accounting Services Sector reported employment according to nine occupational categories on the Standard Occupational Classification (SOC). Since 2009 employers have been required to report according to the eight major groups of the Organising Framework for Occupations (OFO). The change in occupational categories makes comparison with previous years inaccurate. For example, previously, trainee accountants formed part of the “technicians and associated professionals” category but since 2009 trainees have had to be incorporated in the “professionals” category. Employers are still adapting to the new classification system.

In 2010/2011, 15% of employees in the sector were employed as managers, 33% as professionals (including trainee accountants), and 32% were employed as clerks and administrative staff – that is, if the OFO is used as a classification system (Figure 2-1).



**Figure 2-1 Occupational composition of employment according to OFO major groups**

Source: Calculated from Fasset’s data system.

Table 2-5 shows the occupational distribution of employment in the sector according to the SOC major groups from 2001 to 2008 and according to the OFO major groups from 2009 to

2010. From 2001 to 2008 the occupational composition of the sector remained roughly the same. For example, managers' share in total employment remained fairly constant between 12% and 15%.

However, from the 2008/2009 financial year employees were classified according to eight occupational categories (OFO groups), as opposed to the nine SOC categories before 2008/2009. An important change that affected employment data is that on the OFO trainees or learners on professional learnerships are categorised as "professionals" while in the previous classification system they were classified in the occupational group "technicians and associate professionals". Employers needed to get used to the change in classification systems and not all of them applied the OFO correctly in 2009. As a result, professionals' share of total employment increased from 16% in 2008 to 26% in 2009 and then to 33% in 2010. At the same time the share of "technicians and trades workers" decreased from 26% in 2008 to 19% in 2009 and then to 10% in 2010. These changes don't reflect changes in the employment structure of the sector, they are merely the result of the change in occupational classification. The other occupational categories such as "managers", "clerical and administrative workers" and "elementary workers" were not so much affected by the change to the OFO and their share in employment remained roughly the same over the ten-year period.

Table 2-5 Distribution of employment per occupational group: 2001-2010

Occupational group (SOC)	2001	2002	2003	2004	2005	2006	2007	2008	Occupational group (OFO)	2009	2010
	%	%	%	%	%	%	%	%		%	%
Legislators, Senior Officials, Managers and Owner Managers	13	13	14	14	15	13	12	12	Managers	14	15
Professionals	21	18	16	17	18	17	18	16	Professionals	26	33
Technicians and Associated Professionals	25	26	27	28	26	27	27	26	Technicians and Trades Workers	19	10
									Community and Personal Service Workers		
Clerks	35	33	35	34	34	34	31	33	Clerical and Administrative Workers	28	32
Service Workers, Shop and Market Sales Workers	3	7	3	3	3	4	4	4	Sales Workers	3	2
Agricultural and Fishery Workers	0	0	0	0	0	0	0	0			
Craft and Related Trades Workers	0	0	1	0	0	1	1	1			
Plant and Machine Operators and Assemblers	0	1	0	0	0	1	1	1	Machinery Operators and Drivers	1	1
Labourers and Related Workers	3	2	3	3	3	4	6	6	Elementary Workers	6	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		<b>100</b>	<b>100</b>

Source: Calculated from Fasset's data system.

## **2.6 GEOGRAPHICAL DISTRIBUTION**

In 2010 employees were mostly located in the urban areas of Gauteng (51%) and the Western Cape (21%), while 11% were located in KwaZulu-Natal (Table 2-6). Most of the provinces' share in total employment in the sector increased from 2001 to 2010, while Gauteng's share declined. This decline could be the result of wider participation of employer organisations situated outside Gauteng in Seta activities and less indicative of an actual movement of people in the sector.

**Table 2-6 Provincial distribution of employees: 2001-2010**

<b>Province</b>		<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Eastern Cape	N	2 242	2 811	3 264	3 502	3 893	4 704	5 035	6 335	6 059	5 785
	%	3	3	3	4	4	5	5	5	5	5
Free State	N	1 711	2 538	2 860	2 891	3 015	3 188	3 725	5 066	4 187	3 167
	%	3	3	3	3	3	3	3	4	4	3
Gauteng	N	45 035	54 848	59 650	56 080	57 631	54 643	56 508	57 665	54 900	58 741
	%	67	62	63	60	59	54	51	48	48	51
KwaZulu-Natal	N	6 313	7 240	8 066	7 962	8 371	10 303	11 149	12 332	12 278	12 498
	%	9	8	9	9	9	10	10	10	11	11
Limpopo	N	896	981	1 179	1 543	1 391	1 781	2 077	1 942	1 989	2 151
	%	1	1	1	2	1	2	2	2	2	2
Mpumalanga	N	826	1 690	2 054	1 787	1 712	2 401	3 757	3 329	2 883	2 616
	%	1	2	2	2	2	2	3	3	3	2
Northern Cape	N	751	789	947	904	962	1 277	1 302	1 390	1 349	1 068
	%	1	1	1	1	1	1	1	1	1	1
North West	N	1 318	1 462	1 746	1 958	2 499	2 979	3 367	3 862	3 779	3 993
	%	2	2	2	2	3	3	3	3	3	3
Western Cape	N	8 014	15 509	15 072	16 633	18 129	20 809	24 882	27 406	27 247	24 509
	%	12	18	16	18	19	20	22	23	24	21
<b>Total</b>	<b>N</b>	<b>67 107</b>	<b>87 868</b>	<b>94 838</b>	<b>93 261</b>	<b>97 602</b>	<b>102 086</b>	<b>111 803</b>	<b>119 327</b>	<b>114 671</b>	<b>114 528</b>
	<b>%</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Owing to rounding, percentages don't always add up to 100.  
Source: Calculated from Fasset's data system.

## 2.7 SUBSECTORAL DISTRIBUTION OF EMPLOYMENT

In 2010, the subsector “Accounting, Bookkeeping, Auditing and Tax Services” accounted for 36% of employment in the sector (Table 2-7). This was followed by “Business and Management Consulting Services” (18%) and “SARS and Government Departments” (15%). SARS represents the majority of employees in the Government subsector. “Development Organisations” accounts for only 2% of employees in the sector.

The share of employment decreased from 42% and 23% in 2001 for the two subsectors “Accounting, Bookkeeping, Auditing and Tax Services”, on the one hand, and “SARS and Government Departments” on the other, to 36% and 15% respectively in 2010. All the other subsectors’ shares in sector employment increased over the same period.

**Table 2-7 Employment per subsector: 2001-2010**

Subsector	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%	%
Investment Entities and Trusts and Company Secretary Services	4	7	3	5	6	5	6	6	7	6
Stockbroking and Financial Markets	8	9	7	6	8	9	11	12	11	12
Development Organisations	2	1	1	1	1	2	1	2	2	2
Accounting, Bookkeeping, Auditing and Tax Services	42	41	56	48	45	39	41	36	37	36
Activities Auxiliary to Financial Intermediation	7	10	8	8	8	11	9	11	11	12
Business and Management Consulting Services	14	15	9	15	15	17	15	18	15	18
SARS and Government Departments	23	18	16	17	18	17	16	15	16	15
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Calculated from Fasset’s data system.

## 2.8 RACE

In 2010, more than half (56%) of the people working in the sector were Black<sup>4</sup> (Table 2-8). White workers constituted 44% of the workforce, African workers 35%, coloureds 13%, and Indians 9%. While most of the clerical and administrative workers (67%) and technicians and trades workers (63%) were Black, only a third of managers were Black. Nearly half of all professionals (45%) were Black.<sup>5</sup>

Blacks' share in employment in the Financial and Accounting Services Sector increased from 43% in 2001 to 56% in 2010. From 2001 to 2008, Blacks' share in the legislators, senior officials, managers and owner managers' category increased from 20% to 26%. In 2010 their share in the manager category of the OFO increased further to 33%. Furthermore, Blacks' share in the "professionals" category showed increases from 2001 to 2010, while the highest increase in Black share of employment could be found in the clerks' category. Between 2001 and 2010 their share in employment increased from 53% to 67%. Finally, Blacks have occupied the majority of positions in the "machinery operators and drivers" and "elementary workers" categories since 2009.

---

<sup>4</sup> The term "Black" includes African, coloured and Indian employees.

<sup>5</sup> Owing to rounding percentages do not always add up to the total.

## 2.9 GENDER

More women are employed in the sector than men. In 2010 a total of 56% of all employees were women (Table 2-9). African women constituted 19% of the total workforce, coloured women 9%, Indian women 5%, and white women 24%. The predominance of women is largely attributable to the large percentage (78%) of women in clerical and administrative positions. In contrast, only 38% of managers are women, although nearly half of all professional positions in the sector are occupied by women.

Women's share in employment in the Financial and Accounting Services Sector has remained fairly constant since 2001 (more or less 56% of employment), although Black women's share increased from 23% in 2001 to 32% in 2010. Over the seven-year period from 2001 to 2008, women's share in the "legislators, senior officials, managers and owner managers" category increased from 28% to 31%. From 2001 to 2008, women's share in professional positions increased from 40% to 46%. In 2010, 38% of all managerial positions were occupied by women, but only 13% by Black women (Table 2-10).

**Table 2-8 Percentage Black employees per occupational category: 2001-2010**

Occupational category	2001	2002	2003	2004	2005	2006	2007	2008	Occupational category	2009	2010
	%	%	%	%	%	%	%	%		%	%
Legislators, Senior Officials, Managers and Owner Managers	20	20	20	21	21	24	23	26	Managers	28	33
Professionals	31	29	27	29	32	34	36	38	Professionals	44	45
Technicians and Associated Professionals	40	40	37	39	42	47	46	48	Technicians and Trades Workers	61	63
									Community and Personal Service Workers	84	88
Clerks	53	54	53	53	55	64	63	65	Clerical and Administrative Workers	62	67
Service Workers, Shop and Market Sales Workers	73	53	63	64	68	73	72	71	Sales Workers	65	56
Agricultural and Fishery Workers	100	87	94	49	88	86	73	83			
Craft and Related Trade Workers	85	88	29	43	46	64	69	75			
Plant and Machine Operators and Assemblers	97	95	42	58	59	83	90	90	Machinery Operators and Drivers	91	87
Elementary Workers	97	96	93	93	97	96	98	98	Elementary Workers	97	96
<b>Total</b>	<b>43</b>	<b>43</b>	<b>41</b>	<b>42</b>	<b>44</b>	<b>51</b>	<b>52</b>	<b>54</b>	<b>Total</b>	<b>56</b>	<b>56</b>

Source: Calculated from Fasset's data system.

Table 2-9 Percentage women per occupational category: 2001-2010

Occupational category	2001	2002	2003	2004	2005	2006	2007	2008	Occupational category	2009	2010
	%	%	%	%	%	%	%	%		%	%
Legislators, Senior Officials, Managers and Owner Managers	28	25	27	27	30	29	28	31	Managers	34	38
Professionals	40	40	40	41	42	43	44	46	Professionals	50	47
Technicians and Associated Professionals	52	52	50	51	54	51	52	51	Technicians and Trades Workers	57	49
									Community and Personal Service Workers	47	30
Clerks	77	79	79	80	79	79	79	78	Clerical and Administrative Workers	77	78
Service Workers, Shop and Market Sales Workers	60	65	52	56	53	52	44	48	Sales Workers	52	53
Agricultural and Fishery Workers	0	15	26	7	5	15	59	0			
Craft and Related Trade Workers	5	3	12	19	8	15	11	6			
Plant and Machine Operators and Assemblers	1	52	4	26	11	13	9	4	Machinery Operators and Drivers	6	8
Elementary Workers	51	60	61	57	58	39	52	44	Elementary Workers	50	57
<b>Total</b>	<b>55</b>	<b>56</b>	<b>55</b>	<b>56</b>	<b>57</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>Total</b>	<b>56</b>	<b>56</b>

Source: Calculated from Fasset's data system.

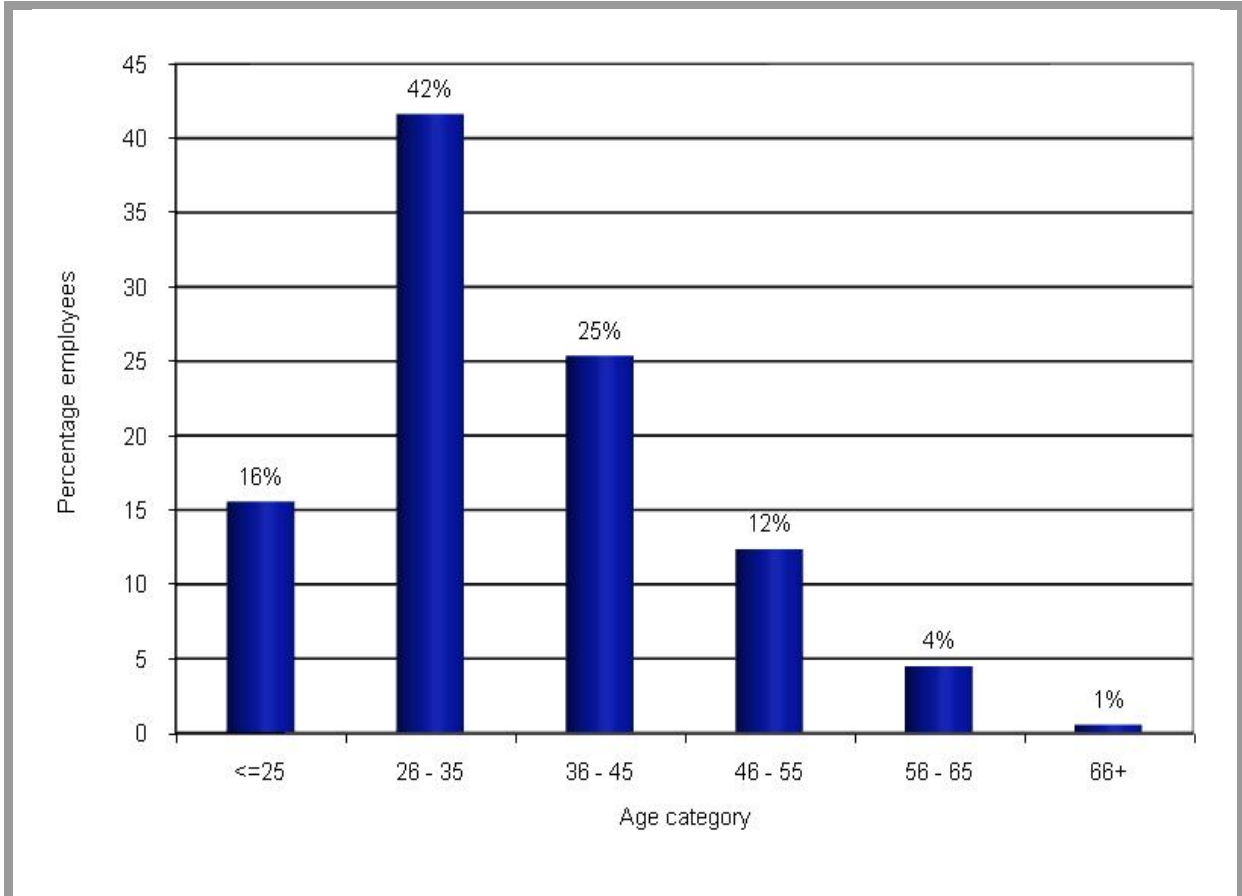
Table 2-10 Employees according to occupational category, race and gender: 2010

Occupational group		African			Coloured			Indian			White			Total		
		M	F	Tot	M	F	Tot	M	F	Tot	M	F	Tot	M	F	Tot
Managers	N	1 640	1 116	2 756	520	538	1 058	1 030	698	1 728	7 323	4 143	11 466	10 513	6 494	17 008
	%	10	6	16	3	3	6	6	4	10	43	24	67	62	38	100
Professionals	N	4 640	4 790	9 430	1 265	1 529	2 794	2 440	2 195	4 635	11 525	9 419	20 944	19 870	17 933	37 803
	%	12	13	25	3	4	7	6	6	12	30	25	55	53	47	100
Technicians and Trades Workers	N	2 921	2 244	5 165	702	781	1 484	475	460	935	2 047	2 415	4 463	6 146	5 900	12 046
	%	24	19	43	6	6	12	4	4	8	17	20	37	51	49	100
Community and Personal Service Workers	N	844	225	1 069	34	49	83	6	19	25	50	108	158	934	402	1 335
	%	63	17	80	3	4	6	0	1	2	4	8	12	70	30	100
Clerical and Administrative Workers	N	4 333	10 563	14 896	1 340	5 557	6 897	674	2 127	2 802	1 674	10 233	11 906	8 021	28 480	36 501
	%	12	29	41	4	15	19	2	6	8	5	28	33	22	78	100
Sales Workers	N	444	385	829	98	132	230	38	53	90	372	520	892	951	1 091	2 042
	%	22	19	41	5	6	11	2	3	4	18	25	44	47	53	100
Machinery Operators and Drivers	N	917	65	983	110	22	133	48	4	52	157	11	169	1 233	103	1 336
	%	69	5	74	8	2	10	4	0	4	12	1	13	92	8	100
Elementary Workers	N	2 186	2 209	4 395	401	1 368	1 769	27	21	48	133	114	247	2 746	3 712	6 458
	%	34	34	68	6	21	27	0	0	1	2	2	4	43	57	100
<b>Total</b>	<b>N</b>	<b>17 925</b>	<b>21 597</b>	<b>39 522</b>	<b>4 470</b>	<b>9 977</b>	<b>14 447</b>	<b>4 739</b>	<b>5 577</b>	<b>10 315</b>	<b>23 280</b>	<b>26 964</b>	<b>50 244</b>	<b>50 413</b>	<b>64 115</b>	<b>114 528</b>
	<b>%</b>	<b>16</b>	<b>19</b>	<b>35</b>	<b>4</b>	<b>9</b>	<b>13</b>	<b>4</b>	<b>5</b>	<b>9</b>	<b>20</b>	<b>24</b>	<b>44</b>	<b>44</b>	<b>56</b>	<b>100</b>

Source: Calculated from Fasset's data system.

## 2.10 AGE

The age distribution of employees as recorded in Fasset's Sector Survey in 2007/2008 is shown in Figure 2-2, while the average ages of employees in the respective occupational and population groups are shown in Table 2-11. More than half (57%) of the employees were 35 or younger and the average age of all employees was 36. Black employees were on average five years younger than their White counterparts. Black managers were on average four years younger than Whites; similarly, Black professionals were five years younger. Black clerical and administrative workers were six years younger than Whites in the same occupational category.



**Figure 2-2 Age distribution of employees in the Financial and Accounting Services Sector**

Source: Fasset. Survey of the Financial and Accounting Services Sector, January 2008.

**Table 2-11 Average age by occupational category**

Occupational category	Black	White	Total
	Average age	Average age	Average age
Managers	36	40	39
Professionals	30	35	32
Technicians and Trades Workers	35	42	41
Community and Personal Service Workers	40	41	41
Clerical and Administrative Workers	35	41	37
Sales Workers	40	39	40
Machinery Operators and Drivers	44	39	42
Elementary Workers	45	46	45
<b>Total</b>	<b>33</b>	<b>38</b>	<b>36</b>

Source: Calculated from Fasset. Survey of the Financial and Accounting Services Sector, January 2008.

## 2.11 DISABILITY

The Financial and Accounting Services Sector employs a number of people with disabilities. In total, 0.6% of all employees were reported as having some disability.<sup>6</sup> Almost 59% of people with disabilities employed in the sector occupy positions in the “SARS and Government Departments” subsector. The number and percentage of people with disabilities employed in each occupational group can be seen in Table 2-12.

**Table 2-12 People with disabilities in the sector: 2010**

Occupational category	African	Coloured	Indian	White	Total	% of occupational category
	N	N	N	N	N	
Managers	5	1	3	36	45	0.3
Professionals	25	5	10	85	125	0.4
Technicians and Trades Workers	44	9	5	70	128	1.2
Community and Personal Service Workers	24	1	0	2	27	2.7
Clerical and Administrative Workers	89	23	10	111	233	0.8
Sales Workers	2	0	0	2	4	0.3
Machinery Operators and Drivers	1	0	0	2	3	0.3
Elementary Workers	17	5	0	19	41	0.8
<b>Total</b>	<b>207</b>	<b>44</b>	<b>28</b>	<b>327</b>	<b>606</b>	<b>0.6</b>

Source: Calculated from Fasset’s data system.

## 2.12 TRANSFORMATION OF THE SECTOR

BEE legislation has led to the development of several sector charters that will steer human resources practices as well as business activities for the foreseeable future. Although all the charters will exert an indirect influence on the total economy (e.g. through procurement and service policies), the Financial Services Charter will directly affect components of the Financial and Accounting Services Sector.

<sup>6</sup> Analysis of accepted grant applications and non levy paying accepted organisations Year 11 (2010/2011).

The Financial Services Charter, which was approved in October 2003, is a voluntary charter in which the participants have set a framework for black economic empowerment in the Financial Services Sector.<sup>7</sup> The charter aims to increase the participation of Black people (especially women) and people with disabilities in the sector while further unlocking the sector's potential, promoting its global competitiveness, and enhancing its world-class status.

The charter encompasses various issues such as human resources development, procurement policies, enterprise development, access to financial services, empowerment financing, ownership and control in the Financial Services Sector, shareholder activism, and corporate social responsibility. Firms that are bound by the charter are rated in each category of activity according to a scorecard. These ratings are used not only to monitor progress but are also considered by the private and public sectors when procuring financial services.

The charter applies directly to only a small component of the Financial and Accounting Services Sector – namely the licensed exchanges, fund managers, and organisations that operate in the financial markets. However, the charter will certainly exert indirect pressure on the Financial and Accounting Services Sector. Two aspects of the charter are especially important: the short-term targets set in terms of the employment of Black people (especially women) in managerial positions and the procurement targets that specify the desired percentage of procurement from BEE-accredited companies. In the former case, financial institutions will be competing more vigorously for Black professionals in the financial field, and, in the latter case, financial services will be procured from BEE-accredited companies – thus compelling organisations in the rest of the Financial and Accounting Services Sector to change their ownership and management structures if their client bases are situated in the Financial Services Sector as defined for the purpose of the charter.

Another charter that has a profound impact on the sector is the Chartered Accountancy Profession Charter. After four years of development, this charter was finalised and signed in November 2007. The scope of the charter is broad-based black economic empowerment (B-BBEE) for the Chartered Accountancy (CA) profession and sector. In particular, this charter focuses on the CA sector (CA(SA) and Registered Auditors (RAs)), SAICA, training outside public practice and accredited education institutions that together constitute the CA profession. The charter includes a scorecard against which firms report to a charter council. The scorecard encompasses various aspects of the functioning of firms – including ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.<sup>8</sup> Organisations in the sector are bound to transformation in all these areas.

## 2.13 HIV/AIDS

In its mid-year population estimates of 2009, Statistics South Africa estimated that 10.6% of the total South African population was living with HIV/AIDS.<sup>9</sup> This statistical report does not give more detailed information on infection rates in specific age groups, occupational groups

---

<sup>7</sup> The Financial Services Sector, which is bound by the charter, includes banks, long-term insurers, short-term insurers, managers of formal collective investment schemes in securities, investment managers and other entities that manage funds on behalf of the public, including retirement funds and members of any exchange licensed to trade equities or financial instruments in this country, and entities listed as part of the financial index of a licensed exchange. Any other institution in the Financial and Accounting Services sector may opt in (Financial Services Charter, 2003:3).

<sup>8</sup> <http://www.cacharter.co.za/default.asp>

<sup>9</sup> Statistics South Africa, Mid-year Population Estimates, PO 302, 2009.

or industries, except to indicate that people in younger age groups have higher infection rates. The majority of the workforce in the Financial and Accounting Services Sector is between the ages of 20 and 55 and hence falls into the more vulnerable age group. The prevalence of HIV/AIDS in the sector itself is, however, most probably lower than in other sectors because of the higher educational qualification levels of the workforce. A Human Sciences Research Council (HSRC) study revealed that HIV infection rates tend to be much lower for people with tertiary education (6.5%) than for the total adult population.<sup>10</sup>

## **2.14 CONCLUSIONS**

The sector served by Fasset is relatively small and consists mainly of micro- and small organisations, many of which are professional practices. However, two thirds of the employees in the sector work in the small number of large- and medium-sized organisations. Fasset is thus left with the challenge of balancing the needs and interests of Small, Medium and Micro Enterprises (SMMEs) as well as those of large organisations.

The organisations belonging to the sector are concentrated in the metropolitan areas of Gauteng, the Western Cape and KwaZulu-Natal.

The services rendered by organisations in the sector are mainly of a specialised and professional nature; consequently, the sector tends to employ large numbers of professionals. These workers are supported by clerical and administrative staff, who also constitute a substantial proportion of the employees in the sector.

A special feature of the sector is the presence and influence of a number of professional associations whose roles have become ingrained in the sector's qualification structure, in the organisation of education and training, and in the professional designations used in the sector. The professional bodies play a very important role in skills development in the sector and are closely involved in Fasset's initiatives and activities.

The sector has been undergoing transformation over the last ten years and this is set to continue in future – specifically driven by several sector charters.

---

<sup>10</sup> Human Sciences Research Council, *Nelson Mandela/HSRC Study of HIV/AIDS*, Pretoria, 2002.

## **3 ECONOMIC PERFORMANCE OF AND DEMAND FOR LABOUR IN THE SECTOR**

---

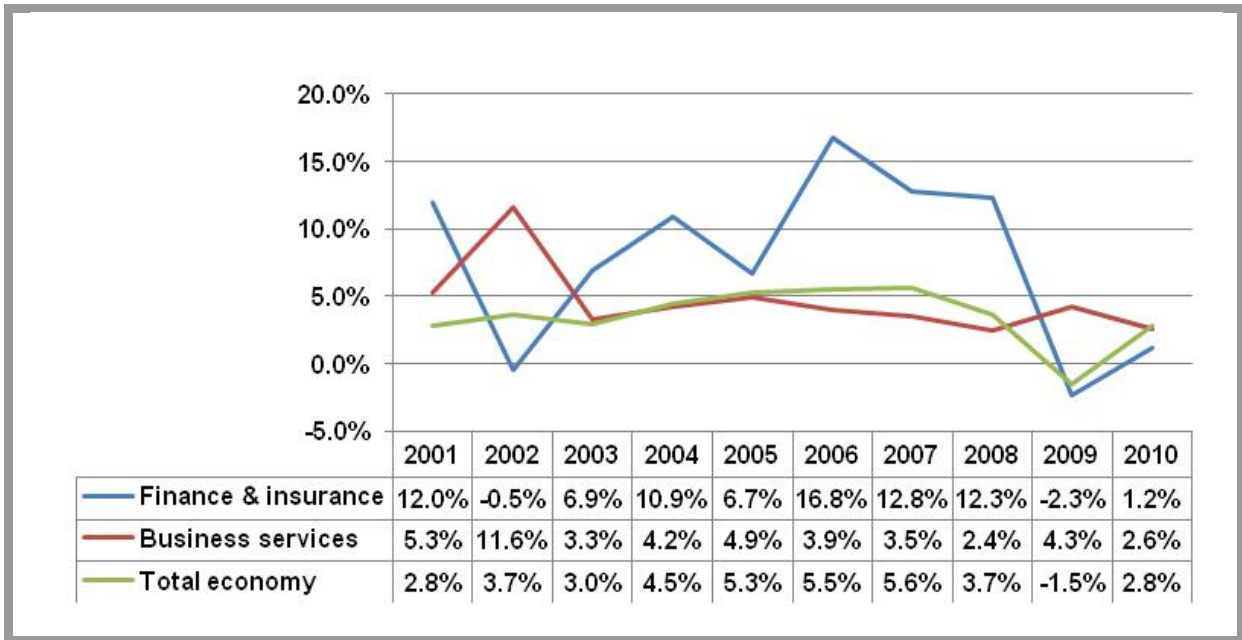
### **3.1 INTRODUCTION**

This chapter starts with a brief overview of the economic performance of the sector – as far as this is possible. As mentioned earlier in this report, the Financial and Accounting Services Sector forms part of the broader sector in the national accounts – the Finance, Business Services and Real Estate Sector. The organisations that belong to Fasset's sector fall within two subsectors: Finance and Insurance and Business Services. These organisations are not, however, the only ones that make up these two subsectors and, therefore, the economic data does not provide a pure reflection of the economic performance of Fasset's sector uniquely. Nevertheless, the economic analysis presented in this chapter focuses on these two subsectors.

The chapter also looks at employment trends in the sector, and projections of future demand. The demand projections were derived from Fasset's demand-projection model.

### **3.2 CHANGES IN GROSS VALUE ADDED**

Gross value added (GVA) at basic prices (normally used in relation to a sector) or gross domestic product (GDP) (normally used in relation to a national economy) is defined as output less intermediate consumption. GVA (or GDP) is usually considered to be the best measurement of the activity within and performance of a sector (or economy). The changes in GVA between 2001 and 2010 of the two subsectors Finance and Insurance and Business Services can be seen in Figure 3-1. The Finance and Insurance subsector outperformed the rest of the economy by a substantial margin over the period 2001 to 2008, but in 2009 it declined by 2.3%. This subsector recovered and grew by 1.2% in 2010. The Business Services subsector showed positive growth over the full period, although it grew more slowly than the total economy over the period 2004 to 2008. In 2009, when the South African economy went into recession, this subsector remained in positive territory.

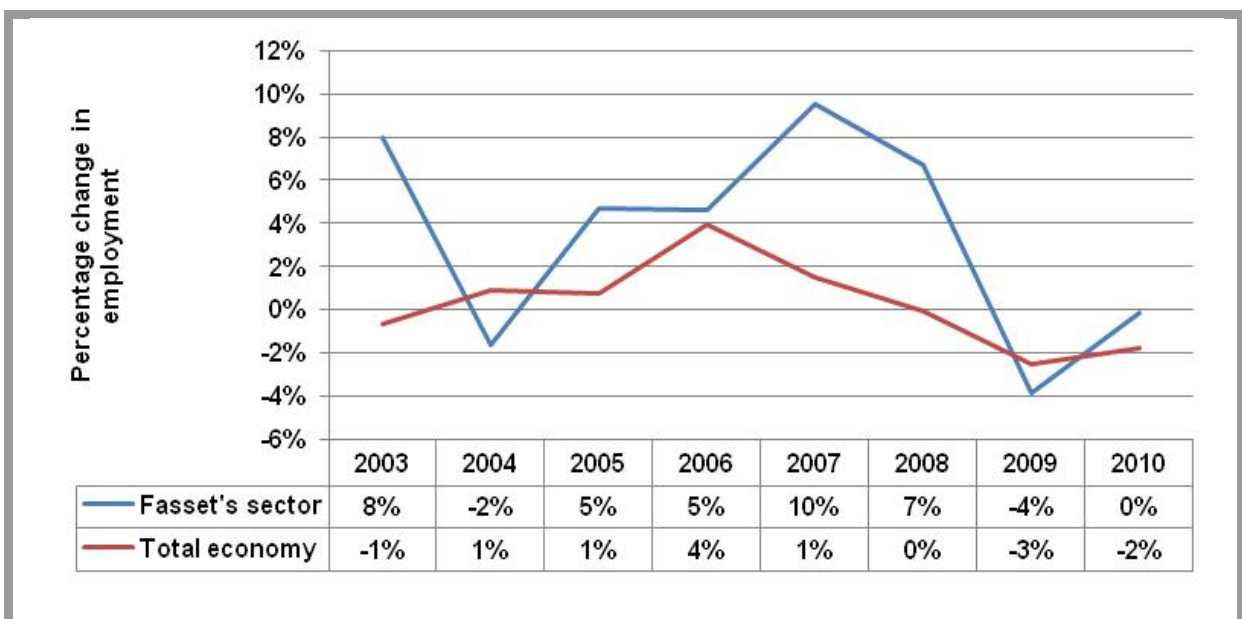


**Figure 3-1 Changes in Gross Value Added: 2001-2010**

Source: Electronic data series provided by Quantec Research.

### 3.3 EMPLOYMENT TRENDS

The changes in total employment in the Financial and Accounting Services Sector during Fasset’s lifespan have already been mentioned in Chapter 2 of this report. The changes in employment in this sector and the changes in employment observed in the total economy are illustrated in Figure 3-2. Except for 2004 – when employment in Fasset’s sector declined – growth in employment in the sector exceeded employment growth in the rest of the economy by a large margin in the period 2003 to 2008. However, in 2009 employment in Fasset’s sector declined by 4% while the total economy shed 3% of its employment opportunities. In 2010 employment in Fasset’s sector remained unchanged while employment in the total economy declined by another 2%.



**Figure 3-2 Changes in total employment: 2003-2010**

Sources: Calculated from Fasset’s data system and electronic data series provided by Quantec Research.

Various factors influence growth in employment in this sector. These factors are set out in the paragraphs below.

The sector is largely a professional service sector and most of the work it performs depends on the time and effort of trained personnel. Therefore, the growth in demand for the services of the sector and growth in employment are directly linked.

A direct link exists between ongoing economic growth in South Africa and the growing demand for financial and accounting services. For this reason the Financial and Accounting Services Sector tracks economic growth, which explains the strong growth in employment in the sector over the years in which the South African economy was growing steadily as well as the drop in employment in 2009 when the economy went into recession. In times of economic growth the increased demand for financial services stems from the growth in the number of businesses and higher business volumes. Although the demand for financial services inevitably drops if the economy contracts, one could expect a time lag in this process because businesses that close down or go insolvent need financial services beyond their own existence – for example, in the handling of the closing down or insolvency processes.<sup>11</sup>

Business is seen as becoming more complex, regulated and competitive, and investors are becoming more discerning regarding the financial management of companies in which they invest. This drives the demand for specialised financial services.<sup>12</sup>

The introduction of new standards and compliance measures to redress risks of corporate failure, together with the worldwide drive to promote corporate governance and ethics, increases the need for professional accounting and auditing services.<sup>13</sup>

Economic growth and decline have different effects on the different services rendered by the sector. For example, some financial service activities increased through the recession while others decreased. Forensic auditing has seen some growth, as fraud tends to increase in times of economic hardship. Consulting services have seen a general decline because they are not always seen as essential. An increased amount of work was generated for auditors when many small companies closed down. The debt recovery industry experienced an increase in the demand for its services as more people fell behind with the repayment of debt. Investment banking, on the other hand, saw a drop in demand for its services.

The high cost of consulting services may also have sparked a reversal of the trend for outsourcing company internal audits. For this reason internal auditors employed by financial service organisations are decreasing as firms (in other sectors of the economy) revert to bringing this function back in-house. In the longer term the result may be a decline in the number of internal auditors employed by Fasset's sector and an increase in the number of them employed in other sectors of the economy.

### **3.4 SKILLS DEMAND IN THE SECTOR**

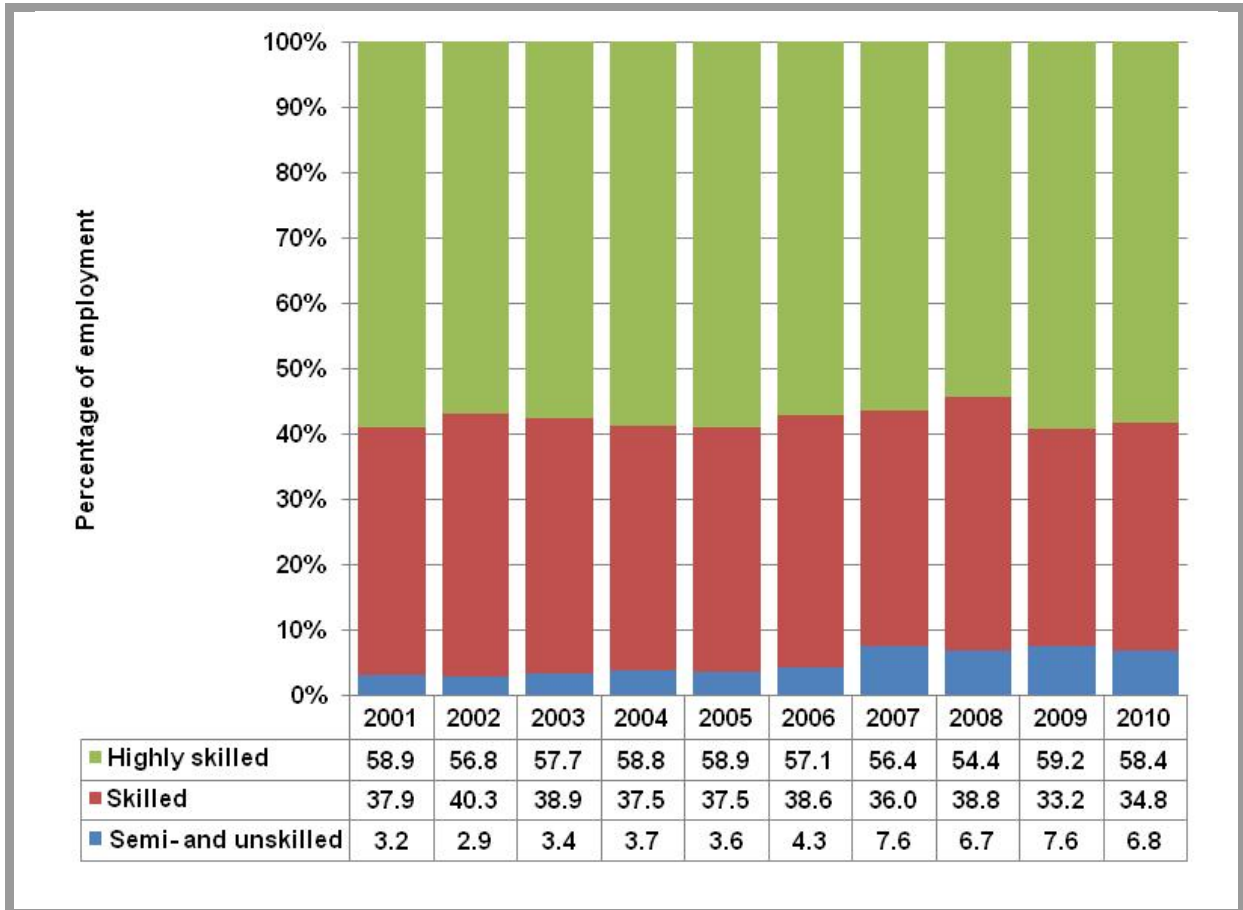
The composition of employment in the sector over the period 2001 to 2010 is shown in Figure 3-3. In this graph the skills demand is depicted in very broad terms and the skills levels referred to in this graph can be roughly equated to the occupations on the OFO, with the term “highly skilled” referring to managers, professionals and technicians and trades

<sup>11</sup> Information provided by employers in employer focus group, 3 June 2010.

<sup>12</sup> Fasset. Survey of the Financial and Accounting Services Sector, January 2008.

<sup>13</sup> Fasset. January 2008.

workers; the term “skilled” to clerical and administrative workers and sales workers; and the term “semi- and unskilled” workers to machinery operators and drivers and elementary workers. The graph clearly shows that the sector consistently needs highly skilled workers (i.e. people with post-school qualifications) in more than half of the occupations in the sector. It also needs a large proportion of skilled workers – mostly in clerical and administrative positions. The demand for semi- and unskilled workers increased between 2001 and 2010 but remained far below 10% of total employment.



**Figure 3-3 Skills composition of the demand for labour: 2001-2010**

Source: Calculated from Fasset’s data system

In the 2007/2008 sector survey, all the positions in the sector were classified according to the detailed occupations on the OFO. At that time the minor occupational group “accountants, auditors and company secretaries” constituted 73.4% of professionals and almost 30% of all the employees in the sector. This group includes general accountants, trainee accountants, taxation accountants, external auditors and internal auditors. The second largest group of professionals (8.9%) was information and organisation professionals, which group includes management consultants, organisation and methods analysts, economists, statisticians and actuaries. This group was followed by financial brokers and dealers and investment advisors (6.6%).

Among the clerical and administrative positions the largest occupational groups were general clerks (33.3% of all clerical and administrative positions), followed by accounting clerks and bookkeepers (15.6%).<sup>14</sup>

<sup>14</sup> Fasset, January 2008.

As indicated in Section 3.3 above, some changes in the occupational structure may occur over time because of changes in the demand for specific services. Apart from the factors already discussed, it is possible that the new Companies' Act may have a marked effect on the type of skills that the sector will need. The Act stratifies companies according to their level of public interest and reduces the auditing requirements for many (especially smaller and owner-managed companies). Therefore, as the new legislation is implemented it is likely that the demand for the services of qualified auditors will drop and that the demand for financial service professionals who can act as accounting officers will increase. At this stage the exact impact that the changes in this legislation will have on the demand for skills in the sector is still unclear. This is an aspect that will be monitored over the next few years.

### **3.5 CHANGES IN THE SKILLS CONTENT NEEDED IN THE SECTOR**

The previous sections of this chapter have focused on the quantitative demand for labour and for people in specific occupations. However, some changes are also occurring or may occur in future in the qualitative skills required of employees.

It is foreseen that proposed legislation such as the Draft Regulation of Tax Practitioners Bill<sup>15</sup> will affect the demand for skills, as tax practitioners will have to meet the "appropriate standards of qualification" to be determined by the (still to be formed) Independent Regulatory Board for Tax Practitioners. Tax practitioners will also be required to participate in continuing professional education to maintain professional standards. The provisions of the Bill appear to be wide ranging and onerous regarding the categories of persons who need to register. Furthermore, execution of duties "must be carried out free of any restriction"<sup>16</sup> and practitioners are required to maintain records, to investigate and report any "reportable irregularity",<sup>17</sup> and to ensure that irregularities are rectified. These measures will impact on the demand for relevant skills and competences. It is anticipated that technicians and tax practitioners operating at NQF levels 3 to 6 may require specific skills development interventions.

The Consumer Protection Act<sup>18</sup>, which aims to provide a statutory framework for consumer transactions and set standards for consumer information, may affect the manner in which accountants, financial professionals and debt collectors deliver services to the general public. This legislation may also stimulate demand for different and new skills.

As accounting and business processes become increasingly technology driven, there is an ever-growing need for the integration of IT skills and financial skills.

With the Government's drive to encourage investment in business process outsourcing, there are opportunities for service providers to service the finance, accounting and taxation needs of clients on an outsourcing platform. Such initiatives and market-place realities increase the demand for a range of finance and accounting skills. With the growth in international corporate governance, accounting and auditing standards, regulation and compliance, the demand for skills in risk management, governance, and internal auditing is also increasing.<sup>19</sup>

---

<sup>15</sup> [www.sars.gov.za](http://www.sars.gov.za).

<sup>16</sup> See Section 29 of the Draft Bill.

<sup>17</sup> Section 1 defines "reportable irregularity" as any unlawful act or omission which contravenes any Act administered by the Commissioner for the South African Revenue Service or is fraudulent, amounts to theft or is otherwise dishonest.

<sup>18</sup> Act 68 of 2008.

<sup>19</sup> Fasset. January 2008.

The current fallout from the world financial crisis will have a significant effect on the regulatory environment relating to compliance with corporate governance requirements, risk management, and business continuity management. New careers such as *business rescue practitioners* may arise. As a result of the new Companies' Act there is greater emphasis on the role of the company secretary and the need for suitably qualified people to fill this role. The requirements for directors in terms of the new Companies' Act and the King III Code of Corporate Governance also created the need for skills development in the corporate governance and internal auditing arenas.<sup>20</sup>

The emphasis on environmental protection is also influencing the type of skills needed in the sector. This influence takes different forms:<sup>21</sup>

- As consumer awareness of and pressures regarding environmental conservation grow internationally, “green branding” (or “eco labelling”) is becoming popular in many sectors, including the Financial and Accounting Services Sector. The development of an understanding of and the skills to utilise the potential of green branding is becoming important to organisations in the sector.
- Sustainable asset management practices are becoming increasingly important and asset managers and risk assessors are under more pressure to adopt asset management practices that take environmental sustainability into consideration.
- Organisations in this sector, like many others, are introducing “green office” plans – offices that have functions such as recycling, waste reduction, energy conservation and conversion to electronic correspondence. Employees need to be skilled in the implementation of these plans or strategies.
- The generation of e-waste is a growing concern in industries that are largely dependent on electronic communication and networks. E-waste management is gaining more attention and companies are under increasing pressure to adopt environmentally sound procurement decisions and end-of-life disposal practices regarding their electronic equipment. This requires knowledge and skills regarding e-waste management.
- There is a growing demand for diligent sustainability reporting. Global reporting standards have increasingly integrated environmental sustainability into their criteria for best practice, and in South Africa the King III Report argues strongly for the full integration of environmental considerations with the economic and social aspects of sustainability. This integration has a direct bearing on the skills requirements of various professionals in the sector.

The demand for skills in the sector cannot be divorced from the goals of Black Economic Empowerment and efforts to transform the business and the corporate world. Equity considerations will continue to drive the demand for financial professionals from the African population group.

### **3.6 PROJECTED DEMAND FOR LABOUR**

The demand for labour in the sector is defined as the total number of people expected to be employed in the sector in a specific year. Of particular importance for skills development is

---

<sup>20</sup> Comments received from ICSA and IIA(SA).

<sup>21</sup> Input from the Department of Environmental Affairs and Tourism (DEAT).

the number of people that need to be recruited into or trained for the sector. The positions that need to be filled emanate from: the expansion of the sector because of a growth in the demand for its services or a growth in the output of the sector (new demand); and the attrition of staff through retirement, movement of people into other sectors or out of the labour market, emigration, and mortality (replacement demand).

The demand model for the Financial and Accounting Services Sector was developed at the detailed occupational level; i.e. demand was forecast for each occupation using the OFO categorisation of occupations. The model was originally developed in 2007 and was subsequently refined to provide for changes in employment that occurred during the recent recession and to reflect more accurately changes in economic performance. The way in which the model was constructed and the assumptions used in the model are first explained, followed by a summary of the projections produced by the model.

### 3.6.1 Baseline employment

The model starts with an estimate of the total number of positions available in the sector in 2009 (the base year). The total number of positions available was taken as the estimate of total employment based on the weighted WSP submissions for the 2009/2010 financial year. Total employment was estimated at 115 000. An additional 1% was added for existing vacancies. The total number of positions in the sector was estimated at 116 150. The positions were distributed across 232 different occupations (classified at the most detailed level of the OFO) found in the 2007/2008 sector survey.<sup>22</sup>

### 3.6.2 Assumptions used in the model

#### a) *Economic growth*

The economic growth assumptions used in this model were derived from the econometric model referred to in Chapter 1 of this report. For comparative purposes three scenarios were constructed: a baseline scenario (which represents the most likely outcome based on previous economic trends and relationships), a negative scenario, and a positive scenario.

The growth assumptions used in the three scenarios are shown in Table 3-1. All the scenarios assume that the economy will grow over the forecast period. Under the low-growth scenario the average growth of the total economy is 2.3% per year, of the Financial and Insurance subsector 5.5% and of the Business Services subsector 2.7%. The average growth rates in the baseline scenario are 4.3% for the total economy, 7.5% for the Finance and Insurance subsector and 3.8% for the Business Services subsector. The corresponding average growth rates under the high-growth scenario are 5.9%, 9.2% and 4.7% respectively.

---

<sup>22</sup> In January 2011 a new version of the OFO was released. This version aligns the OFO with the occupational classification system of the International Labour Organisation. However, the labour demand model is based on occupational information that was originally classified according to an older version of the OFO and it cannot be converted to the new OFO. The new OFO will be used in the 2012 sector survey and the demand model will be adapted to this classification after completion of the survey.

**Table 3-1 Economic growth assumptions (growth in GVA): 2011-2017**

<b>Low growth</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Average 2011-2017</b>
Finance and insurance	5.2%	5.4%	5.6%	5.7%	5.9%	5.6%	5.3%	5.5%
Business services	2.5%	2.6%	2.7%	2.8%	2.9%	2.7%	2.5%	2.7%
Total economy	2.0%	2.2%	2.4%	2.5%	2.7%	2.4%	2.1%	2.3%
<b>Baseline growth</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Average 2011-2017</b>
Finance and insurance	7.2%	7.3%	7.7%	7.7%	7.8%	7.5%	7.6%	7.5%
Business services	3.6%	3.6%	3.8%	3.8%	3.9%	3.8%	3.8%	3.8%
Total economy	3.9%	4.1%	4.4%	4.4%	4.5%	4.3%	4.3%	4.3%
<b>High growth</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Average 2011-2017</b>
Finance and insurance	7.8%	8.8%	9.3%	9.8%	9.8%	9.7%	9.4%	9.2%
Business services	3.9%	4.5%	4.7%	5.0%	5.0%	5.0%	4.8%	4.7%
Total economy	4.5%	5.5%	6.0%	6.5%	6.5%	6.4%	6.1%	5.9%

Source: EcoQuant

**b) Changes in total employment**

Forecasts for changes in total employment were also derived for the three economic growth scenarios. First, total employment growth was regressed on economic growth to obtain three distinct employment scenarios. A low growth scenario of 2.3% p.a. real economic growth, had an associated total employment impact of 1% p.a. A high growth scenario amounting to 5.9% real economic growth on average over the period, would more than double the pace of employment growth to around 2.2% p.a.

The employment growth rates of the Finance and Insurance and of the Business Services subsectors were regressed on the total economy's employment growth and forecasts for these subsector's employment growth rates were also obtained for the forecast period (2011-2017). Fasset's sector employment (observed over the period 2003 to 2010) was found to have a close relationship with employment trends in the business services subsector, and this relationship was used to also obtain employment growth numbers for the different scenarios, for Fasset's sector. Fasset's sector employment growth during 2011-2017 is likely to average between -0.2% p.a. (low growth scenario) and 5.5% p.a. (high growth scenario). The total growth assumptions associated with the GVA growth cited in Table 3-1 Economic growth assumptions (growth in GVA): 2011-2017 above are shown in Table 3-2.

**Table 3-2 Growth in total employment: 2011-2017**

<b>Low growth</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Average 2011-2017</b>
Finance and insurance	0.1%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%
Business services	-0.4%	-0.2%	0.0%	0.1%	0.3%	0.0%	-0.3%	0.0%
Fasset's sector	-1.3%	-0.3%	0.0%	0.2%	0.5%	0.0%	-0.4%	-0.2%
Total economy	0.9%	0.9%	1.0%	1.0%	1.1%	1.0%	0.9%	1.0%
<b>Baseline growth</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Average 2011-2017</b>
Finance and insurance	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%
Business services	1.3%	1.5%	1.9%	2.0%	2.2%	2.1%	1.9%	1.9%
Fasset's sector	1.4%	2.5%	3.2%	3.4%	3.6%	3.5%	3.1%	2.9%
Total economy	1.5%	1.5%	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%
<b>High growth</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Average 2011-2017</b>
Finance and insurance	0.6%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%
Business services	2.0%	3.0%	3.4%	3.9%	3.9%	3.8%	3.5%	3.4%
Fasset's sector	2.6%	4.9%	5.7%	6.5%	6.5%	6.3%	5.9%	5.5%
Total economy	1.7%	2.0%	2.2%	2.4%	2.4%	2.3%	2.2%	2.2%

Source: EcoQuant

**c) Mortality**

Mortality seems to play a very small role in replacement demand in this sector. In the employer survey a mortality rate of only 0.2% was reported. In the model the mortality rate was taken as 0.5% per year.

**d) Retirement**

The workforce of the Financial and Accounting Services Sector is relatively young. In the model the number of people who were expected to retire was based on the age distribution of workers in the different occupational groups observed in the employer survey in 2007/2008. It was assumed that people retire at the age of 60.

It must, however, be noted that with many organisations in this sector being professional practices, retirement is often delayed and so the traditional retirement age of 60 may not apply to all practitioners. There may, in fact, be a move by retirees from large organisations and public enterprises into the sector as they create small, private businesses such as accounting practices and management consultancies to supplement their retirement income.

**e) Emigration**

Since 1994, a sharp increase has occurred in the loss of skilled professionals in the Financial and Accounting Services Sector as a result of emigration. Official figures published by Statistics South Africa show that the emigration of accountants and related professionals soared to more than 500 a year in 2001 and 2002. In 2003 over 700 financial professionals left the country.<sup>23</sup> The unofficial figure could, however, be much higher as

<sup>23</sup> Statistics South Africa stopped the collection of emigration data in 2003. Therefore, more recent data are not available.

many professionals leave the country temporarily or do not declare their permanent emigration. At the end of June 2011, a total of 7 030 CAs(SA) who were registered with SAICA were working abroad (approximately 22% of all CAs(SA)).<sup>24</sup>

Although South African professionals are sought after in the rest of the world, the global recession caused large-scale job losses in countries that traditionally sourced professionals from South Africa and it is unlikely that as many South Africans as before will find employment abroad. The model was adapted to provide for a reduction in emigration in 2011 and 2012, but it is assumed that as the world economy recovers, emigration will increase again.

**f) People leaving the sector**

People leaving the sector to find employment in other sectors of the economy or who stop working altogether (to become homemakers, for example) is the greatest factor contributing to replacement demand. However, there is no statistical information available about the magnitude of this form of skills attrition from the sector. In the absence of any reliable data a speculative figure of 2% was assumed for 2011. It was argued that during a period of economic slowdown job opportunities will be reduced in all sectors of the economy and people will be less likely to move out of the Financial and Accounting Services Sector than in an economic boom. The percentage of people moving out of the sector was raised again to 5% for 2013 to 2017 in accordance with the expected economic recovery.<sup>25</sup>

Most accounting trainees change employment after completion of their learnership contracts. As most of the learnerships are three-year programmes it was assumed that a third will complete their learnerships every year. It was furthermore assumed that approximately half of the learners who qualify each year (i.e. 15% of all learners) will leave the sector and find employment elsewhere in the economy.

The replacement assumptions used in the model are summarised in Table 3-3.

---

<sup>24</sup> SAICA's membership statistics published on <http://www.saica.co.za>, June 2011.

<sup>25</sup> Although there is no statistical information available on the movement of people between sectors, the general observation – which was confirmed by employers in the focus group – is that Fasset's sector tends to be a training sector where people develop financial skills and then move into financial positions in other sectors of the economy. One could therefore assume that a net loss of skills to the rest of the economy occurs every year.

**Table 3-3 Replacement-demand assumptions: 2011-2017**

	2011	2012	2013	2014	2015	2016	2017
Mortality rate	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Percentage leaving the sector (All occupations)	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Percentage leaving the sector (Accounting trainees)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
<b>Retirement</b>							
Managers	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Professionals	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Technicians and Trades Workers	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Community and Personal Service Workers	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Clerical and Administrative Workers	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Sales Workers	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Machinery Operators and Drivers	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Elementary Workers	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
<b>Emigration</b>							
Emigration (non-professionals)	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Emigration (professionals)	0.1%	0.1%	0.5%	0.5%	0.5%	0.5%	0.5%

### 3.6.3 Projection results

Table 3-4 summarises the results obtained from the demand projection model. Under the low-growth scenario the total number of positions in the sector will decline from 116 150 in 2010 to 114 680 in 2011. Over the period 2012 to 2015 it will remain more or less the same and in 2016 the positions will increase to 115 240. In 2017 it will increase only slightly to 115 300. Under this negative growth scenario the sector will only create a few new jobs between 2013 and 2016. Replacement demand will increase from 5 880 in 2010 to 9 640 in 2017.

Under the baseline scenario total employment will increase from 116 150 in 2011 to 138 030 in 2017. The new positions to be filled each year will increase from 1 600 in 2011 to 4 700 in 2016. In 2017 it will decline slightly to 4 250. Replacement demand will increase from 5 880 in 2011 to 11 540 in 2017.

The high-growth scenario renders the following results: Total employment will increase from 116 150 in 2011 to 159 330 in 2017. The new positions that will be filled each year will increase from 3 020 in 2011 to 9 330 in 2017. Replacement demand will increase from 5 880 to 13 320 in 2017.

**Table 3-4 Summary of demand projections: 2011 - 2017**

<b>Low growth</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total employment at beginning of year	116 150	114 680	114 370	114 430	114 660	115 240	115 300
New positions to be filled during year	-1 470	-300	50	230	590	50	-480
Positions that need replacement during year	5 880	6 240	9 560	9 570	9 590	9 630	9 640
Total positions to be filled during year	4 410	5 940	9 610	9 800	10 170	9 690	9 160
<b>Baseline</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total employment at beginning of year	116 150	117 750	120 740	124 560	128 750	133 340	138 030
New positions to be filled during year	1 600	2 980	3 820	4 190	4 590	4 700	4 250
Positions that need replacement during year	5 880	6 410	10 090	10 410	10 760	11 150	11 540
Total positions to be filled during year	7 490	9 390	13 920	14 600	15 350	15 840	15 790
<b>High growth</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total employment at beginning of year	116 150	119 170	125 020	132 140	140 720	149 850	159 330
New positions to be filled during year	3 020	5 840	7 120	8 580	9 130	9 490	9 330
Positions that need replacement during year	5 880	6 490	10 450	11 050	11 760	12 530	13 320
Total positions to be filled during year	8 910	12 330	17 570	19 620	20 900	22 010	22 650

All figures were rounded to the nearest 10.

Of particular importance to Fasset's future planning is the projected demand for financial professionals. The total number of positions that will need to be filled (given the different scenarios) is shown in Table 3-5.

**Table 3-5 Total number of key professional positions to be filled: 2011-2017**

	<b>Low growth</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
221	Accountants, Auditors and Company Secretaries	2 530	3 130	3 800	3 850	3 950	3 830	3 680
222	Financial Brokers and Dealers, and Investment Advisors	80	130	230	230	240	230	220
224	Information and Organisation Professionals	110	180	310	310	330	310	290
261	Business and Systems Analysts, and Programmers	30	60	100	100	100	100	90
	<b>Baseline</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
221	Accountants, Auditors and Company Secretaries	3 380	4 130	5 050	5 280	5 530	5 710	5 740
222	Financial Brokers and Dealers, and Investment Advisors	150	220	330	350	370	380	380
224	Information and Organisation Professionals	210	300	450	470	500	520	510
261	Business and Systems Analysts, and Programmers	70	100	140	150	160	170	160
	<b>High growth</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
221	Accountants, Auditors and Company Secretaries	3 780	4 960	6 110	6 740	7 180	7 580	7 850
222	Financial Brokers and Dealers, and Investment Advisors	190	290	420	470	500	530	550
224	Information and Organisation Professionals	260	400	570	640	680	720	740
261	Business and Systems Analysts, and Programmers	80	130	180	210	220	230	240

All figures were rounded to the nearest 10.

### 3.7 CONCLUSIONS

This chapter provides an overview of the demand for labour in the Financial and Accounting Services Sector. The demand for labour is obviously closely linked to economic growth. It is unfortunate that there is no economic data available specifically for Fasset's sector. In this chapter we used the best information available, but the data of the subsectors included in the discussions in this chapter are influenced by the presence of information on non-related economic activities. Nevertheless, the economic and employment analysis and forecasts presented in this chapter provide a relatively reliable indication of the demand for labour in Fasset's sector.

The chapter clearly shows the professional nature of the sector and the high intensity of highly skilled- and skilled labour demand. This can be expected to remain this way. The changes in the demand for specific services within the sector and the changes in the demand for skills that are discussed in this chapter will not affect the fact that the sector mainly needs the services of highly skilled managers and professionals and appropriately skilled clerical and administrative staff.

The labour demand scenarios presented in this chapter are all based on the assumption that the world economy will recover from the recession and that no further external shocks will occur over the next five years.

Another point that is very important to note is that the demand scenarios presented in this chapter assume no supply-side constraints. However, as mentioned earlier, this sector is labour intensive and the growth of the sector is highly dependent on the availability of people with the necessary skills – especially professionals. If the supply side of the market cannot produce the necessary skills, the growth of the sector may become constrained.

Lastly, it is important to note that Fasset's sector is not the only user of financial skills. Financial skills are also used in the other financial service environments such as insurance and banking and in the rest of the economy. Ideally, the demand for financial skills should be viewed holistically – taking the needs of the total economy into consideration.

## 4 THE SUPPLY OF SKILLS

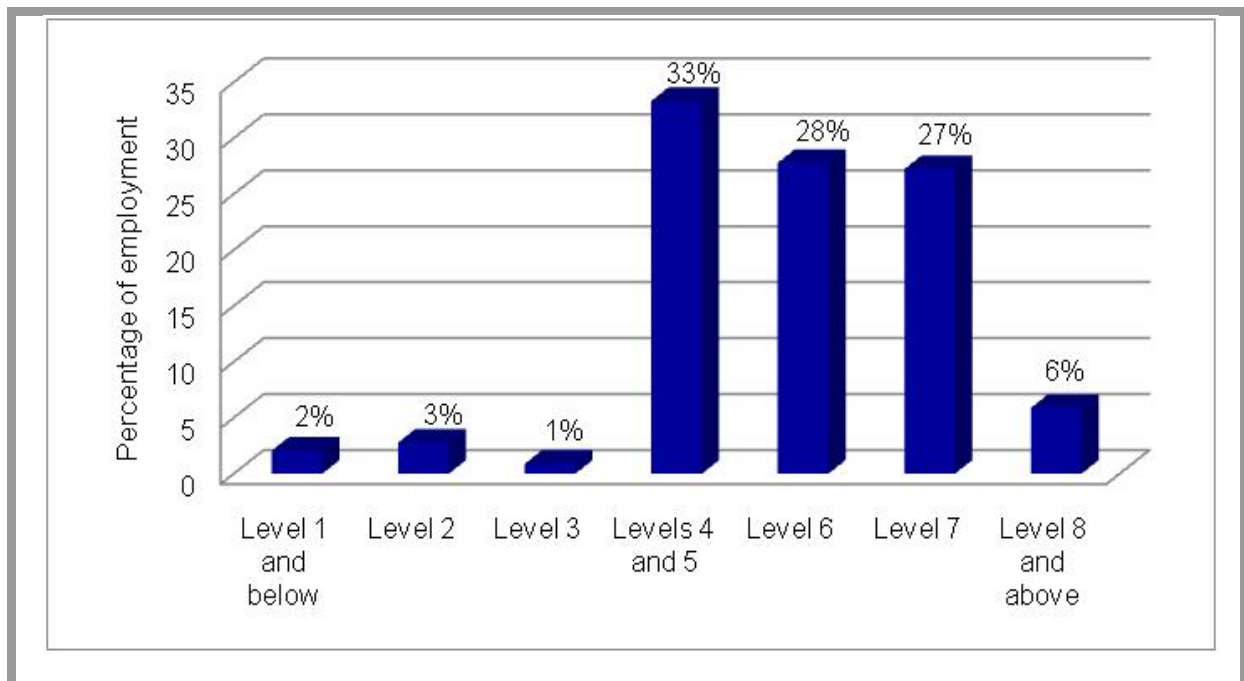
### 4.1 INTRODUCTION

The supply of skills to the sector is analysed from different perspectives. Firstly the focus falls on the current workforce in the sector. This discussion is followed by an analysis of the supply of new skills to the sector. The last part of the chapter deals with skills development in the workplace.

Throughout this chapter, when we refer to NQF levels, the old NQF levels (1 to 8) are used. This is done for two reasons: First, some of the data were collected before the institution of the new NQF levels and at this stage it is not possible to convert historical information on qualifications to the new levels; and, secondly, at the time of writing this report some of the qualifications used in the sector had not yet been converted by the South African Qualifications Authority (SAQA) to the new levels.

### 4.2 CURRENT WORKFORCE

The educational levels of workers reported in Fasset's 2007/2008 sector survey can be seen in Figure 4-1.<sup>26</sup> Qualifications at NQF Level 4 (Grade 12 or matric and equivalent) and NQF Level 5 were grouped together because in the survey it was not possible to accurately determine the levels of certificates; some could have been at NQF Level 4 and some at NQF Level 5. The figure clearly shows that the Financial and Accounting Services Sector employs mainly highly skilled workers. The vast majority (94%) of employees held qualifications at NQF Level 4 and above. As many as 61% had qualifications at NQF Level 6 and above.



**Figure 4-1 Educational profile of the employees in the sector, 2008**

Source: Fasset. Survey of the Financial and Accounting Services Sector, January 2008.

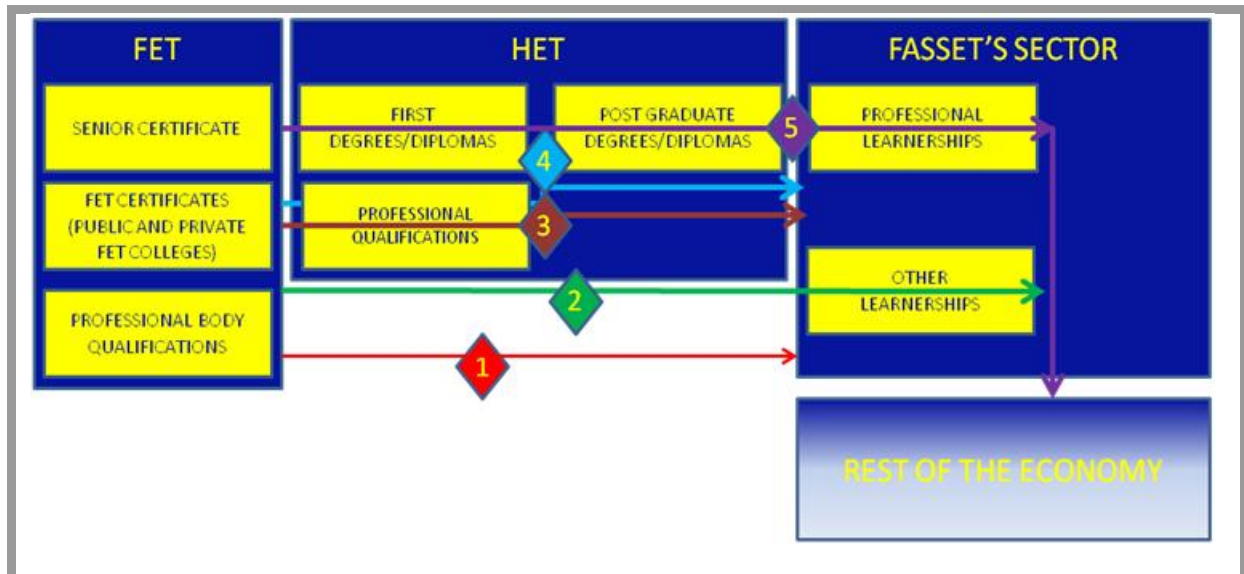
<sup>26</sup> Information on qualification levels of the workforce is only collected in the five-yearly sector surveys. The 2007/2008 information is the most recent information available.

No information is currently available on the fields in which unemployed people in South Africa have qualified. It is therefore not possible to gauge whether there is additional availability among the unemployed of the qualifications needed in this sector.

### 4.3 SKILLS FORMATION IN THE SECTOR

The formation of new skills for the sector takes many forms, and several routes are available to those who want to work permanently in the sector.

The five most typical entry routes (or skills development pipelines) are illustrated in Figure 4-2.



**Figure 4-2 Typical entry routes (with formal qualifications) into the Financial and Accounting Services Sector**

#### 4.3.1 Direct entry with FET-level qualifications into the labour market

A relatively small proportion of the workers in the sector enter the labour market after school without any further education or training. The educational profile of the sector shows that very few workers have qualifications lower than Grade 12 or matric. These workers are employed mainly in elementary occupations.

Workers with Grade 12 are employed largely in clerical or administrative positions. Some public and private FET colleges, as well as some of the professional bodies, offer qualifications relevant to the sector and that prepare learners specifically for positions in the Financial and Accounting Services Sector.

#### 4.3.2 Entry after school via learnerships

Various learnerships in the sector have Grade 12 or matric as an entry-level requirement. These learnerships prepare workers for clerical and administrative positions.

#### 4.3.3 Entry via the higher education system with professional qualifications

Several of the professional associations offer professional qualifications, some of which are internationally recognised. Preparatory education for the qualifying assessments is offered by some of the public- as well as private higher education institutions, while the qualifying assessments are generally set by the professional bodies.

#### **4.3.4 Entry via the higher education system with national qualifications**

Many workers enter the sector after completion of a degree or diploma at a public- or private higher education institution. The qualifications gained along this route are the standard higher education qualifications (typically diplomas and degrees).

#### **4.3.5 Entry via the higher education system with national qualifications, followed by a learnership and a professional qualification**

Some of the higher-level professional qualifications can be obtained only after acquiring a national qualification or qualifications (e.g. a B.Com (Honours) degree), after the completion of a learnership, and after passing a qualifying assessment set by the professional body. This route is the one followed by specialised professionals such as CAs(SA) and professional accountants. It is important to note that in terms of professional learnerships and qualifications Fasset's sector is a training sector and many of the trainees on professional learnerships leave the sector after completion of their learnerships to take up financial positions in other sectors of the economy. Of SAICA's 32 535 members, over 75% work in general commerce and industry and fall, therefore, outside of the sector serviced by Fasset. However, over 96% of CAs(SA) complete their learnerships and qualification process within the sector serviced by Fasset. It is very clear from these figures from one professional body only that the Fasset sector serves as a training ground for accountants.<sup>27</sup>

The different components of skills formation in the sector are illustrated in Figure 4-4. Formal FET and HET qualifications and learnerships form part of the entry routes into the sector. In addition, various forms of training are offered once employees have joined organisations in the sector. For the professionals it is important to undergo continuous professional development (CPD) to stay abreast of developments in their professional fields and also to retain their professional registration or membership of the professional bodies. In-service training also plays an important role in the formation of skills in the sector. Through in-service training employees develop the skills relevant for specific employers and skills that will enable them to move along their career paths and adapt to technological and other changes that may impact on the work environment. As the sector consists of a large number of very small organisations, Fasset has introduced a lifelong learning programme according to which it offers free training to employees in small organisations in the sector. This training is very popular in the sector and has, to a large extent, become an institutionalised component of skills formation.

Lastly, although only a small number of employees can benefit from ABET, some employers support ABET and, therefore, ABET also forms part of skills formation in the sector. In the sections that follow the different components are analysed.

---

<sup>27</sup> Information provided by SAICA.



**Figure 4-3 Skills-formation components**

#### **4.4 SKILLS FORMATION AT FET LEVEL**

The main groups of providers of education and training at entry level are the formal school system, private FET institutions and professional bodies such as the Institute of Certified Bookkeepers (ICB), the Association of Accounting Technicians (AAT) and the Institute of Business Management (IBM) in collaboration with employers.

The first factor playing a role in the supply of accounting skills is the Senior Certificate examination results, especially the pass rates in mathematics and accounting. Grade 12 mathematics is a prerequisite for tertiary studies in most of the study fields relevant to the sector, while bookkeepers and accounting clerks could be drawn from Grade 12 learners with mathematics and accounting as subjects.

The National Senior Certificate is a new qualification based on the National Curriculum Statement (NCS) that was introduced for the first time in Grade 10 in 2006. In 2008, Grade 12 learners sat the National Senior Certificate examination for the first time.

To qualify for the writing of the NSC examination a candidate has to go through 12 years of schooling and must complete the programme requirements for grades 10, 11 and 12 separately. To qualify for a National Senior Certificate, a learner must offer seven approved subjects and provide full evidence of School Based Assessment for each subject. For a candidate to obtain a National Senior Certificate he/she must:

- (a) Complete the programme requirements for grades 10, 11 and 12 separately and obtain the distinct outcomes and associated assessment standards for all three years;
- (b) Comply with the internal assessment requirements for grades 10, 11 and 12 and the external assessment requirements of Grade 12;
- (c) Achieve 40% in three subjects, one of which is an official language at Home Language Level;
- (d) Achieve 30% in three subjects; and
- (e) Provide full evidence in the school-based assessment component in the subject failed.

In 2010, a total of 537 543 learners sat the National Senior Certificate examination (Table 4-1). Of these, 364 513 (67.8%) passed the exam, while 146 224 learners have fulfilled the requirements for admission into diploma courses and 126 371 (23.5% of those who wrote the exam) for admission into a bachelor's degree. Gauteng had the highest pass rate in the country of 78.6% (N=72 538), while the Western Cape and North West provinces were second and third with pass rates of 76.8% and 75.7% respectively.

While mathematics at Senior Certificate level is a prerequisite for entry into the field of accounting at tertiary level, accounting is not necessarily a prerequisite. However, accounting at school level could spark learners' interest in the field of accounting, while bookkeepers and accounting clerks will most probably be sourced from candidates with at least Grade 12 accounting.

Although the number of Grade 12 learners who sat for exams increased from 533 561 in 2008 to 537 543 in 2010 the number of learners who wrote mathematics and accounting decreased annually over the same period by 6.5% and 4.4% respectively. Furthermore, fewer candidates in 2010 (N=81 374) achieved 40% or more for mathematics than in 2008 (N=91 796). The number of learners who achieved 40% or more in accounting increased annually by 1.5% from 55 164 in 2008 to 56 830 in 2010.

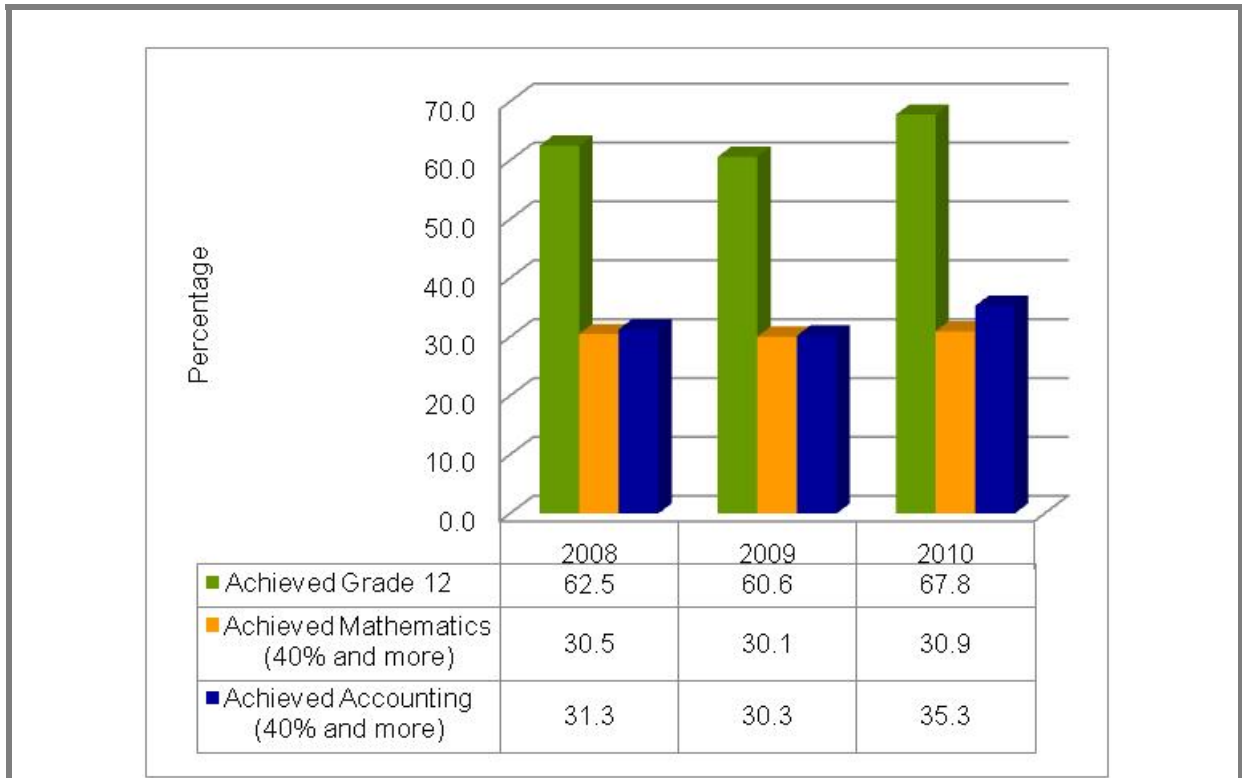
**Table 4-1 Grade 12 Statistics: 2008-2010<sup>28</sup>**

Number of matriculants who -	2008		2009		2010		AG p/a
	N	% of total who wrote Grade 12	N	% of total who wrote Grade 12	N	% of total who wrote Grade 12	%
Wrote Grade 12	533 561	100.0	552 073	100.0	537 543	100.0	0.4
Achieved Grade 12	333 604	62.5	334 718	60.6	364 513	67.8	4.5
Wrote Mathematics	300 829	56.4	301 654	54.6	263 034	48.9	-6.5
Achieved Mathematics (40% and more)	91 796	17.2	90 699	16.4	81 374	15.1	-5.8
Wrote Accounting	176 078	33.0	174 347	31.6	160 991	29.9	-4.4
Achieved Accounting (40% and more)	55 164	10.3	52 743	9.6	56 830	10.6	1.5

Source: Department of Basic Education.

Although the achievement rates in the Grade 12 examination and in accounting increased from 2008 to 2010, the rate of achievement in mathematics remained constant over the same period (Figure 4-4).

<sup>28</sup> Reports on the National Senior Certificate examination results, 2009 and 2010. Department of Basic Education, SA. <<http://www.education.gov.za/dobeinternet/researchers/tabid/422/Default.aspx>> Accessed 17 June, 2011.



**Figure 4-4 Grade 12 accounting and mathematics achievement rates: 2008-2010**

The number of passes in mathematics for entry into a field for a degree at tertiary level increased from 19 854 in 1999 to 81 278 in 2010 at an average annual growth rate of 13.3%. However, from 1999 to 2007 the number of mathematics higher grade passes annually was much lower and only grew annually at a rate of 3.1% (Figure 4-6). In 2008, with the new qualification, the number of passes in mathematics increased dramatically from 25 415 (higher grade mathematics) in 2007 to 91 796 in 2008. Since then (2008 to 2010) a negative annual growth rate (5.8%) in mathematics passes was reported (Table 4-1).

The number of passes in accounting increased annually from 21 326 in 1999 to 56 830 in 2010, at an average annual growth rate of 8.6%. From 1999 to 2007, the annual growth rate of passes in accounting on the higher grade was 1.0%, much lower than the annual growth rate over the total 11-year period (8.6%) (Figure 4-5). In 2008 the number of passes in accounting more than doubled from 23 172 (higher grade accounting) in 2007 to 55 164 in 2008. Since then (2008 to 2010) the number of accounting passes grew annually at 1.5% (Table 4-1).

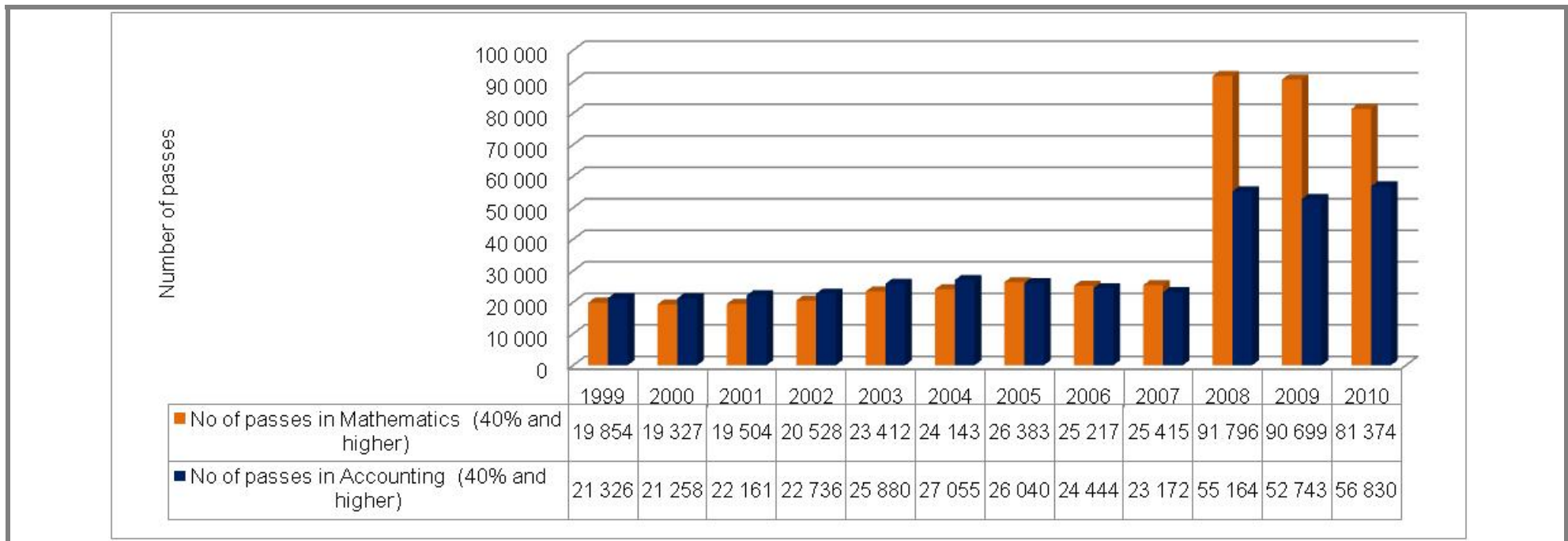


Figure 4-5 Number of passes in mathematics and accounting: 1999-2010<sup>29</sup>

<sup>29</sup> 1999-2007 Mathematics higher grade

Until 2007 overall growth in the number of matriculants with the prerequisite subjects was lower than growth in employment in the Financial and Accounting Services Sector. However, despite dramatic increases in the numbers of passes in mathematics and accounting since 2007, concerns regarding education in the formal school system are not limited to quantitative issues. Various stakeholders and participants in the Fasset Sector Survey and the consultative processes leading to this SSP expressed concerns about longstanding inequalities in the secondary school system and said that besides many learners leaving school with sub-standard numeracy and mathematical literacy, they also lack literacy and language skills and the soft skills needed for work. It was specifically stated that although learners present with NQF Level 4 qualifications in mathematics and English, their actual competencies measure well below that level. This fundamental deficiency in the supply pipeline poses challenges that are carried through to the higher education system, professional learnerships, and also into the workplace.

Several of the professional associations offer professional qualifications, some of which are internationally recognised. Preparatory education for the qualifying assessments is offered by some of the public- as well as private FET institutions while the qualifying assessments are generally set by the professional bodies. The qualifications awarded by the ICB over the period 2004 to 2010 can be seen in Table 4-2.

**Table 4-2 Professional body qualifications at FET Level**

<b>Name of qualification</b>	<b>Prof body</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
Certificate Registered Accounting Clerk	ICB	68	130	134	182	48	20	15	597
Certificate Registered Bookkeeper	ICB	26	100	87	142	48	25	12	440
Diploma Registered Accounting Technician	ICB	9	35	31	4	6	0	1	86
National Certificate Small Business Financial Management	ICB				2	14	5	17	38
FETC Bookkeeping	ICB				2	110	181	624	917
National Diploma Technical Financial Accounting	ICB	1	30	43	119	94	76	271	634
National Diploma Financial Accounting	ICB						1	3	4
National Certificate Bookkeeping	ICB					169	324	958	1 451
Certificate Office Administration	ICB							4	4
Higher Certificate Office Administration	ICB								
National Diploma Office Administration	ICB								
<b>Total</b>		<b>104</b>	<b>295</b>	<b>295</b>	<b>451</b>	<b>489</b>	<b>632</b>	<b>1 905</b>	<b>4 171</b>

Source: Information provided by ICB.

Fasset has also registered several learnerships at NQF levels 3 and 4. With the exception of one, these learnerships are offered by the professional bodies associated with Fasset.

However, most of the learners are based in organisations that don't fall within Fasset's sector. The learnerships are listed in Table 4-3.

**Table 4-3 Learnerships at FET level**

<b>Learnership name</b>	<b>NQF level</b>	<b>Professional body</b>
Certificate: Local Government Accounting	3	AAT
National Certificate: Bookkeeping	3	ICB
National Certificate Small Business Financial Management	4	ICB
FET Certificate: Bookkeeping	4	ICB
Certificate: Public Sector Accounting	4	IPFA
FET Certificate in Debt Recovery	4	None (Administered by Fasset)

Source: Fasset's data system.

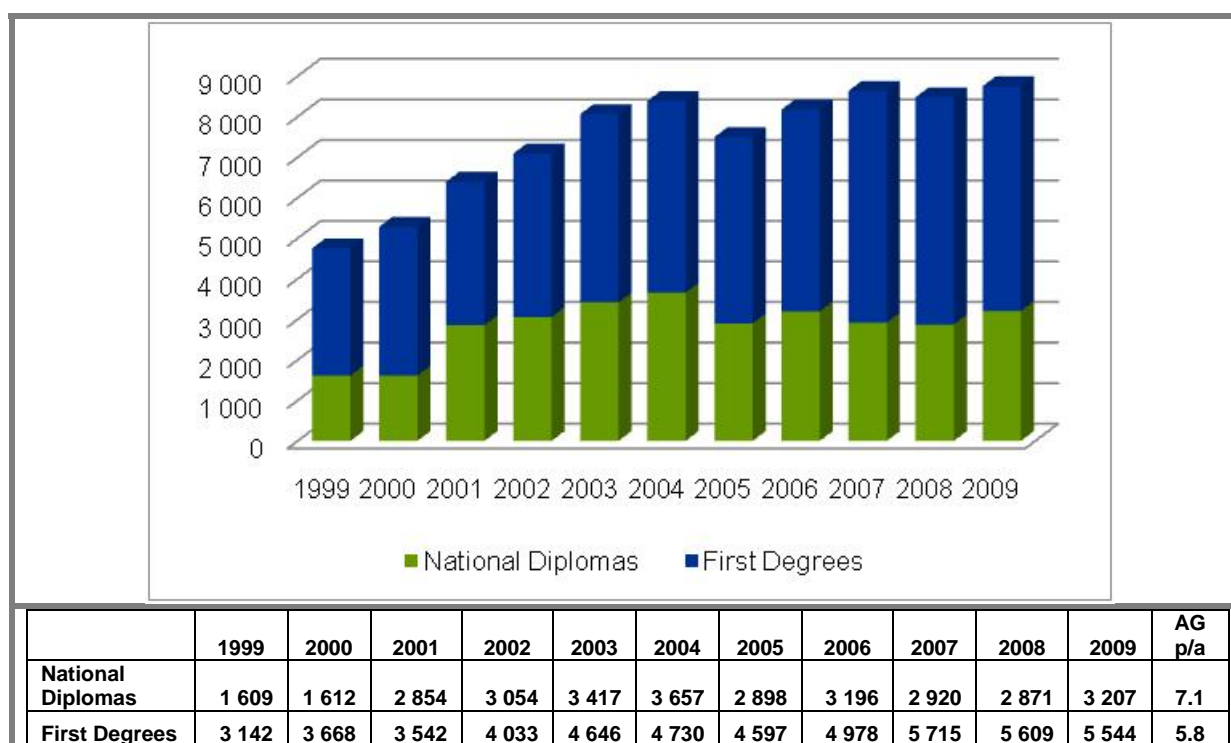
## 4.5 SKILLS FORMATION AT HET LEVEL

The analysis of the supply of skills at HET level is based on information obtained from the Department of Higher Education and Training's Higher Education Management Information System (HEMIS) database. This database contains statistical information on the output of state-subsidised universities and universities of technology. Entry into the sector takes place at NQF levels 6 or 7. Generally speaking, students who want to qualify as CAs(SA) stay at university after completion of a BCom degree in accounting to complete the Certificate in the Theory of Accounting (CTA). Many of the students at universities of technology complete the B.Tech degree before leaving the educational system and entering the labour market.

### 4.5.1 NQF Level 6

#### **a) Accounting**

Figure 4-6 shows the number of national diplomas and first degrees awarded by public higher education institutions in accounting over the period 1999 to 2009. The figure shows that the number of national diplomas awarded increased on average by 7.1% per year from 1 609 in 1999 to 3 207 in 2009. Although the average growth figure seems substantial, the number of national diplomas awarded declined in 2007 and in 2008 but increased again in 2009. Although the three-year first degrees increased from 3 142 in 1999 to 5 544 in 2009 – an average annual increase of 5.8% – the numbers of first degrees awarded in accounting decreased in 2008 and further in 2009.



**Figure 4-6 Qualifications in accounting awarded by public higher institutions at NQF level 6: 1999 - 2009**

Source: Department of Higher Education and Training, HEMIS 1999 to 2009.

When considering the supply of skills to the labour market it must be kept in mind that only those qualifiers who exit the education system at Level 6 actually contribute to the supply of NQF Level 6 skills to the labour market. The number of people who continue with honours degrees must, therefore, be subtracted from these figures. Table 4-4 shows a rough calculation of the number of people who entered the labour market at NQF Level 6 over the period 2000 to 2009. These numbers were derived by subtracting from the number of three-year first degrees awarded the number of honours degrees awarded in the same year. The table shows that at NQF Level 6 the new entrants to the labour market increased by 9.4% per year from 2 749 in 1999 to 6 829 in 2009.

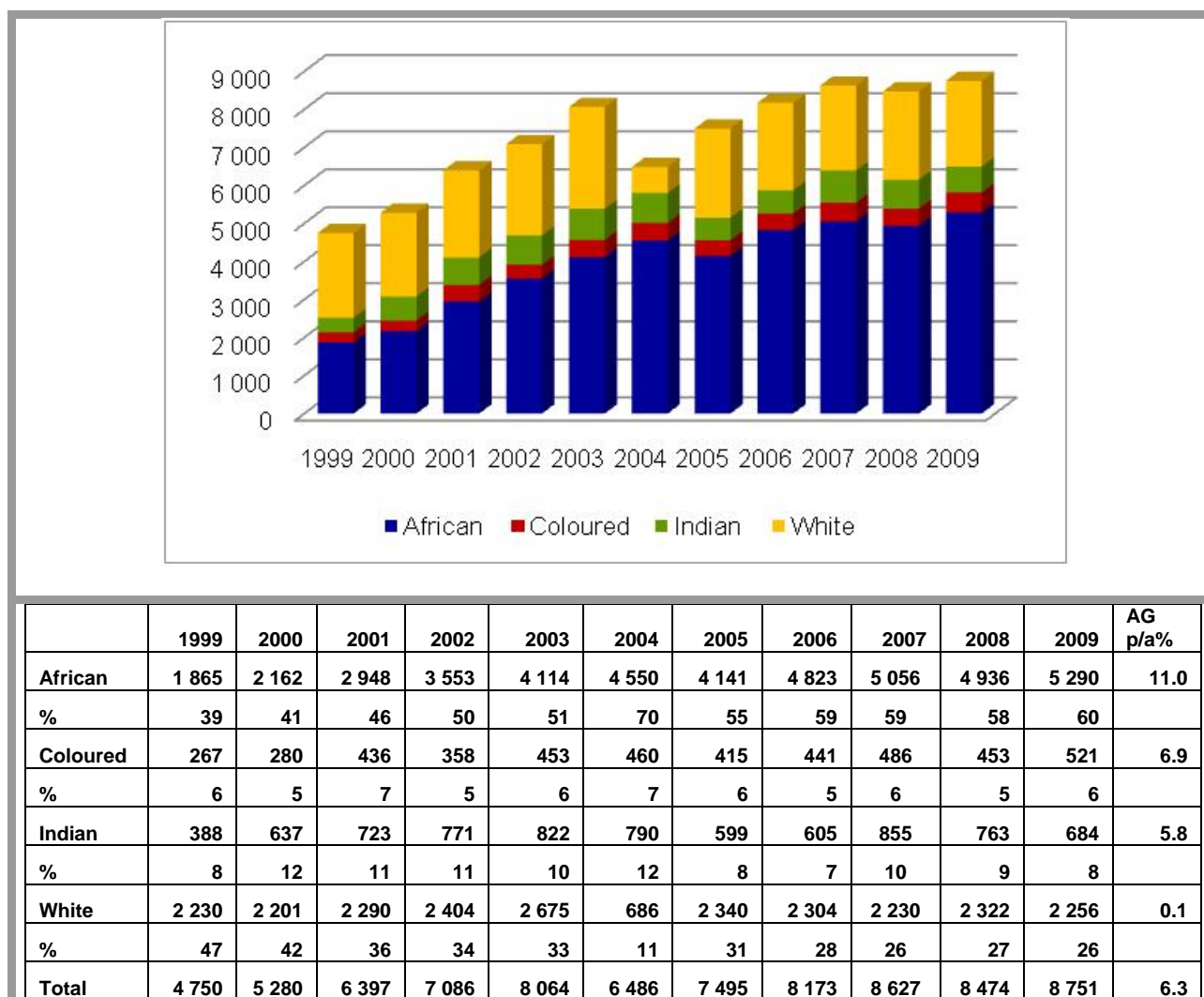
**Table 4-4 Number of entrants to the labour market at NQF Level 6: 1999-2009**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	AG p/a
National Diplomas	1 612	2 854	3 054	3 417	3 657	2 898	3 196	2 920	2 871	3 207	7.1
First Degrees	1 532	1 373	1 497	2 131	2 119	2 059	2 556	3 406	3 323	3 621	12.3
<b>Total</b>	<b>3 144</b>	<b>4 227</b>	<b>4 551</b>	<b>5 548</b>	<b>5 776</b>	<b>4 957</b>	<b>5 752</b>	<b>6 326</b>	<b>6 194</b>	<b>6 829</b>	<b>9.5</b>

Source: Calculated from Department of Higher Education and Training, HEMIS 2000 to 2009.

Figure 4-7 shows the combined output for national diplomas and three-year degrees from 1999 to 2008, according to population group. The number of African students who qualified grew at 11.0% per year. In 1999, White graduates constituted 47% of the qualifiers at NQF Level 6 and Africans only 39%. The situation changed gradually over the ten-year period

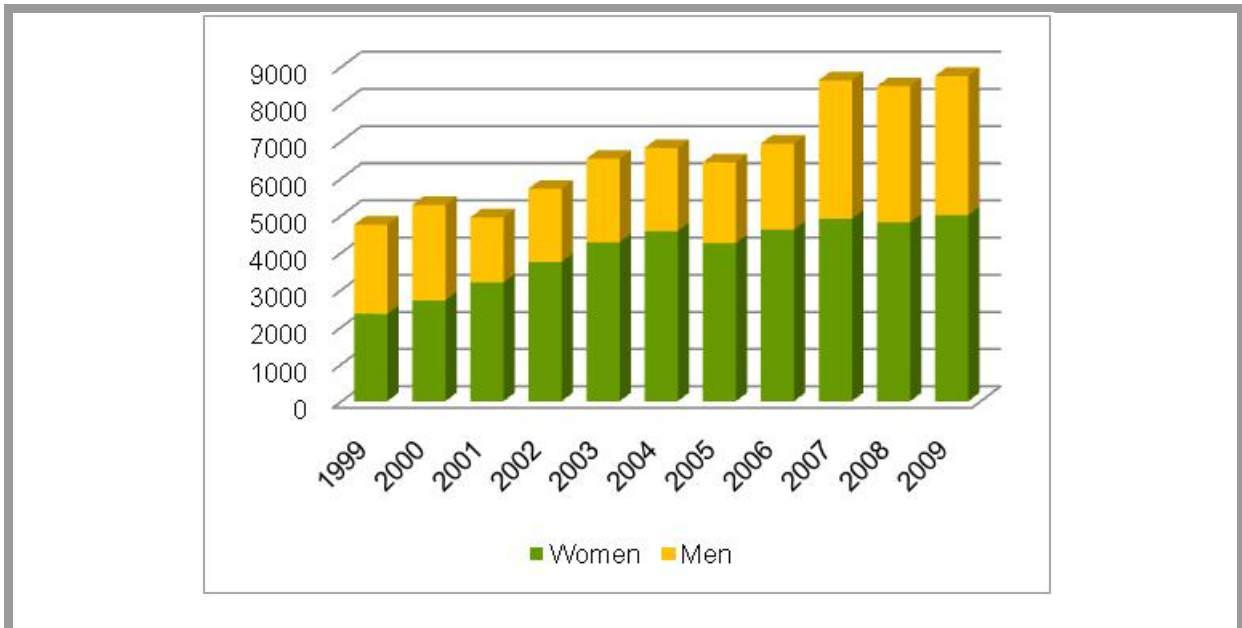
under review. In 2009, African graduates constituted 60% of all accounting graduates at NQF Level 6 and Whites only 26%.



**Figure 4-7 Qualifications in accounting awarded by higher education institutions at NQF Level 6 (national diplomas and three-year degrees) according to population group: 1999-2009**

Source: Department of Higher Education and Training, HEMIS 1999 to 2009.

The number of women who graduated with NQF Level 6 qualifications in accounting increased on average by 7.9% per year (as opposed to growth in the number of men of 4.5%) and women increased their share from 50% in 1999 to 57% in 2009 (Figure 4-8).



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	AG p/a%
<b>Women</b>	2 351	2 717	3 196	3 751	4 278	4 579	4 258	4 619	4 916	4 814	5 010	7.9
%	49.5	51.4	64.6	65.6	65.6	67.2	66.3	66.7	56.9	56.8	57.2	
<b>Men</b>	2 400	2 564	1 751	1 966	2 248	2 235	2 168	2 311	3 719	3 665	3 741	4.5
%	50.5	48.6	35.4	34.4	34.4	32.8	33.7	33.3	43.1	43.2	42.8	
<b>Total</b>	4 751	5 281	4 947	5 717	6 526	6 814	6 426	6 930	8 635	8 479	8 751	6.3

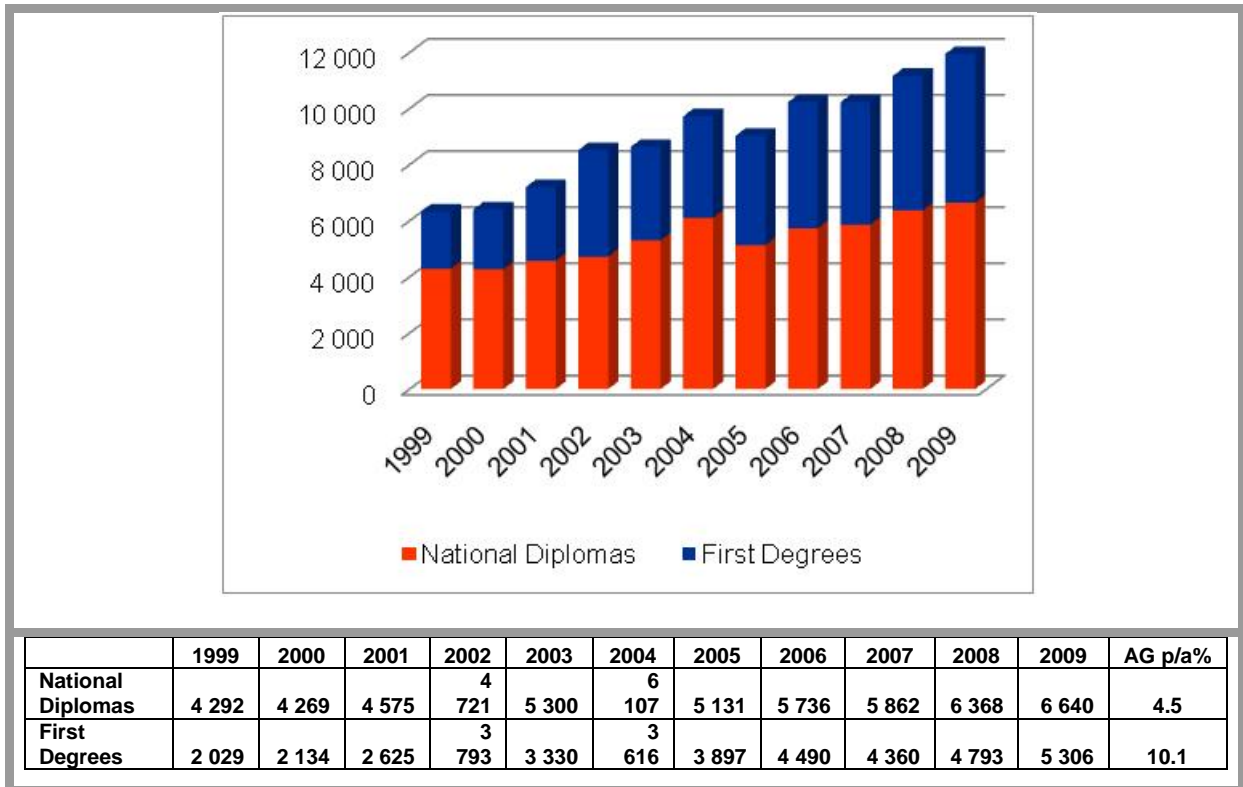
**Figure 4-8 Qualifications in accounting awarded by higher education institutions at NQF Level 6 (national diplomas and three-year degrees) according to gender: 1999-2009**

Source: Department of Higher Education and Training, HEMIS 1999 to 2009.

**b) Other business and commerce qualifications**

This section focuses on the qualifications other than accounting that relate to the sector. The combined field includes qualifications in study fields such as banking and finance, business data systems, insurance and risk management, international business, quantitative methods, personnel management and administration, marketing, management and real estate.

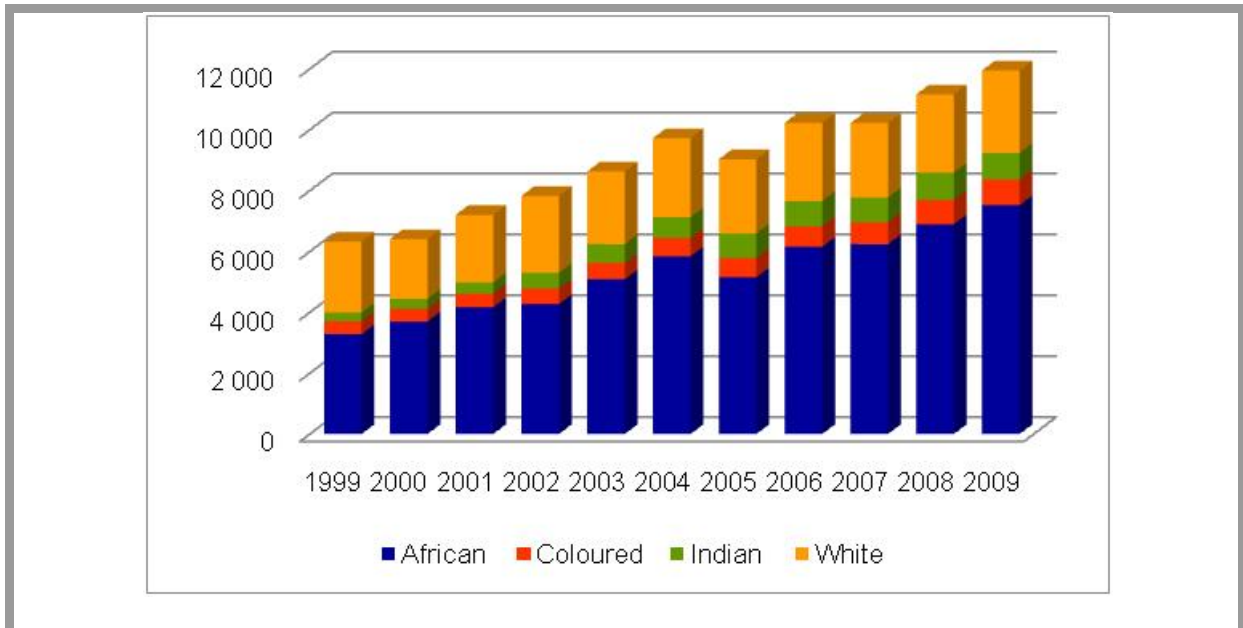
Figure 4-9 shows the number of national diplomas and first degrees awarded by public higher education institutions in other business and commerce fields of study over the period 1999 to 2009. The figure shows that the number of national diplomas awarded increased on average by 4.5% per year from 4 292 in 1999 to 6 640 in 2009. The first degrees increased from 2 029 in 1999 to 5 306 in 2009 – an average annual increase of 10.1%.



**Figure 4-9 Other business and commerce qualifications awarded by public higher education institutions at NQF Level 6: 1999-2009**

Source: Department of Higher Education and Training, HEMIS 1999 to 2009.

Figure 4-10 shows that African graduates constituted the majority of graduates at NQF Level 6 in other business and commerce qualifications for the total period under review and that their share in qualifications awarded grew from 51.9% in 1999 to 62.9% in 2009. Over this period the number of Indian students who qualified grew by 11.8%, coloureds by 7.0%, while White graduates grew by only 1.5%. Most of the qualifications were awarded in the study fields of management, personnel management and administration and marketing.

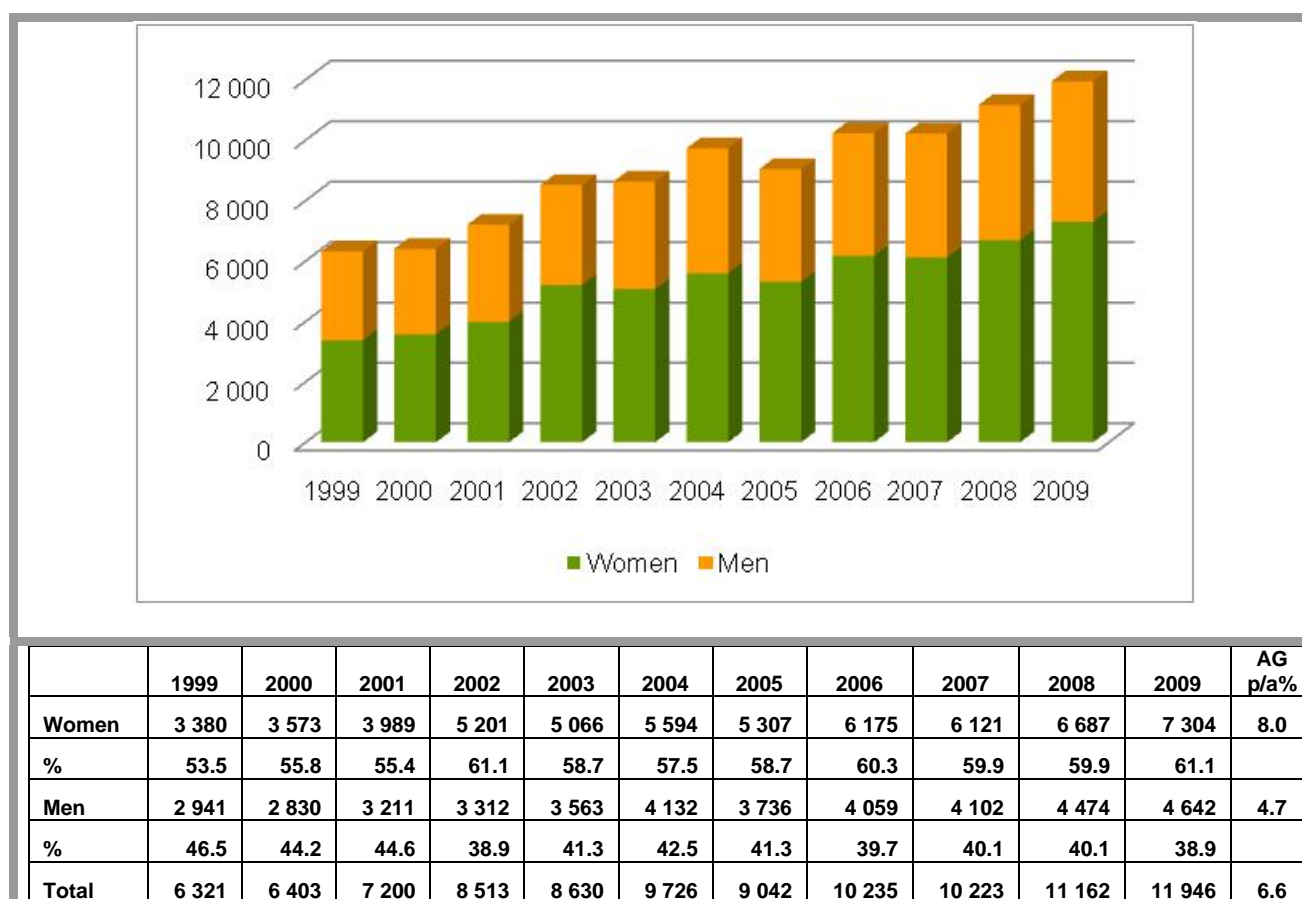


	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	AG p/a %
<b>African</b>	3 278	3 695	4 161	4 271	5 083	5 842	5 151	6 149	6 239	6 895	7 520	8.7
%	51.9	57.7	57.8	54.6	58.9	60.1	57.1	60.1	61.1	62.9	62.9	
<b>Coloured</b>	430	424	455	508	542	605	637	678	717	799	848	7.0
%	6.8	6.6	6.3	6.5	6.3	6.2	7.0	6.6	7.0	31.1	7.1	
<b>Indian</b>	284	320	362	524	613	678	805	830	819	896	869	11.8
%	4.5	5.0	5.0	6.7	7.1	7.0	8.9	8.1	8.0	34.9	7.3	
<b>White</b>	2 328	1 964	2 221	2 523	2 390	2 599	2 436	2 569	2 441	2 568	2 708	1.5
%	36.8	30.7	30.8	32.2	27.7	26.7	27.0	25.1	23.9	100.0	22.7	
<b>Total</b>	6 320	6 403	7 199	7 825	8 629	9 723	9 029	10 226	10 217	11 158	11 946	6.6

**Figure 4-10 Other business and commerce qualifications awarded by public higher education institutions at NQF Level 6 according to population group: 1999-2009**

Source: Department of Higher Education and Training, HEMIS 1999 to 2009.

Figure 4-11 shows a steady increase in the number of graduates who have graduated annually at NQF Level 6 in other business and commerce fields since 1999. The number of women who graduated at NQF Level 6 in other business and commerce fields increased on average by 8.0% per year as opposed to a growth in numbers of men of 4.7% (Figure 4-11). Of the graduates in 2009, just over 60% (61.1%) were women.



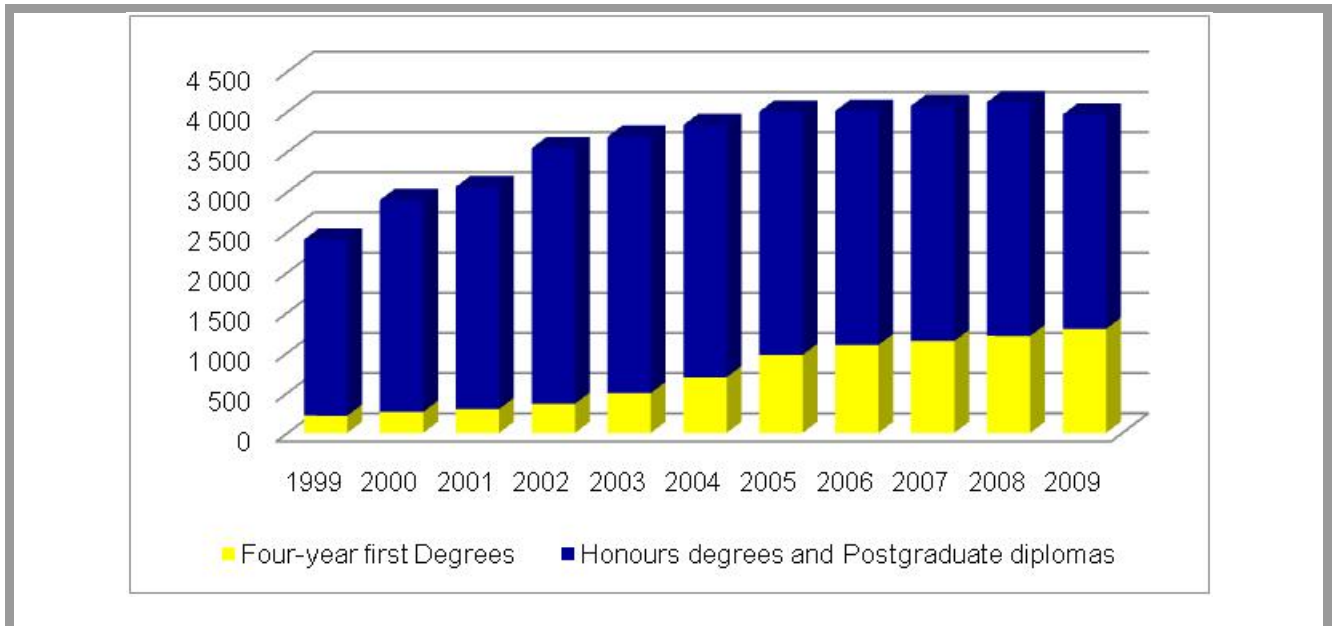
**Figure 4-11 Other business and commerce qualifications awarded by public higher education institutions at NQF Level 6 (national diplomas and three-year degrees) according to gender: 1999-2009**

Source: Department of Higher Education and Training, HEMIS 1999 to 2009.

#### 4.5.2 NQF level 7

##### **a) Accounting**

At NQF Level 7 the three types of qualifications relevant to this study are: four-year first degrees, which mainly consist of B.Tech degrees offered by the universities of technology; honours degrees; and postgraduate diplomas offered by universities. The output in the study field of accounting at NQF Level 7 can be seen in Figure 4-11. The total number of graduates who were awarded NQF Level 7 qualifications grew at an annual rate of 5.1% from 2 406 in 1999 to 3 963 in 2009. Furthermore the four-year first degrees awarded increased by 19.7% per year from 215 in 1999 to 1 294 in 2009 and honours degrees and postgraduate diplomas increased by 2.0% per year from 2 191 in 1999 to 2 669 in 2009. However, the number of honours degrees and postgraduate diplomas awarded in 2009 was 4% less than the number awarded in 2008.

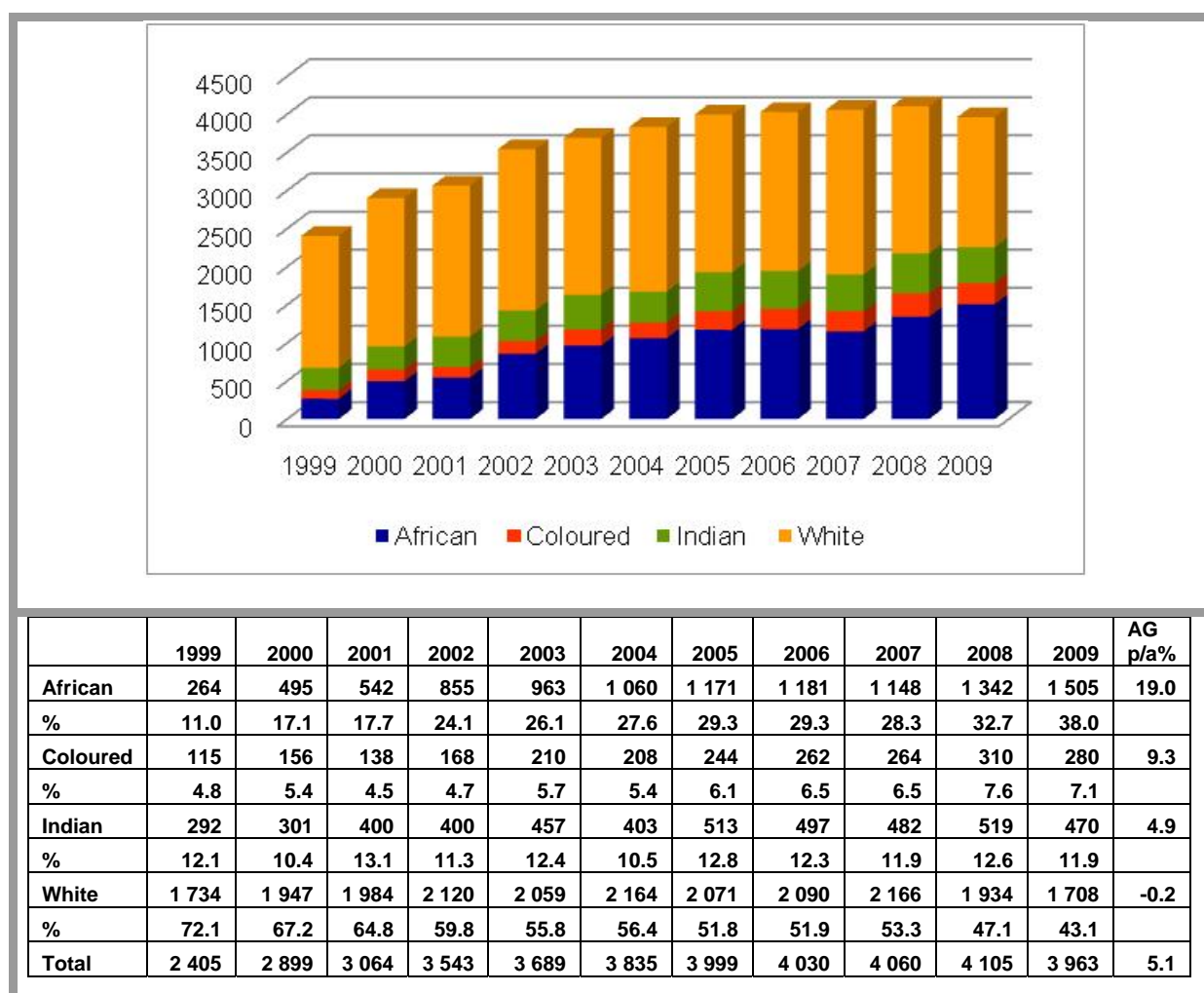


	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	AG p/a%
Four-year first Degrees	215	261	296	363	496	693	970	1 094	1 143	1 208	1 294	19.7
Honours degrees and Postgraduate diplomas	2 191	2 638	2 767	3 181	3 192	3 140	3 029	2 913	2 928	2 909	2 669	2.0
<b>Total</b>	<b>2 406</b>	<b>2 899</b>	<b>3 063</b>	<b>3 544</b>	<b>3 688</b>	<b>3 833</b>	<b>3 999</b>	<b>4 007</b>	<b>4 071</b>	<b>4 117</b>	<b>3 963</b>	<b>5.1</b>

**Figure 4-12 Qualifications in accounting awarded by public higher education institutions at NQF Level 7: 1999-2009**

Source: Department of Higher Education and Training, HEMIS 1999 to 2009.

The population group distribution of graduates who qualified with NQF 7 qualifications (four-year degrees and honours degrees and postgraduate diplomas) can be seen in Figure 4-13. The number of African graduates who qualified at NQF 7 grew from 264 in 1999 to 1 505 in 2009 – an average annual growth rate of 19.0%. In contrast, the number of White graduates decreased by 0.2% over the ten-year period – albeit from a much higher base. Most of the qualifications awarded were honours degrees and national higher diplomas.



**Figure 4-13 Qualifications in accounting awarded by public higher education institutions at NQF Level 7 according to population group: 1999-2009**

Source: Department of Higher Education and Training, HEMIS 1999 to 2009.

At NQF Level 7, women also increased their share in qualifications – i.e. in four-year degrees and honours degrees and postgraduate diplomas – from 39.9% in 1999 to 52% in 2009. The number of women who graduated each year grew on average by 7.9% and the number of men by 2.8% (Figure 4-14).

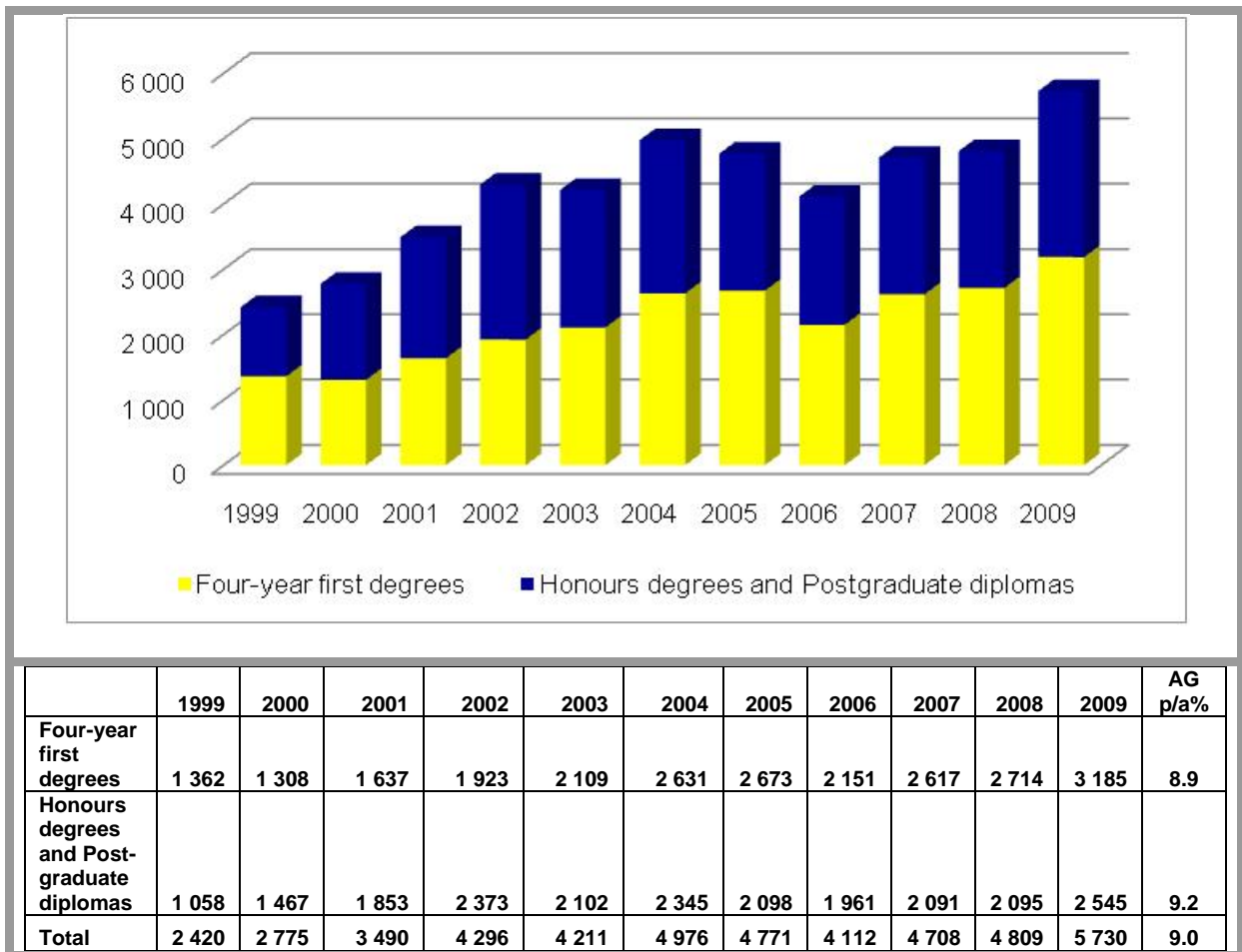


**Figure 4-14 Qualifications in accounting awarded by public higher education institutions at NQF Level 7 according to gender: 1999-2009**

Source: Department of Higher Education and Training, HEMIS 1999 to 2009.

#### ***b) Other business and commerce qualifications***

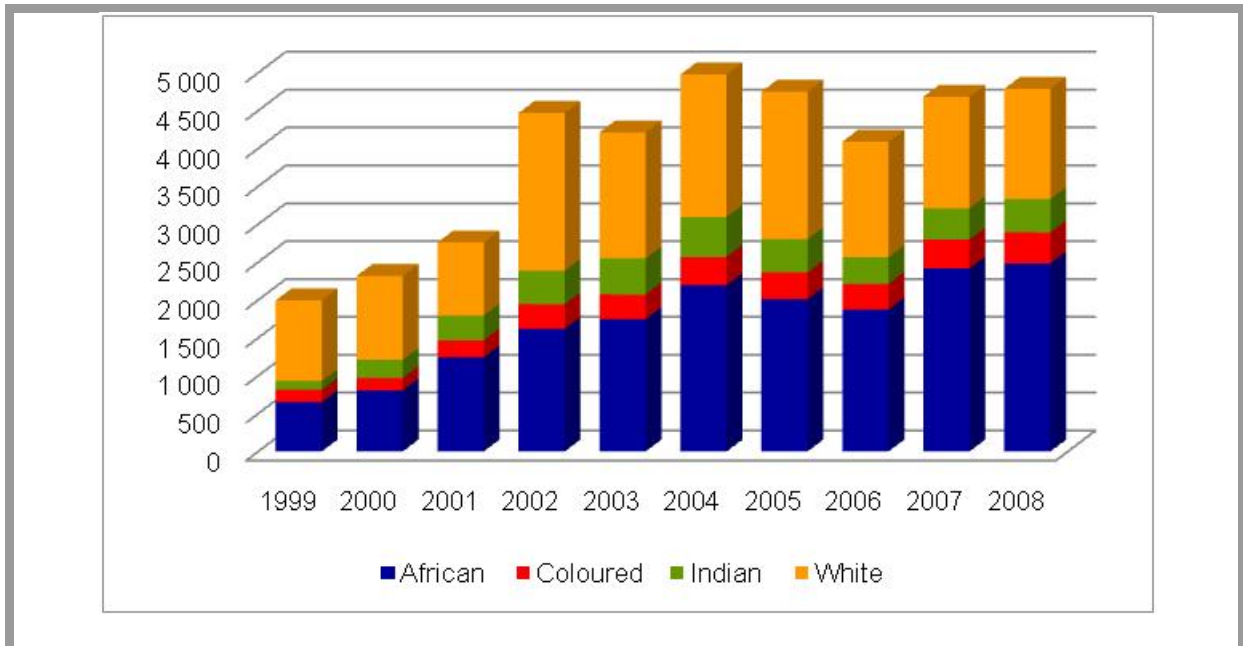
The number of qualifications awarded at NQF Level 7 in other business- and commerce-related fields can be seen in Figure 4-15. In total, the student output at this level increased from 2 420 qualifications awarded in 1999 to 5 730 qualifications in 2009 – annually growing at 9.0%. Furthermore, the figure shows that the four-year first degrees awarded increased by 8.9% per year from 1 362 in 1999 to 3 185 in 2009. Honours degrees and postgraduate diplomas increased by 9.2% over the same period. Most of these qualifications were awarded in the study fields of management and personnel management and administration.



**Figure 4-15 Other business and commerce qualifications awarded by public higher education institutions at NQF Level 7: 1999-2009**

Source: Department of Higher Education HEMIS 1999 to 2009.

Figure 4-16 shows a large increase in African graduates' share in other business and commerce qualifications awarded at NQF Level 7 for the period 1999 to 2009. In 1999, African graduates constituted only 32.6% of all graduates at that level, but their share grew to 54.4% in 2009 and the number of African graduates grew at an average annual growth rate of 17.0%. The opposite happened in the case of White graduates. Their share of all NQF Level 7 qualifications decreased from 53.4% in 1999 to only 27.6% in 2009.

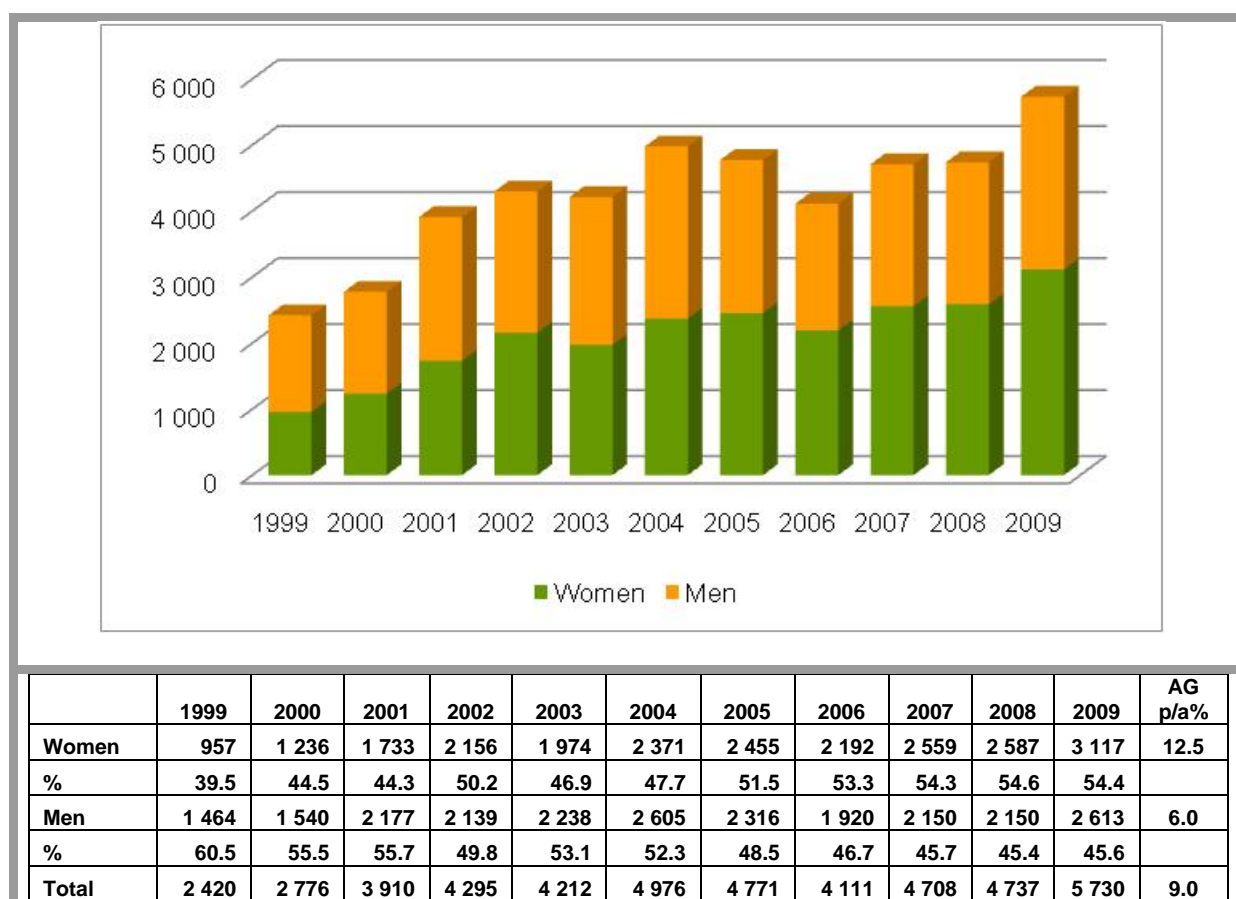


	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	AG p/a%
<b>African</b>	650	807	1 242	1 619	1 745	2 195	2 011	1 875	2 416	2 483	3 118	17.0
%	32.6	34.8	45.0	36.2	41.4	44.1	42.3	45.9	51.6	51.9	54.4	
<b>Coloured</b>	164	164	226	325	327	373	352	337	381	408	530	12.5
%	8.2	7.1	8.2	7.3	7.8	7.5	7.4	8.2	8.1	8.5	9.3	
<b>Indian</b>	116	240	327	442	479	527	440	353	414	443	501	15.7
%	5.8	10.4	11.8	9.9	11.4	10.6	9.3	8.6	8.8	9.3	8.7	
<b>White</b>	1 064	1 106	964	2 081	1 660	1 880	1 947	1 524	1 470	1 453	1 581	4.0
%	53.4	47.7	34.9	46.6	39.4	37.8	41.0	37.3	31.4	30.3	27.6	
<b>Total</b>	1 994	2 317	2 759	4 468	4 210	4 975	4 749	4 089	4 681	4 787	5 730	11.1

**Figure 4-16 Other business and commerce qualifications awarded by public higher education institutions at NQF Level 7 according to population group: 1999-2009**

Source: Department of Higher Education and Training, HEMIS 1999 to 2009.

Finally, similar to the situation with regard to NQF Level 6 qualifications in other business and commerce fields, the number of women graduates who were awarded NQF Level 7 qualifications increased considerably from 1999 to 2009. While women received only 957 (39.5%) qualifications in 1999, the number had increased to 3 117 by 2009. This represents an annual average increase of 12.5% over the ten-year period under review (Figure 4-17).



**Figure 4-17 Other business and commerce qualifications awarded by public higher education institutions at NQF Level 7 according to gender: 1999-2009**

Source: Department of Higher Education HEMIS 1999 to 2009.

Although the output from the HET institutions has shown substantial growth over the last decade, some supply-side constraints remain at this level. These include:

- The fact that a few of the historically disadvantaged HET institutions (the universities of Limpopo, Venda, Zululand, the Mafikeng campus of the University of North West and the Walter Sisulu University) are still not accredited by some of the professional bodies in the sector to deliver the programmes that lead into the professional learnerships. This excludes the learners in the rural feeding areas of those universities from access to the skills development pipeline into the professions.
- The financial situation of students from disadvantaged backgrounds. Although the students receive financial assistance from the National Student Financial Aid Scheme (NSFAS), funding is often insufficient to cover both study and living expenses. Furthermore, students who receive this kind of financial aid have such large debt burdens when they have completed their first degrees, that they don't continue with the CTA and professional learnerships, but rather enter the labour market. This stifles the growth in professional learnerships.
- The lack of the "soft skills" and work readiness of students who come from deprived backgrounds. These students haven't had sufficient exposure to the professional and business environments in which they have to function. They generally lack

assertiveness, work ethics and service orientation and the appropriate language skills and interpersonal skills necessary to handle clients etc.<sup>30</sup>

## **4.6 SKILLS FORMATION IN THE WORKPLACE**

### **4.6.1 Learnerships**

Employers play a crucial role in the formation of entry-level skills in the sector. Most of the professional qualifications are attained through learnerships, and most of those that are not currently linked to learnerships require a certain amount of workplace experience. Employers' roles are to provide the workplace exposure and mentorship needed by learners and interns.

By June 2011 a total of 24 learnerships had been registered by Fasset with the DHET. Table 4-5 shows the number of people who had completed learnerships in Fasset's sector between the inception of the learnership system in 2000 and June 2011. The total number of learnerships completed was 22 731. The majority (96.2%) of these learnerships were at NQF Level 7, and most of them led to the qualification Chartered Accountant: Auditing.

---

<sup>30</sup> Views of participants in the Fasset Sector Survey, 2008 and stakeholder focus groups June, 2010.

**Table 4-5 Learnerships completed: 2000-2010**

<b>Name of qualification</b>	<b>NQF Level</b>	<b>N</b>	<b>%</b>
Chartered Accountant: Financial Management Specialism	7	459	2.0
General Internal Auditor	7		
Post Graduate Diploma: Professional Accountant in Practice	7	372	1.6
Post Graduate Professional Qualification: Professional Accountant in Business	7	8	0.0
Professional Post-Graduate Qualification: Company Secretarial and Governance Practice	7		
Professional Qualification: Chartered Certified Accountant	7		
Professional Qualification: Chartered Management Accountant	7	3	0.0
Chartered Accountant: Auditing	7	21 121	92.5
<b>Total Level 7</b>		<b>21 963</b>	<b>96.2</b>
National Diploma: Management Accounting	6	3	0.0
<b>Total Level 6</b>		<b>3</b>	<b>0.0</b>
Diploma: Public Sector Accounting	5	12	0.1
National Certificate: Business Accounting	5	32	0.1
National Diploma: Technical Financial Accounting	5	5	0.0
Certificate: Office Administration	5		
Diploma: Accounting Technician	5	1	0.0
<b>Total Level 5</b>		<b>50</b>	<b>0.2</b>
Certificate: Public Sector Accounting	4	219	1.0
FET Certificate: Bookkeeping	4		
FET Certificate: Debt Recovery	4	113	0.5
National Certificate: Small Business Financial Management	4	13	0.1
Certificate for Registered Bookkeeper	4	17	0.1
<b>Total Level 4</b>		<b>362</b>	<b>1.6</b>
National Certificate: Bookkeeping	3		
Certificate for Registered Accounting Clerk	3	12	0.1
Certificate Local Government Accounting	3	248	1.1
National Certificate Business Administration Services	3	6	0.0
<b>Total Level 3</b>		<b>266</b>	<b>1.2</b>
National Certificate in Contact Centre Support	2	179	0.8
<b>Total Level 2</b>		<b>179</b>	<b>0.8</b>
<b>Total</b>		<b>22 823</b>	<b>100.0</b>

\*Figures include only learners registered in Fasset's sector. It should, however, be noted that some of the learnerships registered with Fasset are specifically designed for the development of skills in Government and in commerce and industry. These learners will be registered mainly in other sectors.

Source: Fasset data system, June 2011.

A critical element in the successful implementation of learnerships is employers' readiness to take on learners. This, in turn, is a function of various factors, including: employers' knowledge of learnerships in general and of the availability of specific learnerships; their knowledge of and perspectives on the possible benefits associated with learnerships; their

perceptions of the administrative processes involved in learnerships; and their perceptions of the inputs that they, as role-players, would have to contribute. In certain components of the sector (notably in the accounting and auditing firms) learnerships have become institutionalised and employers don't only participate actively in the development of learners registered with them, but they also rely on the services of those learners. In these parts of the sector a shortage of learners constitutes a serious skills shortage. This is, however, not the case in all parts of the sector. In service areas where learnerships are new – for example, in debt collection and governance – much work is still required to engage employers in learnerships.

Although the current learnerships cover a wide spectrum of fields and NQF levels, the need for two additional learnerships – in taxation and in financial markets – has been identified in research projects commissioned by Fasset.<sup>31</sup>

#### **4.6.2 Internships**

Internships – also known in some organisations as graduate development programmes - are not as well defined and structured as learnerships, but they are increasingly used by employers to develop new entrants to the labour market in a systematic and planned manner. In Fasset's sector internships are used in several fields, but specifically in taxation and in financial markets – two areas in which learnerships have not yet been registered. Some of the internships may be converted to learnerships once the appropriate learnership(s) have been registered.

One of the challenges facing the sector is to develop suitable mechanisms to support employers with the implementation of internships.<sup>32</sup>

#### **4.6.3 Short courses**

The professionals employed in the Financial and Accounting Services Sector are obliged to undergo continuous professional development (CPD) in order to retain their professional body membership. CPD therefore constitutes an important part of skills formation in the sector. Most of the professional bodies are also actively involved in the provision of CPD and/or in the accreditation of providers to offer CPD.

Apart from the compulsory CPD, organisations in the sector also provide in-service training to their employees. In the 2008/2009 financial year employers provided in-service training to some 55 000 employees (67% of the employees in the organisations that submitted WSPs to Fasset). This training addressed various aspects of the broad skills areas relevant to the sector, such as specialist financial skills, client service skills, management and leadership skills, information technology skills, and administration and support skills.

It is important to note that some of the large accounting and auditing firms in the sector have established training academies through which they provide structured training to their own employees and the learners placed on learnerships in their organisations. Some of them also make the training available to small firms and their clients.

In Chapter 2 of this report it was explained that Fasset's sector consists of a large number of very small organisations. Many of these organisations don't have the capacity to provide or

---

<sup>31</sup> EE Research Focus, Investigation into the need for a learnership in taxation, 2009 and EE Research Focus. Investigation into the need for a learnership in financial markets, 2009.

<sup>32</sup> Fasset is currently engaged in research on internships and is investigating possible ways of ensuring the quality of and funding internships.

to source their own in-service training or CPD. For this reason Fasset instituted a Lifelong Learning Programme through which it offers training free of charge to the employees of small organisations in the sector.

**Table 4-6 Attendance of Fasset's Lifelong Learning programme**

Year	Number of attendees
2002	1 695
2003	2 788
2004	4 627
2005	5 220
2006	5 350
2007	6 712
2008	9 205
2009	12 709
2010	11 237

Table 4-6 shows the numbers of people who attended Fasset's training courses from 2002, when the programme started, until 2010. The figures clearly show that these training events grew in popularity and that they became an institutionalised component of skills formation in the sector.

Only 2.1% of the workers in Fasset's sector have qualifications at NQF Level 1 or below. The need for ABET is therefore limited. Table 4-7 shows that most of the workers who participated in ABET programmes from 2007 to 2009 participated on ABET Level 3 and ABET Level 4. Of the learners most were African. Fasset is currently conducting research on alternative forms of education and training in place of traditional ABET that will address literacy and

numeracy deficiencies in the sector.

**Table 4-7 ABET learners in Fasset's sector: 2007-2009**

Level	Population group	2007		2008		2009	
		N	%	N	%	N	%
Abet Level Basic (Pre-Abet)	African	4	3.5	1	0.7		0.0
	Coloured						
	Indian						
	White	1	0.9				
Abet Level 1 (equivalent to Standard 1 or Grade 3)	African	23	20.0	20	14.9	5	9.1
	Coloured						
	Indian						
	White						
Abet Level 2 (equivalent to Standard 3 or Grade 5)	African	15	13.0	26	19.4	7	12.7
	Coloured			1			
	Indian						
	White						
Abet Level 3 (equivalent to Standard 5 or Grade 7)	African	30	26.1	24	17.9	10	18.2
	Coloured	3	2.6	3	2.2	3	5.5
	Indian	2	1.7				
	White			1	0.7		
Abet Level 4 NQF Level 1 (equivalent to Standard 7 or Grade 9)	African	32	27.8	44	32.8	10	18.2
	Coloured	5	4.3	8	6.0	17	30.9
	Indian			1	0.7	1	1.8
	White			5	3.7	2	3.6
<b>Total</b>	African	<b>115</b>	<b>100.0</b>	<b>134</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>

Source: Calculated from Fasset's data system.

## **4.7 SPECIAL SKILLS DEVELOPMENT INITIATIVES IN THE SECTOR**

Over the past ten years various special skills development initiatives have been undertaken to speed up skills development, change the demographic profile of the sector, and to alleviate the skills shortages in the sector and in financial positions in the rest of the economy. The largest of these is the Thuthuka project that was undertaken by the accounting profession under the leadership of SAICA. Thuthuka is a Zulu word that means “to develop”. The project spans multiple levels and interventions, including: High School mathematics, accounting, science and English; building the capacity of tertiary institutions to the point where they can be accredited to deliver the undergraduate and graduate courses required for entry into the professional learnerships; student support at all levels; and support for candidates who sit the professional qualifying assessments.

## **4.8 CONCLUSIONS**

This chapter provides an overview of the supply of skills to the Financial and Accounting Services Sector. From the analysis of output of the higher education sector, it is clear that the number of graduates coming out of the system has grown more or less at the same pace as or faster than the growth of the sector. Most of the growth was in the number of African candidates. This will, in the long run, facilitate the transformation of the sector. However, as stated previously in this SSP, financial professionals form the core of employment in the sector and it is therefore imperative that young Black professionals complete the professional learnerships and become full members of the professional bodies active in the sector. Fasset and the professional bodies are engaged in various projects and programmes to assist Black graduates to qualify for and complete the professional learnerships.

At the root of the supply of skills to the sector is the quality of mathematics education at school level and the number of learners who pass the senior certificate with the mathematical ability to master the studies in the accounting fields. The analysis presented in this chapter shows that mathematics education remains a supply-side constraint that impacts on the skills of this sector.

The fact that Fasset’s sector shares in the national supply of skills has been stated a few times in this report. Financial skills are used across the economy and Fasset’s sector is, to a large extent, a training sector that supplies qualified financial professionals to the rest of the economy. This role needs to be acknowledged and in the skills development priorities of the sector set out in Chapter 6 of this SSP provision is made for Fasset to play a supportive role in this regard.

## 5 SCARCE SKILLS

---

### 5.1 INTRODUCTION

Chapters 3 and 4 of this report described the demand for and supply of skills in the Financial and Accounting Services Sector. As mentioned earlier, a direct comparison between demand and supply is not possible because financial skills are used in all sectors of the economy and Fasset's sector shares in the supply. For this reason Fasset relies on other mechanisms to establish whether there are mismatches between demand and supply. The most important of these mechanisms is the monitoring of scarce skills. The term "scarce skill" refers to a shortage of people to fill positions in a specific occupation. Scarce skills are, therefore, linked to or expressed in terms of occupations classified on the OFO.

In the assessment of scarce skills it is important to consider different labour market signals. The most obvious signals that are indicative of shortages in a particular occupation are:

- Difficulties experienced by employers to retain employees in the occupation owing to external demand and competition among employers to attract scarce skills;
- Difficulties experienced by employers to recruit people into positions, which results in vacancies that remain unfilled over a prolonged period of time;
- Difficulties experienced by employers with succession planning;
- Upward pressure on remuneration; and
- No spare capacity in the form of unemployed people who can fill positions in the particular occupations.

These signals are, as far as possible, monitored during Fasset's sector surveys. However, the last survey was done before the economic crisis of 2008 and 2009 and the scarce skills situation could have changed in this time. Another mechanism that Fasset has developed is to ask employers to provide information on the scarcity of skills in their WSP submissions. The most recent submission received from employers was in June 2010 and it reflects the situation as at the end of March 2010.

### 5.2 SCARCE SKILLS IN THE SECTOR

In 2010 employers were first asked to identify the occupations in which scarcity is experienced and then to indicate how many people they would need in these occupations to fill positions in their organisations. The employers indicated that in total they would need 4 111 people to fill positions in occupations in which there was a scarcity. The majority (69.6%) of the positions relate to professional occupations (Table 5-1). This includes the trainee accountant vacancies that will arise from trainees completing their learnerships and moving into permanent employment – often in other organisations. Twenty-one per cent of scarce-skills positions relate to clerical and administrative occupations and 3.6% to managerial occupations. The subsectors "Accounting, Bookkeeping, Auditing and Tax Services" (N=2 017) and "Business and Management Consulting" (N=687) reported the highest numbers of scarce-skills positions. Of the 2 860 professional positions reported, 35.1% were for trainee accountants.

Table 5-1 Scarce skills per occupational category and subsector

Occupational group	Subsector							Total		% of total employment
	Investment Entities and Trusts and Company Secretarial Services	Stockbroking and Financial Markets	Development Organisations	Accounting, Bookkeeping, Auditing and Tax Services	Activities Auxiliary to Financial Intermediation	Business and Management Consulting Services	SARS and Government Departments*			
	N	N	N	N	N	N	N	N	%	
Managers	8	15	3	24	10	90		150	3.6	1.1
Professionals	159	238	6	1 544	61	528	324	2 860	69.6	9.1
Technicians and Trades Workers		8		40		42		90	2.2	0.9
Community and Personal Service Workers		5			1			6	0.1	0.7
Clerical and Administrative Workers	62	41	1	409	24	27	300	864	21.0	2.9
Sales Workers	1				135			136	3.3	9.1
Machinery Operators and Drivers										
Elementary Workers	3				2			5	0.1	0.1
<b>Total</b>	<b>233</b>	<b>307</b>	<b>10</b>	<b>2 017</b>	<b>233</b>	<b>687</b>	<b>624</b>	<b>4 111</b>	<b>100.0</b>	<b>4.4</b>

Source: Fasset, WSPs submitted in 2010.

The managerial occupations with the highest numbers of scarce-skills positions were for Programme or Project Managers and Finance Managers (Table 5-2). A shortage of corporate general managers and sales managers was also reported. The shortage of staff at the managerial level was linked to a lack of competent and skilled Black managers, an overall lack of candidates with experience in managerial skills, a lack of competent and skilled women and people with disabilities, and the unrealistic salary expectations of some candidates.

**Table 5-2 Managers: Occupations in which skills shortages are experienced**

OFO code	Occupation*	Number of people needed
132201	Finance Manager	41
133601	Supply and Distribution Manager	11
136102	Programme or Project Manager	60

\* Only occupations where 10 or more people are needed in the sector are included in this table.

Source: Fasset, WSPs submitted in 2010.

Of the 2 860 professional scarce-skills needs reported in 2010, a total of 1 705 were for accounting skills at different levels and with different professional designations (Table 5-3). Of these, 470 (27.6%) were for CAs(SA), 231 (13.5%) for general accountants, and 1 004 (59.0%) for accounting and auditing trainees. A general shortage of qualified, competent and experienced accountants was noted, as well as a lack of qualified Black and female CAs(SA), which was, according to employers, mainly due to a lack of experience among Black professionals, as well as difficulties in retaining qualified people due to the high demand for accounting skills. A shortage of professionals with the ability to perform accounting and auditing functions electronically also seemed to exist.

The shortage of learners for accounting learnerships was reported by earlier studies commissioned by SAICA,<sup>33</sup> as well as the Fasset sector study.<sup>34</sup> These studies found a significant shortfall in the supply of trainees who had completed the Certificate in the Theory of Accounting (CTA) (which is a prerequisite for entry into SAICA's first qualifying examination). A need for trainee accountants and auditors still exists in the sector and is related to the following:

- A general shortage of candidates who qualify for the learnership;
- The low standard of South African school education;
- A lack of Black trainees;
- A lack of trainees who hold honours degrees;
- A lack of trainees interested in auditing;
- The high drop-out rate during training; and
- The inability of small organisations to compete with bigger firms in terms of salaries.

<sup>33</sup> 1) Mulberry Leaf Consulting. Trainee Chartered Accountants in South Africa: Supply and Demand. A report prepared for SAICA, May 2007. 2) EE Research Focus and Tshwane University of Technology. Research into the Financial Management, Accounting and Auditing Skills Shortage. SAICA. September 2008.

<sup>34</sup> Fasset. Survey of the Financial and Accounting Services Sector, January 2008.

A need for business and systems analytical and programming skills exists in the sector, especially for business analysts and developer programmers, who are also known as “data architects”, “data miners” or “modellers of data and databases”.

**Table 5-3 Professionals: Occupations in which skills shortages are experienced**

OFO code	Occupation*	Number of people needed
<b>2</b>	<b>Professionals unspecified</b>	
	Professionals	19
<b>212</b>	<b>Media Professionals</b>	
212403	Print Journalist	14
<b>221</b>	<b>Accountants, Auditors and Company Secretaries</b>	
221101	Accountant (General)	701
221103	Taxation Accountant	194
221203	External Auditor	92
221204	Internal Auditor	89
2211011	Trainee accountant/auditor	1 004
<b>222</b>	<b>Financial Brokers and Dealers, and Investment Advisors</b>	
222201	Financial Market Dealer	19
222203	Stock Broking Dealer	12
222205	Equities Analyst	30
222301	Financial Investment Advisor	172
222302	Financial Investment Manager	50
<b>224</b>	<b>Information and Organisation Professionals</b>	
224301	Economist	30
224701	Management Consultant	11
<b>225</b>	<b>Sales, Marketing and Communication Management Professionals</b>	
225102	Market Research Analyst	20
<b>233</b>	<b>Engineers and Engineering Technologists</b>	
233201	Civil Engineer	43
<b>261</b>	<b>Business and Systems Analysts and Programmers</b>	
261101	ICT Business Analyst	11
261102	Systems Analyst	75
261202	Web Developer	16
261302	Developer Programmer	52
<b>262</b>	<b>Database and Systems Administrators, and ICT Security Specialists</b>	
262101	Database Administrator	22
262102	ICT Security Specialist	11
<b>263</b>	<b>ICT Network and Support Professionals</b>	
263102	Network Administrator	
<b>271</b>	<b>Legal Professionals</b>	

OFO code	Occupation*	Number of people needed
271302	Associate Legal Professional	49

\* Only occupations where ten or more people are needed in the sector are included in this table.

Source: Fasset, WSPs submitted in 2010.

In the technicians and trades workers category, a need for ICT customer support skills, welding skills and rigger skills was reported.<sup>35</sup> (See Table 5-4.)

**Table 5-4 Technicians and trades workers: Occupations in which skills shortages are experienced**

OFO code	Occupation*	Number of people needed
<b>313</b>	<b>ICT and Telecommunications Technicians</b>	
313102	ICT Customer Support Officer	42
<b>322</b>	<b>Fabrication Engineering Trades Workers</b>	
322303	Welder / Welder (First Class)	20
<b>399</b>	<b>Miscellaneous Technicians and Trades Workers</b>	
399101	Rigger	20

\* Only occupations where ten or more people are needed in the sector are included in this table.

Source: Fasset, WSPs submitted in 2010.

In 2010, a shortage of customs skills reported by SARS featured prominently in the clerical and administrative worker category's skills needs (Table 5-5). A shortage of data entry skills and administrative accounting skills was also reported. Employers were looking for qualified Black people, sometimes with experience relevant to a particular work environment – e.g. the stock exchange or sales. The need for qualified and experienced bookkeeping skills decreased from 166 in 2009 to 57 in 2010.

**Table 5-5 Clerical and administrative workers: Occupations in which skills shortages are experienced**

OFO code	Occupation*	Number of people needed
<b>531</b>	<b>General Clerks</b>	
531101	General Clerk	18
<b>532</b>	<b>Keyboard Operators</b>	
532101	Data Entry Operator	124
<b>541</b>	<b>Call or Contact Centre Information Clerks</b>	
541101	Inbound Contact Centre Consultant	27

<sup>35</sup> Welders and riggers are not occupations that generally occur in Fasset's sector. These shortages were reported by organisations that place workers in the mining industry, but who are registered with Fasset.

OFO code	Occupation*	Number of people needed
541401	Call or Contact Centre Agent	46
<b>551</b>	<b>Accounting Clerks and Bookkeepers</b>	
551101	Accounts Clerk	114
551201	Bookkeeper	57
551301	Payroll Clerk	38
<b>552</b>	<b>Financial and Insurance Clerks</b>	
552201	Credit or Loans Officer	83
<b>599</b>	<b>Miscellaneous Administrative Workers</b>	
599301	Debt Collector	11
599401	Human Resources Clerk	10
599501	Customs Officer	300

\* Only occupations where ten or more people are needed in the sector are included in this table.

Source: Fasset, WSPs submitted in 2010.

A shortage of telemarketing skills (N=128) was also identified. Employers were especially looking for Blacks and people with disabilities with basic selling and numerical skills.

### 5.3 FINANCIAL SKILLS SHORTAGES IN THE REST OF THE ECONOMY

Shortages of financial skills are not only experienced in Fasset's sector. In an economy-wide study commissioned by SAICA it was found that skills shortages are experienced in the financial divisions in organisations in all sectors of the economy. These shortages exist not only at the professional levels, but also at lower levels (e.g. bookkeepers). It was also found that the situation is much worse in the public sector than in the private sector. In this study it was estimated that in 2007 the total economy needed another 22 000 people in financial positions (at all levels) in order to fill all the positions that were vacant at that time.<sup>36</sup> Although the recession could have caused a reduction in the number of unfilled positions, it is very likely that shortages still exist and that the unfilled positions will increase again if the economy remains on a positive growth trajectory.

### 5.4 CONCLUSIONS

Although the need for accounting skills is evident from the research underpinning this SSP, it is also clear that the focus of skills development strategies for Fasset's sector should be on a relatively broad spectrum of professional fields and at NQF Level 5 and higher. In the longer term the shortages of managers are likely to be alleviated by an increase in the availability of professionals.

Financial skills shortages in the rest of the economy exacerbate the skills shortage situation in Fasset's sector and increase the pressure on the professional bodies and organisations in the sector that serve as training organisations to increase the numbers of financial professionals available to the South African labour market.

<sup>36</sup> EE Research Focus and Tshwane University of Technology, Research into the Financial Management, Accounting and Auditing Skills Shortage, SAICA, 2008.

It is important to note that the skills shortages experienced in Fasset's sector touch on the core of the activities of the sector – i.e. core professional financial skills. Without these skills the growth of the sector may be stifled. The existence of skills shortages was confirmed by employers and, although there is no statistical information available, anecdotal evidence shows that employers are, in part, handling the situation by bringing in people from other countries – especially from other African countries.<sup>37</sup>

---

<sup>37</sup> Employer focus group, 3 June 2010.

## 6 SKILLS DEVELOPMENT PRIORITIES

---

### 6.1 INTRODUCTION

This chapter outlines the broad skills development priorities that Fasset wants to address in the five-year period from 2012 to 2017. The skills development priorities were derived from an analysis of the skills situation in the sector, as well as the situation with regard to financial skills in the rest of the economy. As indicated in the previous chapter, there is a close interaction between Fasset's sector and the other sectors in the economy in the demand for, and the supply of, financial skills.

In setting skills development priorities for the planning period, Fasset had to take into consideration that its sector is relatively small and that it has a limited budget. At the time of writing this SSP update Fasset had no unallocated funding and, during the last few financial years, the requests for funding for skills development initiatives exceeded the available funding by a large margin. For this reason, some of the skills development priorities are dependent on additional funding through the National Skills Fund (NSF) catalytic funding.

It is important to note from the outset that the skills development priorities set for the planning period are shared by Fasset and the financial professional bodies. Skills development interventions will be planned in collaboration with the professional bodies so that duplication of efforts will be avoided, and maximum benefit will be derived from funding obtained through the Skills Development Levy (SDL) and from other sources. Of particular importance is the co-ordination between the Thuthuka initiative, which in itself is a large-scale and multi-faceted intervention, and Fasset's skills development initiatives. Also relevant is the involvement of the Association for the Advancement of Black Accountants (ABASA) through the Nkuhlu Subvention Fund that promotes the integration of Black people into academia and ensures that historically disadvantaged universities are accredited and are, therefore, able to produce Black accountants, including CAs(SA), from the rural areas especially.

In the preparation for this SSP, Fasset and SAICA took a joint view of the skills needs and priorities of the sector and of the financial skills needs of the rest of the economy. However, due to the scale and complexity of the Thuthuka project, separate catalytic funding proposals have been submitted by Thuthuka to the NSF. These proposals include the funding of undergraduate and postgraduate learners towards the CA(SA) qualification. Jointly, the Fasset and Thuthuka initiatives are aimed at the development of financial skills for the South African economy.

### 6.2 CROSS-CUTTING OBJECTIVES

Before Fasset's specific skills development priorities are outlined, it is necessary to specify a number of objectives related to cross-cutting skills development. These are: 1) strategic focus areas for NSDS III; 2) support of Government's MTSF objectives; 3) alignment to the HRDS-SA; 4) the Industrial Policy Action Plan, 5) the New Growth Path, 6) Fasset's role as a training sector and its cross-sectoral responsibilities; and 7) transformation of Fasset's sector.

### **6.2.1 Strategic areas of focus for NSDS III**

The framework for NSDS III outlines certain strategic focus areas that will form part of all Fasset's interventions and that will not be addressed by specific projects. Other strategic focus areas for the Seta will be directly addressed by project interventions.

#### **a) Race**

Over the last ten years, Fasset's skills development interventions have had a very strong focus on historically disadvantaged South Africans (HDSAs). This was necessitated by the need to transform the sector. It is envisaged that this focus will remain throughout the training period and that preference will be given to HDSAs in training interventions – especially those that are aimed at providing access to the sector and to financial positions in the rest of the economy. Principles of equity will address issues of race and gender inequalities.

#### **b) Class**

The emphasis on HDSAs will, to some degree, also address the class inequalities that persist in South African society. However, some of the interventions (specifically the Thuthuka bursary fund) also apply a means test, which implies that the target groups are not only HDSAs but specifically Black students from economically deprived backgrounds. Experience has shown that processes that assist students to complete the total pathway to professional status have a profound effect on the deprived families and communities from which students originate. Young Black professionals tend to support their families financially and to assist their siblings to attain tertiary qualifications and rise out of poverty.

#### **c) Gender**

Although women's share in senior management has increased slightly over time, it does not equal the share enjoyed by men. For this reason Fasset will support employers who support the training and development of their female managers and professionals in courses that allow them to enter senior management.

#### **d) Youth**

Much policy and legislation focuses on the uptake of young people into the workplace. The Fasset sector has always enjoyed a young workforce and continues to encourage the entry of young people into the sector through the widespread application of learnerships and internships. Fasset defines young people as people under the age of 35.

#### **e) Disability**

Work in financial service organisations and in the financial divisions of companies lends itself to the employment of people with physical disabilities. The skills development initiatives of the sector will, as far as possible, accommodate people with physical disabilities and will be aimed at increasing the employment of people with disabilities in the sector.

**f) HIV/AIDS**

As indicated in Chapter 1 of this SSP, HIV/AIDS is not a major problem in this sector. Training programmes will, however, include information on and efforts to raise awareness of HIV/AIDS.

**g) Geographic distribution**

Fasset will endeavour through its development projects, grants, incentives and national lifelong learning programme to support people in rural areas to develop their skills, to develop the skills of the unemployed, and to contribute to local economic development. Fasset is unable to train rural learners to remain in rural areas, and contribute to rural economic development, as the Fasset sector firms in which these learners may work are located in urban areas.

**6.2.2 Support of Government's MTSF objectives**

Realistically speaking, Fasset can contribute to only a few of the MTSF objectives. Obviously, all Fasset's skills development initiatives will contribute to the strengthening of the skills and human resource base of the country; i.e. **Priority 4 – Strengthen the Skills and Human Resource Base**. The other objectives that will be addressed are discussed below.

**a) Speeding up growth and transforming the economy to create decent work and sustainable livelihoods (Priority 1)**

Financial skills are of critical importance to a growing economy. Fasset's overall aim would be to help ensure that the flow of financial skills into the labour market keeps pace with the growth of the economy. (This is obviously a task shared with the formal education sector.) Through the provision of grants to employers who train learners, and in the training of learners via Fasset's development projects, beneficiary groups will be exposed to training opportunities that will allow them to become more employable and obtain decent work.

**b) Improving the health profile of all South Africans (Priority 5)**

Undoubtedly, systems, policies and infrastructure need to support the health of those living in South Africa. Fasset will assist in improving the health profile of South Africans by ensuring that learners participating in the Seta development projects attend specialised courses aimed at preventing HIV/AIDS.

**c) Intensifying the fight against crime and corruption (Priority 6)**

As indicated before, financial professionals play a critical role in ensuring sound financial management and in the fight against crime and corruption. Via the codes of conduct that apply to the members of professional institutes in the sector, and ethics courses offered to all registered learners on Fasset learnerships and development projects, the Seta is supporting this MTSF objective.

**d) Pursuing African advancement and enhanced international co-operation (Priority 8)**

The professions in Fasset's sector are in various ways contributing to this objective. For example, accounting practices are aligned to international standards and several of the professional bodies are members of international bodies. This ensures that South African businesses can easily do business in the international arena. Several of the professional

bodies are also involved in the development of professionals of other African countries. Although these endeavours are not directly funded by Fasset, the stimulation of the development of financial professionals indirectly strengthens South Africa's and Africa's position in the international world.

**e) *Building a developmental state, including improvement of public services (Priority 10)***

Included in Fasset's sector are a number of public institutions that play a crucial role in the rendering of public services. These include the National Treasury, the Auditor-General, SARS, and the provincial treasuries. During the planning period, Fasset will work closely with these institutions to strengthen their capacity. This will take place within the context of Fasset's key skills development priorities that are outlined in the next section.

**6.2.3 Human resource development strategy for South Africa (HRDS-SA)**

Owing to the close alignment of the MTSF objectives and the HRDS-SA, Fasset can contribute to all of the commitments set out in the HRDS-SA. The alignment of the Seta's strategy and interventions with the HRDS-SA is explained in Table 6-1.

**Table 6-1 Alignment of HRDS-SA and Fasset Strategy**

#	Commitment	Fasset Strategy
1	We will urgently overcome the shortages in the supply of people with the priority skills needed for the successful implementation of current strategies to achieve accelerated economic growth.	Through Seta research, especially the Sector Skills Plan, Fasset will identify priority skills in the sector. Once identified, programmes will be put in place such as development projects, the levy-grant scheme, and a range of interventions that will assist in increasing the supply of skills to the sector.
2	We will ensure improved universal access to quality basic education and schooling (up to Grade 12) that is purposefully focused on achieving a dramatic improvement in education outcomes for the poor, that is focused on equipping learners with optimal capacity for good citizenship and on pursuing post-school vocational education and training or employment.	In order to ensure that sound career decisions are made at the general education and training level, Fasset will embark on a career guidance strategy.
3	We will increase the number of appropriately skilled people to meet the demands of our current and emerging economic and social development priorities.	Fasset will identify the skills required for the effective operation of the South African economy. These will be presented in Seta research, especially the Sector Skills Plan. Once identified, these required priority skills will be funded through development projects, the Seta levy-grant scheme, and various interventions.
4	We will urgently implement skills development programmes that are purposefully aimed at equipping recipients/citizens with requisite skills to overcome related scourges of poverty and unemployment.	Fasset will embark on a two-pronged approach. Firstly, unemployed learners will be equipped with work-readiness skills via the Seta's development projects. This is intended to make learners more employable. Secondly, employers will be assisted through the Seta discretionary grant scheme, which will incentivise the employment of unemployed learners on workplace- and occupationally directed programmes.

#	Commitment	Fasset Strategy
5	We will ensure that young people have access to education and training that enhances opportunities and increases their chances of success in further vocational training and sustainable employment.	Young people will be guided into the appropriate career choices, and career pathways will be communicated via career guidance information dissemination. The Seta will ensure that workplaces and education and training providers provide quality education. Opportunities to learners and unemployed people will be provided through development projects, learnerships, and the Seta grant scheme. Lifelong learning in the sector will maintain the skills base of those currently employed.
6	We will improve the technological and innovation capability and outcomes within the public and private sectors to enhance our competitiveness in the global economy and to meet our human development priorities.	The professions in Fasset's sector are in various ways contributing to this commitment. For example, accounting practices are aligned to international standards and several of the professional bodies are members of international bodies. This ensures that South African businesses can easily do business in the international arena. Several of the professional bodies are also involved in the development of professionals of other African countries. Although these endeavours are not directly funded by Fasset, the stimulation of the development of financial professionals indirectly strengthens South Africa's and Africa's position in the international world.
7	We will ensure that the public sector has the capability to meet the strategic priorities of the South African Developmental State.	Through Fasset's cross-sectoral projects the public sector may be supported in skills development initiatives. The Seta will support this commitment by undertaking quality assurance of the workplace and education and training providers, as well as ensuring that learnership programmes and other qualifications are available to the public sector. The ability to meet this commitment is dependent on funding being made available to the Seta.
8	We will establish effective and efficient planning capabilities in the relevant departments and entities for the successful implementation of the HRDS-SA.	Through Seta research, especially the Sector Skills Plan, Fasset will identify priority skills in the sector.

#### 6.2.4 The Industrial Policy Action Plan (IPAP) 2010/11 – 2012/13

Another Government policy that was considered in the preparation of this SSP update was IPAP. In January 2007 Cabinet adopted the National Industrial Policy Framework (NIPF), which sets out Government's broad approach to industrialisation with the following core objectives:

- To facilitate diversification beyond our current reliance on traditional commodities and non-tradable services. This requires the promotion of increased value addition characterised particularly by movement into non-traditional tradable goods and services that compete in export markets as well as against imports.
- The long-term intensification of South Africa's industrialisation process and movement towards a knowledge economy.
- The promotion of a more labour-absorbing industrialisation path with a particular emphasis on tradable labour-absorbing goods and services and economic linkages that catalyse employment creation.

- The promotion of a broader-based industrialisation path characterised by the increased participation of historically disadvantaged people and marginalised regions in the mainstream of the industrial economy.
- Contributing to industrial development on the African continent, with a strong emphasis on building its productive capacity.

Guided by the NIPF, the implementation of industrial policy is to be set out in an Industrial Policy Action Plan (IPAP). In August 2007 Cabinet approved the first (2007/8) IPAP, which reflected chiefly 'easy-to-do' actions. A process of intensive consultation and analysis – led by the Minister of Trade and Industry – has culminated in a revised IPAP for the 2010/11 – 2012/13 Financial Years.<sup>38</sup>

One of the growth areas that the IPAP identifies and aims to stimulate is business process services – also referred to as “business process outsourcing”. Although business process services are not clearly demarcated and IPAP refers only to the role of the Services Seta in relation to business process services, it stands to reason that certain of the services offered by organisations in Fasset’s sector also fall within this realm. By focusing on the supply of work-ready new entrants to the labour market Fasset will inevitably contribute to the objectives of IPAP.

#### 6.2.5 The New Growth Path

On 23 November 2010 Minister Ebrahim Patel, Minister of Economic Development, released a document entitled *The New Growth Path: The Framework*. This policy aims to enhance growth, employment creation and equity and its principal target is to create five million jobs over the next ten years.

The New Growth Path addresses a wide array of economic policies that need to be re-aligned and focused on economic growth and job creation. Among these is an increased focus on skills development. It sets targets for scarce and key skills and identifies the role of Government departments and agencies in working to meet these goals.<sup>39</sup>

The document also acknowledges the social economy as one of the major drivers of job creation and simultaneously stresses the fact that organisations in this sector may need Government support, including assistance with marketing, bookkeeping, technological and financial services and training.<sup>40</sup> This emphasises the importance of the development of financial skills for all sectors of the economy.

#### 6.2.6 Fasset’s role as training sector and its cross-sectoral responsibilities

In the preceding chapters the Financial and Accounting Services Sector’s role as a training sector has been emphasised several times. Although Fasset has, since its inception, taken on responsibilities with regard to the development of financial skills beyond its own sector, it is willing to strengthen this role in the period 2011 to 2016. This is, however, dependent on the availability of additional funds.

---

<sup>38</sup> Government of South Africa, 2010/11 – 2012/13 Industrial Policy Action Plan, February 2010.

<sup>39</sup> Jaffer, Z. *The New Growth Path: The Framework*.

<http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=14787&tid=24857>

<sup>40</sup> Government of South Africa, *The New Growth Path: The Framework*, p.13.

## 6.3 SKILLS DEVELOPMENT PRIORITIES FOR THE PERIOD 2011 TO 2017

### 6.3.1 Increasing the flow of new entrants to the labour market

Fasset's first overarching priority is to ensure a steady increase in the flow of new entrants to the sector and into the financial divisions in organisations in the rest of the economy. This increase should be large enough to provide for the systematic eradication of the skills shortages that are currently experienced, for the expected growth of the economy, and for the replacement demand that exists in the sector. New entrants should possess the professional and technical qualifications required by the sector and should increasingly reflect the racial composition of the South African population. The specific priorities related to the overarching priority of increasing the flow of new entrants to the labour market are listed in Table 6-2 below. These priorities apply at different places in the access routes into the sector, as described in Figure 6-1 and Section 4.3 of this SSP.

Fasset's interventions start at FET level and continue through to full professional levels. However, as a result of budgetary constraints Fasset is not in a position to intervene in the transition from school-level education to tertiary education (e.g. bridging programmes for students to correct gaps created by inadequate schooling). Most of the tertiary institutions have programmes that address deficiencies in school-level mathematics teaching and language teaching.

**Table 6-2 Skills development priorities to increase the flow of new entrants to the labour market**

	Priority	Fasset contribution	Partnerships/other contributions	Funding source
1	Increasing the number of entrants to the labour market at FET level (entry route 1) (Middle level skills)	Building institutional capacity in rural FET colleges to offer FET qualifications of professional bodies	Professional bodies	Catalytic funding
		Increasing the number of learners on FET-level learnerships and qualifications	Professional bodies Employers	Fasset discretionary funding and pivotal grant
2	Increasing the number of entrants to the labour market (entry routes 3 and 4) (High level skills)	Building institutional capacity of historically disadvantaged institutions to offer HET qualifications	Professional bodies	Catalytic funding
		Increasing the number of learners on HET-level qualifications	Private providers Employers	Fasset discretionary funding and pivotal grant
3	Developing work readiness and soft skills of entrants at HET level (entry route 2) (High level skills)	Work-readiness programmes	Private providers Employers	Fasset discretionary funding
4	Increasing the number of learners who qualify on	Developing new qualifications and learnerships as	Professional bodies Employers	Fasset discretionary funding

	Priority	Fasset contribution	Partnerships/other contributions	Funding source
	professional learnerships (entry routes 3 and 4) (High level skills)	required Supporting employers who take on learners on learnerships	Professional bodies Employers	Fasset discretionary funding and pivotal grant
5	Increasing the retention, work readiness and labour market absorption of learners on learnerships (entry routes 3 and 4) (High and middle level skills)	Work-readiness and supportive training programmes	Professional bodies Employers	Fasset discretionary funding and pivotal grant
6	Increasing the number of learners that enter the labour market through internships (High level skills)	Supporting internships offered by employers	Employers	Fasset discretionary funding and pivotal grant

### 6.3.2 Developing and maintaining the skills base of the current workforce

Fasset's overall priority is to ensure that all employees in the sector have access to quality education and training. This education and training should be linked to the business objectives of employer organisations and, in medium-sized- and large organisations, it should support the employment equity plans of the organisations. The specific skills development priorities that will be addressed in the five-year period covered by this SSP are listed in Table 6-3 below. The priorities address the workplace skills formation components described in Figure 4-3 and Section 4.4 of this SSP.

**Table 6-3 Skills development priorities to develop and maintain the skills base of the current workforce**

	Priority	Fasset contribution	Partnerships/other contributions	Funding source
7	Increasing the number of employees in the labour market at a FET and HET levels (entry routes 3 and 4) (Middle and high level skills)	Increasing the number of learners on FET- and HET-level qualifications	Employers Professional bodies	Fasset discretionary funding and pivotal grant
8	Ensuring that employees receive training (short courses and skills programmes) (Middle and high level skills)	Supporting employers to offer training	Employers Professional bodies	Fasset Mandatory Grants
9	Supporting skills development in small companies (Middle and high level skills)	Lifelong learning events	Private providers Employers Professional bodies	Fasset discretionary funding

### 6.3.3 Strengthening the financial skills base of the public sector

Government departments and public entities will be encouraged to participate in skills development through payment of their required SDL (in full or the administration portion), submission of the Mandatory Grant, and participation in Fasset initiatives such as lifelong learning.

**Table 6-4 Skills development priorities to develop and maintain the skills base of the public sector**

	Priority	Fasset contribution	Partnerships/other contributions	Funding source
10	Increasing the number of employees in the labour market at a FET and HET levels (entry routes 3 and 4) Middle and high level skills)	Increasing the number of learners on FET- and HET-level qualifications	Public sector employers Professional bodies	Fasset discretionary funding and pivotal grant
11	Ensuring that employees receive training (short courses and skills programmes) (Middle and high level skills)	Supporting employers to offer training	Public sector employers Professional bodies	Fasset Mandatory Grants
12	Increasing the number of learners on FET and HET level qualifications and learnerships (entry routes 3 and 4) (Middle and high level skills)	Building the capacity of public sector organisations to offer professional learnerships	Professional bodies	Catalytic funding
		Increasing the number of public sector employees who qualify for professional learnerships through distance education	Professional bodies	Catalytic funding

## 6.4 CONCLUSIONS

This chapter outlined, in broad terms, the skills development priorities for the Financial and Accounting Services Sector for the period 2012 to 2017. These priorities will guide Fasset's funding strategies and activities. The three broad areas covered by the skills development priorities are:

- Increasing the flow of new entrants to the labour market;
- Developing and maintaining the skills base of the current workforce; and
- Strengthening the financial skills base of the public sector.

Specific priorities were set for each of these broad priority areas.

In the development of the skills development priorities Fasset took into account the objectives set by the NSDS III framework, the MTSF, the HRDS-SA, IPAP and The New Growth Path. Furthermore, Fasset did not only consider the needs of its own sector but also the financial needs of the rest of the economy. Together with its network of professional

bodies Fasset is well positioned to play a major role in alleviating cross-sectoral skills shortages. The effectiveness with which it can play this role is, however, dependent on additional funding.

In the next chapter specific objectives and proposed targets to which Fasset can commit itself are described.

## 7 SECTOR STRATEGIES, GOALS AND OBJECTIVES

---

### 7.1 INTRODUCTION

The chapter begins with the definition of the funding mechanisms and grant system that Fasset will apply during the 2012 to 2013 period. Following this, the sector strategies are mapped to the outcomes and outputs of the NSDS III for the 2012 to 2013 period, and planned applicable interventions are plotted against Outcome 5 of the President's Outcomes Approach to Planning Government's Work. The chapter closes with an outline of the monitoring and evaluation approach of the Seta.

### 7.2 DEFINITION OF FUNDING SOURCES AND MECHANISMS

Table 7-1, Table 7-2 and Table 7-3 broadly identify the funding sources required to support the sector strategies presented and the funding mechanisms that will be applied in order to support the skills development priorities. In the section below, Fasset outlines its strategy and interventions for the period of this SSP.

#### 7.2.1 Mandatory and Pivotal Grants

Mandatory Grants are grants paid to SDL payers who submit WSPs and ATRs (also known as Mandatory Grant applications) to the Setas. The Setas are obliged to pay these grants if the organisations who submit the grant applications comply with the minimum requirements. Up to the 2011/2012 financial year, levy payers could claim 50% of their SDL through Mandatory Grants.

The NSDS III (for the period 1 April 2011 to 31 March 2016) describes the reduction of the Mandatory Grant to 40%, from the current 50% of SDL contributed. The strategy describes an additional 'Pivotal Grant'. The Pivotal Grant shall be funded from 10% of the Mandatory Grant. Employers only participating in short courses, or non-accredited training, will run the risk of losing 10% of the 50% allocated Mandatory Grant if they do not participate in pivotal programmes.

For purposes of Fasset paying the Pivotal Grant, the following criteria will apply to employers claiming the grant:

- All learners on learnerships, regardless of learner race, gender and disability status, will be supported.
- All employed and unemployed learners studying at recognised institutions or professional bodies, regardless of learner race, gender and disability status, will be supported.
- Learners studying towards quality-assured and structured workplace experience i.e. full-time, on-the-job training (non-learnership) e.g. internships, will be supported.
- A standard cost per learner / tariff will be applied in line with research conducted by Fasset.

#### 7.2.2 Discretionary Funding

Discretionary funding is awarded at the Seta Board's discretion and is dedicated to the achievement of the sector strategies in the approved SSP. The skills development funding

regulations allow flexibility to the Setas in the allocation of discretionary funding as grants or projects. This funding comes from 20% of the SDL as well as all unclaimed Mandatory Grant money.

Fasset is proposing to allocate its discretionary funding to the following discretionary grants and projects in the 2012/2013 financial year:

**a) Strategic Cash Grant (SCG)**

The SCG is a special skills initiative grant enabling employers to claim back a maximum of 20% of their SDL, according to a set of standard tariffs, if specific employed people in their company or identified unemployed people undertake education and training interventions in certain strategic skills priority areas for the financial year. The strategic skills priority areas for the 2012/2013 financial year are as follows:

- African or African disabled learners completing learnerships will be supported via the SCG.
- Where employers provide external bursaries to unemployed African or African disabled learners to study at recognised institutions or through professional bodies in scarce skills areas of study, they will be funded by Fasset in terms of the SCG.
- Financial support (internal bursaries) offered to employed African or African disabled learners, to study at recognised institutions or professional bodies in scarce skills areas of study, is funded by the Seta in terms of the SCG.
- Where full-time, structured and quality-assured work experience programmes (e.g. internships) are provided to African or African disabled learners, this is funded by Fasset in terms of the SCG.

**b) Small, Medium and Micro Enterprises (SMME) Grant**

The SMME Grant is a special skills initiative grant that will enable SDL-paying and non-SDL-paying employers employing up to 49 people to claim a cash grant according to a set of standard tariffs, if African or African disabled learners employees successfully complete structured educational interventions (of a minimum of one year) in scarce skills areas.

**c) Assessor and Moderator Grant (AMG)**

The AMG enables applicants to claim the training costs of individuals who successfully complete education and training interventions in assessment- and moderator-related unit standards, and then register with the Fasset Seta Education and Training Quality Authority (ETQA), in terms of the Seta's educational scope and qualifications.

**d) Learnership Cash Grant (LCG)**

The LCG is a special skills-initiative grant that enables SDL-paying and non SDL-paying employers employing up to 49 people to claim a grant, according to a set of standard tariffs, Grants are available for learners upon entry (registration) on the learnership, and another grant may be claimed on exit (completion) of the learnership. Only African or African disabled learners and/or learners with disabilities who successfully register for, or complete learnerships in the financial year are eligible for the grant.

### **e) Development Projects**

Fasset will support Development Projects that meet the needs of the sector as defined in the SSP. These projects aim to increase the supply of skilled labour in the Fasset sector and to alleviate the scarce skills situation reported by the sector. This will be done via the funding of support programmes for African or African disabled learners, such as work readiness programmes, course fees and examination support courses. Beneficiaries of these projects are placed in firms in the Fasset sector.

### **f) Lifelong Learning (LL)**

LL training is geared towards the upskilling and support of small member companies in the Fasset sector. LL refers broadly to the free training offered by the Seta that assists its members in remaining upskilled in a range of subject areas, but will not necessarily meet the professional body Continuous Professional Development (CPD)/Continuous Professional Education (CPE) requirements. (However, it may be the case that professional bodies accept such training for CPD/CPE purposes).

### **7.2.3 Catalytic Funding**

In 2011/2012 the DHET first introduced the concept of catalytic funding. Through the catalytic fund, the NSF is to enter into catalytic funding agreements with Setas, government departments or other claimants to achieve targeted national goals. The catalytic funds are to relate to the national strategic objectives as per the ten MTSF outcomes and the HRDS-SA objectives and goals.

A formal process will be initiated where the Setas and their identified partners apply for catalytic funding; however, the Setas have been requested to include information about their catalytic fund applications in their SSPs.

Fasset has defined catalytic funding specifically to be used to:

- Target national priority areas;
- Target national skills shortages and address sectoral resource shortages;
- Target all levels of skills shortage, from post-school level to post-graduate qualifications – i.e. FET institutions, Universities of Technology, undergraduate qualifications and universities, learnerships and work readiness programmes;
- Assist with the education, training and skills development of unemployed learners i.e. learners about to enter full-time employment from a learnership contract or tertiary education;
- Focus on public providers in rural areas;
- Target learners who are previously disadvantaged – i.e. African learners (including learners with disabilities); and
- Support the development of financial skills across the South African economy, as the Fasset sector is largely the incubator sector for financial skills to the rest of the economy.

Catalytic funding received will be used to support the NSDS objective of programme delivery partners (Objective 5). It is envisaged that proposals will be submitted on an annual basis and partners may change from year to year as new projects are conceptualised and embarked upon.

### 7.3 FUNDING STRUCTURE THAT WILL APPLY DURING THE PERIOD

The objectives set out above, and the strategies to meet these objectives, will impact on the funding structure that will be applicable from 1 April 2012. The structure that will be applicable during this period is summarised in Figure 7-1 below.

As in the past, 20% of levies paid will go to the NSF and 10% will be available for Seta administration. Seventy per cent of levies paid may be available for grants. Fifty per cent of the levies paid by organisations will be available for Mandatory Grants. Forty per cent of the Mandatory Grant will be paid for the submission of a WSP and ATR. Ten per cent of the levies paid will be available to be claimed as the pivotal portion of the Mandatory Grant, for pivotal programmes embarked upon.

Unclaimed SDL will be made available for other discretionary interventions including the SCG, LCG, SMME Grant, LL, A&MG and development projects. Funding for special development projects will be augmented from the NSF through the catalytic fund. The NSF portion of funding will be used for projects that will benefit the country as a whole and not only Fasset's sector.

Should the Seta be invited to apply for catalytic funding, this will be requested from the DHET to support programmes that could span more than one year and up to four years (the remaining duration of NSDS III). For multi-year projects, funding for all years of the project intervention will be requested upon initial catalytic funding proposal submission, in order to allow for project delivery on each of the project objectives across the full duration of the project.

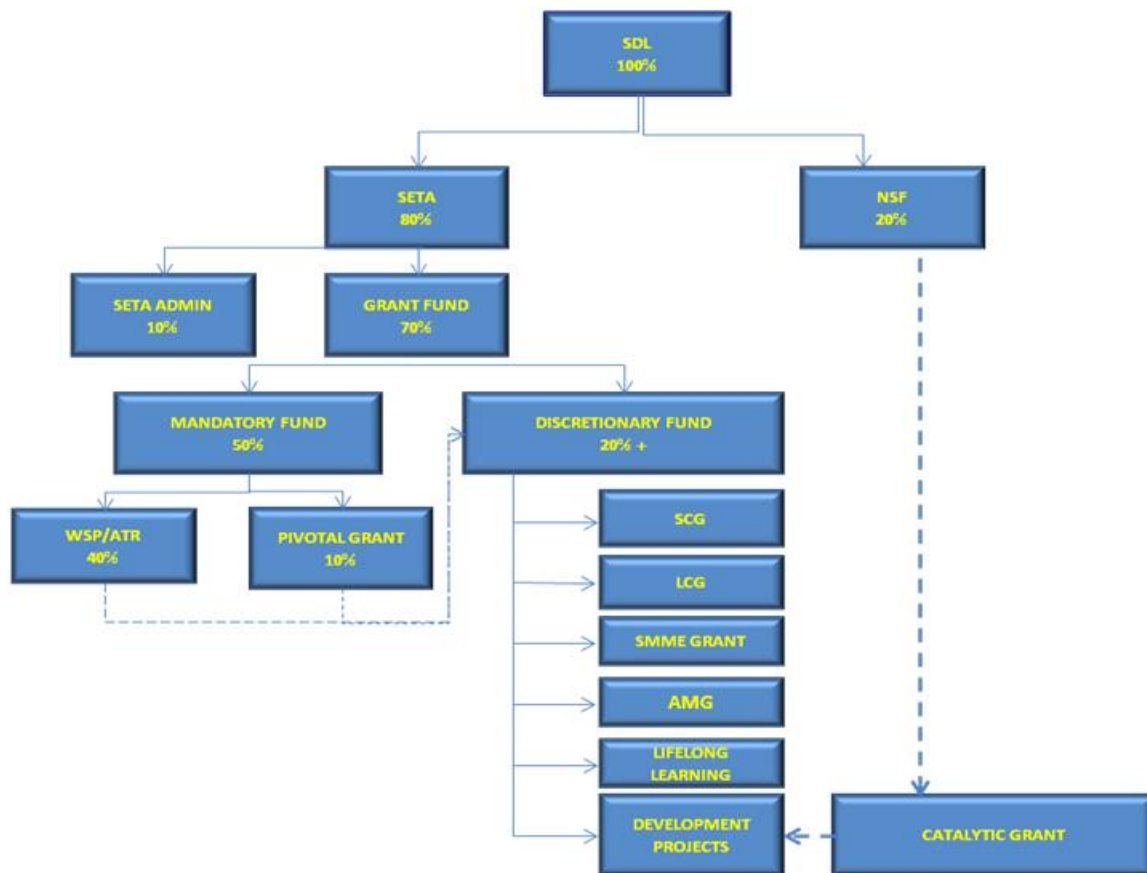


Figure 7-1 Fasset income sources and funding mechanisms for 2012 to 2013

## **7.4 NSDS GOALS, OUTCOMES AND OUTPUTS**

After consideration of the NSDS III goals, outcomes and outputs and considering the Fasset sector objectives and associated strategies distilled from the previous chapter, Fasset NSDS goals, outcomes and outputs have been developed and are presented below.

It is evident from the research underpinning this SSP that the focus of skills development strategies within the sector should be on a broad spectrum of professional fields at NQF Level 5 and above. Although education and training from NQF Level 1 to 4 is often a progression route into professional qualifications, NQF Level 4 and below are not a discretionary funding focus of the Seta; however, the Seta will explore innovative ways to address this issue.

The principle of focusing funding on NQF Level 4 and above has been incorporated into the identified interventions as funded by Fasset that are described in Table 7-1 directly below.

**Table 7-1 Summary of NSDS goals, objectives and success indicators 2011 to 2016 and 2012 to 2013**

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
1	Establishing a credible institutional mechanism for skills planning	1.1	National need in relation to skills development is researched, documented and communicated to enable effective planning across all economic sectors	1.1.1	Capacity is established within the DHET to coordinate research and skills planning	1.1.1.1	Support DHET in the capacity building process to coordinate research and skills planning	1.1.1.1.1	Share best practice with DHET and across Setas	1.1.1.1	Support DHET in the capacity building process to coordinate research and skills planning	1.1.1.1.1	Share best practice with DHET and across Setas	DHET invites participation in the capacity-building process	Lauren Derman (LD)
								1.1.1.1.2	Participate in Seta committees			1.1.1.1.2	Participate in Seta committees	DHET invites participation in the capacity-building process	LD
								1.1.1.1.3	Conduct research			1.1.1.1.3	Conduct research	Funding is allocated by the Board	LD
				1.1.2	Sector Skills Plans are professionally researched, provide a sound analysis of the sector and articulate an agreed sector strategy to address skills needs	1.1.2.1	Fasset submits a Sector Skills Plan to the DHET annually: 2011/12 2012/13 2013/14 2014/15 2015/16	1.1.2.1.1	Commission research to inform Sector Skills Plan	1.1.2.1	Sector Skills Plan for 2013 to 2018 has been completed and submitted to DHET	1.1.2.1.1	Commission research to inform Sector Skills Plan	Funding is allocated by the Board DHET guideline available	LD
								1.1.2.1.2	Produce Sector Skills Plan			1.1.2.1.2	Produce Sector Skills Plan Update 2013/14 (for the 2013 to 2018 period) for submission to DHET	Funding is allocated by the Board DHET guideline available	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
								1.1.2.1.3	Sector Skills Plan for 2013/2014 is supported by all stakeholders in the sector			1.1.2.1.3	Sector Skills Plan for 2013/2014 is supported by all stakeholders in the sector	Funding is allocated by the Board DHET guideline available	LD
										1.1.2.2	Sector Skills Plan for 2012 to 2017 has been signed-off by the DHET	1.1.2.2.1	Obtain Sector Skills Plan sign-off from the DHET	DHET provide sign-off and approval of the Sector Skills Plan	LD
				1.1.3	Sector and nationally commissioned research and data is analysed, validated and captured in an integrated database that is accessible to stakeholders	1.1.3.1	Fasset will provide DHET with research conducted by the Seta, and data required for their databases	1.1.3.1.1	All research commissioned by Fasset, and certain data collected, will be submitted to the DHET on request	1.1.3.1	Fasset will provide DHET with research conducted by the Seta, and data required for their databases	1.1.3.1.1	All research commissioned by Fasset, and certain data collected, will be submitted to the DHET on request	Assured confidentiality of respondents to research is respected Clarity on the nature of the database is communicated DHET requests information from Fasset	LD
2	Increasing access to occupationally-directed programmes	2.1	Middle-level skills needs are identified and addressed in all sectors	2.1.1	Setas research and identify middle-level skills needs in their sectors and put in place strategies to address them, particularly through the use of the public Further Education and Training (FET) colleges and universities of technology	2.1.1.1	Fasset submits a Sector Skills Plan to the DHET annually that includes the identification of middle-level skills, and the Seta strategies in place to address them	2.1.1.1.1	Commission research to inform Sector Skills Plan	2.1.1.1	Submit Sector Skills Plan Update 2013/14 (for the 2013 to 2018 period) to DHET that includes the identification of middle-level skills, and the Seta strategies in place to address them	2.1.1.1.1	Produce Sector Skills Plan Update for the 2013 to 2018 period for submission to DHET	Middle-level skills are defined as NQF level 4 and 5 (old NQF) DHET Sector Skills Plan guideline available Funding is allocated by the Board Definitions relating to targets set are clarified and established by the DHET Research project	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
					working in partnership with employers providing workplace-based training									to be embarked upon to define 'rural' 'Class' needs to be defined by the DHET. Possible characteristics include: employment status, race, gini coefficient, occupational group	
						2.1.1.2	Projects are established to address middle-level skills in each sector		Fasset introduces a system of grants and introduces learning programmes to address middle-level skills in the sector (ENTERED)	2.1.1.2	Projects are established to address middle-level skills in each sector	2.1.1.2.0	Fasset introduces a system of grants and introduces learning programmes to address middle-level skills in the sector as are outlined in items A-F below (ENTERED)		LD Natercia Faustino (NF) Tania Lee (TL)
						A	Entered 1210 learners on learnerships (employed 515, unemployed 695)	2.1.2.1.1	Learners on learnerships	2.1.1.2 Entered A	Entered 215 learners on learnerships (employed 95, unemployed 120)	2.1.1.2.1 Entered	Learners on learnerships	Employers in the sector continue to offer learning opportunities	NF
						B	Entered 50000 Lifelong Learning delegates	2.1.2.1.2	Lifelong Learning	2.1.1.2 Entered B	Entered 10000 Lifelong Learning delegates	Entered 2.1.1.2.2	Lifelong Learning	Funding is allocated by the Board	LD
						C	Entered 150 development project learners	2.1.2.1.3	Development projects	2.1.1.2 Entered C	Entered 50 development project learners	Entered 2.1.1.2.3	Development projects	Funding is allocated by the Board	TL

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
						D	<u>Entered</u> 100 Assessors	2.1.2.1.4	Assessor / Moderator Grant	2.1.1.2 <u>Entered</u> D	<u>Entered</u> 20 Assessors	<u>Entered</u> 2.1.1.2.4	Assessor / Moderator Grant	Funding is allocated by the Board	NF
						E	<u>Entered</u> 0 bursary (degree or diploma learners)	2.1.2.1.5	SMME Grant	2.1.1.2 <u>Entered</u> E	<u>Entered</u> 0 bursary (degree or diploma learners)	<u>Entered</u> 2.1.1.2.5	SMME Grant	Funding is allocated by the Board	LD
								2.1.2.1.6	Strategic Cash Grant			<u>Entered</u> 2.1.1.2.6	Strategic Cash Grant	Funding is allocated by the Board	LD
						F	<u>Entered</u> 0 learners on learnerships via the Strategic Cash Grant	2.1.2.1.7	Strategic Cash Grant	2.1.1.2 <u>Entered</u> F	<u>Entered</u> 0 learners on learnerships via the Strategic Cash Grant	<u>Entered</u> 2.1.1.2.7	Strategic Cash Grant	Funding is allocated by the Board	LD
						2.1.1.2	Projects are established to address middle-level skills in each sector		Fasset introduces a system of grants and introduces learning programmes to address middle-level skills in the sector <u>(COMPLETED)</u>	2.1.1.2 <u>Completed</u>	Projects are established to address middle-level skills in each sector	2.1.1.2.0 <u>Completed</u>	Fasset introduces a system of grants and introduces learning programmes to address middle-level skills in the sector as are outlined in items A-F below <u>(COMPLETED)</u>		
						A	<u>Completed</u> 465 learners on learnerships (317 employed, 146 unemployed)	2.1.2.1.1	Learners on learnerships	2.1.1.2 <u>Completed</u> A	<u>Completed</u> 50 learners on learnerships (50 employed, 0 unemployed)	<u>Completed</u> 2.1.1.2.1	Learners on learnerships	Employers in the sector continue to offer learning opportunities	NF
						B	<u>Completed</u> 50000 Lifelong Learning delegates	2.1.2.1.2	Lifelong Learning	2.1.1.2 <u>Completed</u> B	<u>Completed</u> 10000 Lifelong Learning delegates	<u>Completed</u> 2.1.1.2.2	Lifelong Learning	Funding is allocated by the Board	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
						C	<u>Completed</u> 105 development project learners	2.1.2.1.3	Development projects	2.1.1.2 <u>Completed</u> C	<u>Completed</u> 35 development project learners	<u>Completed</u> 2.1.1.2.3	Development projects	Funding is allocated by the Board	TL
						D	<u>Completed</u> 87 Assessors	2.1.2.1.4	Assessor / Moderator Grant	2.1.1.2 <u>Completed</u> D	<u>Completed</u> 20 Assessors	<u>Completed</u> 2.1.1.2.4	Assessor / Moderator Grant	Funding is allocated by the Board	NF
						E	<u>Completed</u> 0 bursary (degree or diploma learners)	2.1.2.1.5	SMME Grant	2.1.1.2 <u>Completed</u> E	<u>Completed</u> 0 bursary (degree or diploma learners)	<u>Completed</u> 2.1.1.2.5	SMME Grant	Funding is allocated by the Board	LD
								2.1.2.1.6	Strategic Cash Grant			<u>Completed</u> 2.1.1.2.6	Strategic Cash Grant	Funding is allocated by the Board	LD
						F	<u>Completed</u> 0 learners on learnerships via the Strategic Cash Grant	2.1.2.1.7	Strategic Cash Grant	2.1.1.2 <u>Completed</u> F	<u>Completed</u> 0 learners on learnerships via the Strategic Cash Grant	<u>Completed</u> 2.1.1.2.7	Strategic Cash Grant	Funding is allocated by the Board	LD
						2.1.2.1	Fasset introduces a system of grants and introduces learning programmes to address middle-level skills in the sector ( <u>FUNDED</u> )		Fasset introduces a system of grants and introduces learning programmes to address middle-level skills in the sector ( <u>FUNDED</u> )	2.1.1.2	Projects are established to address middle-level skills in each sector	<u>Funded</u> 2.1.1.2.0	Fasset introduces a system of grants and introduces learning programmes to address middle-level skills in the sector as are outlined in items A-F below ( <u>FUNDED</u> )		
						A	<u>Funded</u> 260 learners on learnerships (40 employed, 220 unemployed)	2.1.2.1.1	Learnership Cash Grant	2.1.1.2 <u>Funded</u> A	<u>Funded</u> 40 learners on learnerships (5 employed, 35 unemployed)	<u>Funded</u> 2.1.1.2.1	Learners on learnerships	Employers in the sector continue to offer learning opportunities	NF

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
						B	<u>Funded</u> 50000 Lifelong Learning delegates	2.1.2.1.2	Lifelong Learning	2.1.1.2 <u>Funded</u> B	<u>Funded</u> 10000 Lifelong Learning delegates	<u>Funded</u> 2.1.1.2.2	Lifelong Learning	Funding is allocated by the Board	LD
						C	<u>Funded</u> 150 development project learners	2.1.2.1.3	Development projects	2.1.1.2 <u>Funded</u> C	<u>Funded</u> 50 development project learners	<u>Funded</u> 2.1.1.2.3	Development projects	Funding is allocated by the Board	TL
						D	<u>Funded</u> 87 Assessors	2.1.2.1.4	Assessor / Moderator Grant	2.1.1.2 <u>Funded</u> D	<u>Funded</u> 20 Assessors	<u>Funded</u> 2.1.1.2.4	Assessor / Moderator Grant	Funding is allocated by the Board	NF
						E	<u>Funded</u> 0 bursary (degree or diploma learners)	2.1.2.1.5	SMME Grant	2.1.1.2 <u>Funded</u> E	<u>Funded</u> 0 bursary (degree or diploma learners)	<u>Funded</u> 2.1.1.2.5	SMME Grant	Funding is allocated by the Board	LD
								2.1.2.1.6	Strategic Cash Grant			<u>Funded</u> 2.1.1.2.6	Strategic Cash Grant	Funding is allocated by the Board	LD
						F	<u>Funded</u> 0 learners on learnerships via the Strategic Cash Grant	2.1.2.1.7	Strategic Cash Grant	2.1.1.2 <u>Funded</u> F	<u>Funded</u> 0 learners on learnerships via the Strategic Cash Grant	<u>Funded</u> 2.1.1.2.7	Strategic Cash Grant	Funding is allocated by the Board	LD
										2.1.1.3	Sector Skills Plan for 2012 to 2017 has been signed-off by the DHET	2.1.1.3.1	Obtain Sector Skills Plan sign-off from the DHET	DHET provide sign-off and approval of the Sector Skills Plan	LD
		2.2	10,000 artisans per year qualify with relevant skills and find employment	2.2.1	Setas establish projects and partnerships to enable the relevant number of artisans for	2.2.1.1	The Sector Skills Plan has shown that there is no demand for artisan training in the sector	2.2.1.1.1	No interventions are planned to address this output	2.2.1.1	The Sector Skills Plan has shown that there is no demand for artisan training in the sector	2.2.1.1.1	No interventions are planned to address this output	NA	NA

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
					their sector to be trained, to qualify and become work-ready										
				2.2.2	The National Artisan Development Project developed by Joint Implementation Plan for Skills Acquisition (JIPSA) and located in the DHET and a Monitoring and Evaluation (M&E) framework, is planned, managed and reported on, with interventions made where blockages occur.	2.2.2.1	The Sector Skills Plan has shown that there is no demand for artisan training in the sector	2.2.2.1.1	No interventions are planned to address this output	2.2.2.1	The Sector Skills Plan has shown that there is no demand for artisan training in the sector	2.2.2.2.1	No interventions are planned to address this output	NA	NA
		2.3	High-level national scarce skills needs are being addressed by work-ready graduates from higher education institutions	2.3.1	Sector Skills Plans identify the supply challenges in relation to high-level scarce skills gaps and set out strategies for addressing them	2.3.1.1	Fasset submits a Sector Skills Plan to the DHET annually that includes the identification of high-level skills, and the Seta strategies in place to address them	2.3.1.1.1	Commission research to inform Sector Skills Plan	2.3.1.1	Fasset submits an Sector Skills Plan to the DHET annually that includes the identification of high-level skills, and the Seta strategies in place to address them	2.3.1.1.1	Commission research to inform Sector Skills Plan	High-level skills are defined as NQF level 6 and above (old NQF) DHET Sector Skills Plan guideline available Funding is allocated by the Board Definitions relating to targets set are clarified	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
														and established by the DHET Research project to be embarked upon to define 'rural' 'Class' needs to be defined by the DHET. Possible characteristics include: employment status, race, gini co-efficient, occupational group	
								2.3.1.1.2	Produce Sector Skills Plan for the following years: - 2011/12 - 2012/13 - 2013/14 - 2014/15 - 2015/16			2.3.1.1.2	Produce Sector Skills Plan Update 2013/14 (for the 2013 to 2018 period) for submission to DHET	Funding is allocated by the Board	LD
										2.3.1.2	Sector Skills Plan for 2012 to 2017 has been signed-off by the DHET	2.3.1.2.1	Obtain Sector Skills Plan sign-off from the DHET	DHET provide sign-off and approval of the Sector Skills Plan	LD
				2.3.2	Agreements are Entered into between Setas, university faculties and other stakeholders on appropriate interventions	2.3.2.1	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector	2.3.2.1.0	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector	2.3.2.1	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector	2.3.2.1.0	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector as are outlined in items		

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
					to support improved entry to priority programmes, increased work experience and experiential learning for students and access to post-graduate work.		(ENTERED)		(ENTERED)		(ENTERED)		A-F below (ENTERED)		
						A	<u>Entered</u> 18628 learners on learnerships (employed 3165, unemployed 15463)	2.3.2.1.1	Learners on learnerships	2.3.2.1 <u>Entered</u> A	<u>Entered</u> 3850 learners on learnerships (760 employed, 3090 unemployed)	2.3.2.1.1 <u>Entered</u>	Learners on learnerships	Employers in the sector continue to offer learning opportunities	NF
						B	<u>Entered</u> 25000 Lifelong Learning delegates	2.3.2.1.2	Lifelong Learning	2.3.2.1 <u>Entered</u> B	<u>Entered</u> 5000 Lifelong Learning delegates	2.3.2.1.2 <u>Entered</u>	Lifelong Learning	Funding is allocated by the Board	LD
						C	<u>Entered</u> 3550 development project learners	2.3.2.1.3	Development projects	2.3.2.1 <u>Entered</u> C	<u>Entered</u> 950 development project learners	2.3.2.1.3 <u>Entered</u>	Development projects	Funding is allocated by the Board	TL
						D	<u>Entered</u> 25 Moderators	2.3.2.1.4	Assessor / Moderator Grant	2.3.2.1 <u>Entered</u> D	<u>Entered</u> 5 Moderators	2.3.2.1.4 <u>Entered</u>	Assessor / Moderator Grant	Funding is allocated by the Board	NF
						E	<u>Entered</u> 1345 bursaries (including 900 external bursaries and 445 internal bursaries)	2.3.2.1.5	SMME Grant	2.3.2.1 <u>Entered</u> E	<u>Entered</u> 269 bursaries (including 180 external bursaries and 89 internal bursaries)	2.3.2.1.5 <u>Entered</u>	SMME Grant	Funding is allocated by the Board	LD
								2.3.2.1.6	Strategic Cash			2.3.2.1.6	Strategic Cash	Funding is	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
									Grant			<u>Entered</u>	Grant	allocated by the Board	
						F	<u>Entered</u> 1345 learners on learnerships via the Strategic Cash Grant	2.3.2.1.7	Strategic Cash Grant	2.3.2.1	<u>Entered</u> 1345 learners on learnerships via the Strategic Cash Grant	2.3.2.1.7	Strategic Cash Grant	Funding is allocated by the Board	LD
						2.3.2.1	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector <u>COMPLETED</u>	2.3.2.1.0	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector <u>(COMPLETED)</u>	2.3.2.1	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector <u>COMPLETED</u>	2.3.2.1.0	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector as are outlined in items A-F below <u>(COMPLETED)</u>		
						A	<u>Completed</u> - 16395 learners on learnerships (employed 1705, unemployed 14690)	2.3.2.1.1	Learners on learnerships	2.3.2.1	<u>Completed</u> 3400 learners on learnerships (400 employed, 3000 unemployed)	2.3.2.1.1	Learners on learnerships	Employers in the sector continue to offer learning opportunities	NF
						B	<u>Completed</u> 25000 Lifelong Learning delegates	2.3.2.1.2	Lifelong Learning	2.3.2.1	<u>Completed</u> 5000 Lifelong Learning delegates	2.3.2.1.2	Lifelong Learning	Funding is allocated by the Board	LD
						C	<u>Completed</u> 2485 development project learners	2.3.2.1.3	Development projects	2.3.2.1	<u>Completed</u> 665 development project learners	2.3.2.1.3	Development projects	Funding is allocated by the Board	TL
						D	<u>Completed</u> 25 Moderators	2.3.2.1.4	Assessor / Moderator Grant	2.3.2.1	<u>Completed</u> 5 Moderators	2.3.2.1.4	Assessor / Moderator Grant	Funding is allocated by the Board	NF

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
						E	<u>Completed</u> 1345 bursaries (including 900 external bursaries and 445 internal bursaries)	2.3.2.1.5	SMME Grant	2.3.2.1 <u>Completed</u> E	<u>Completed</u> 269 bursary (including 180 external bursaries and 89 internal bursaries)	2.3.2.1.5 <u>Completed</u>	SMME Grant	Funding is allocated by the Board	LD
								2.3.2.1.6	Strategic Cash Grant			2.3.2.1.6 <u>Completed</u>	Strategic Cash Grant	Funding is allocated by the Board	LD
						F	<u>Completed</u> 1345 learners on learnerships via the Strategic Cash Grant	2.3.2.1.7	Strategic Cash Grant	2.3.2.1 <u>Completed</u> F	<u>Completed</u> 269 learners on learnerships via the Strategic Cash Grant	2.3.2.1.7 <u>Completed</u>	Strategic Cash Grant	Funding is allocated by the Board	LD
						2.3.2.1	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector ( <u>FUNDED</u> )	2.3.2.1.0	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector ( <u>FUNDED</u> )	2.3.2.1	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector ( <u>FUNDED</u> )	2.3.2.1.0	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector as are outlined in items A-F below ( <u>FUNDED</u> )		
						A	<u>Funded</u> 1430 learners on learnerships (170 employed, 1260 unemployed)	2.3.2.1.1	Learnership Cash Grant	2.3.2.1 <u>Funded</u> A	<u>Funded</u> 245 learners on learnerships (split between employed and unemployed number to be advised)	2.3.2.1.1 <u>Funded</u>	Learners on learnerships	Employers in the sector continue to offer learning opportunities	NF
						B	<u>Funded</u> 25000 Lifelong Learning	2.3.2.1.2	Lifelong Learning	2.3.2.1 <u>Funded</u> B	<u>Funded</u> 5000 Lifelong Learning	2.3.2.1.2 <u>Funded</u>	Lifelong Learning	Funding is allocated by the Board	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
							delegates				delegates				
						C	<u>Funded</u> 3550 development project learners	2.3.2.1.3	Development projects	2.3.2.1 <u>Funded</u> C	<u>Funded</u> 950 development project learners	2.3.2.1.3 <u>Funded</u>	Development projects	Funding is allocated by the Board	TL
						D	<u>Funded</u> 25 Moderators	2.3.2.1.4		2.3.2.1 <u>Funded</u> D	<u>Funded</u> 5 Moderators	2.3.2.1.4 <u>Funded</u>	Assessor / Moderator Grant	Funding is allocated by the Board	
						E	<u>Funded</u> 1345 bursaries (including 900 external bursaries and 445 internal bursaries)	2.3.2.1.5	SMME Grant	2.3.2.1 <u>Funded</u> E	<u>Funded</u> 269 bursary (including 180 external bursaries and 89 internal bursaries)	2.3.2.1.5 <u>Funded</u>	SMME Grant	Funding is allocated by the Board	LD
								2.3.2.1.6	Strategic Cash Grant			2.3.2.1.6 <u>Funded</u>	Strategic Cash Grant	Funding is allocated by the Board	LD
						F	<u>Funded</u> 1345 learners on learnerships via the Strategic Cash Grant	2.3.2.1.7	Strategic Cash Grant	2.3.2.1 <u>Funded</u> F	<u>Funded</u> 269 learners on learnerships via the Strategic Cash Grant	2.3.2.1.7 <u>Funded</u>	Strategic Cash Grant	Funding is allocated by the Board	LD
										2.3.2.2	Sector Skills Plan for 2012 to 2017 has been signed-off by the DHET	2.3.2.2.1	Obtain Sector Skills Plan sign-off from the DHET	DHET provide sign-off and approval of the Sector Skills Plan	LD
		2.4	Relevant research and development and innovation capacity is developed and innovative research projects	2.4.1	Sector Skills Plans identify the focal areas for research, innovation and development	2.4.1.1	Sector Skills Plan reports on focal areas for research, innovation and development	2.4.1.1.1	Sector Skills Plan reports on focal areas for research, innovation and development for the following years:	2.4.1.1	Sector Skills Plan 2013/14 Update for the period 2013 to 2018 reports on focal areas for research, innovation and development	2.4.1.1.1	Include research on focal areas for research, innovation and development in Sector Skills Plan 2013/14 Update for the period 2013 to 2018	Funding is allocated by the Board Professional bodies, research institutions and universities provide information to the	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
			established						- 2011/12 - 2012/13 - 2013/14 - 2014/15 - 2015/16					Seta via a survey to be distributed DHET to ensure that no duplicate reporting occurs, where Setas may report on behalf of universities	
						2.4.1.2	Conduct a survey on focal areas for research, innovation and development	2.4.1.2.1	Sector Skills Plan reports on focal areas for research, innovation and development for the following years: - 2011/12 - 2012/13 - 2013/14 - 2014/15 - 2015/16	2.4.1.2	Conduct a survey on focal areas for research, innovation and development	2.4.1.2.1	Include research on focal areas for research, innovation and development in Sector Skills Plan 2013/14 Update for the period 2013 to 2018	Funding is allocated by the Board Professional bodies, research institutions and universities provide information to the Seta via a survey to be distributed DHET to ensure that no duplicate reporting occurs, where Setas may report on behalf of universities	
										2.4.1.3	Sector Skills Plan for 2012 to 2017 has been signed-off by the DHET	2.4.1.3.1	Obtain Sector Skills Plan sign-off from the DHET	DHET provide sign-off and approval of the Sector Skills Plan	LD
				2.4.2	Agreements are <u>Entered</u> into between Setas, university faculties and other stakeholders on flagship research projects linked to sector	2.4.2.1	Sector Skills Plan reports on focal areas for research, innovation and development	2.4.2.1.1	Sector Skills Plan reports on focal areas for research, innovation and development for the following years: - 2011/12 - 2012/13	2.4.2.1	Sector Skills Plan 2013/14 Update for the period 2013 to 2018 reports on focal areas for research, innovation and development	2.4.2.1.1	Include research on focal areas for research, innovation and development in Sector Skills Plan 2013/14 Update for the period 2013 to 2018	Funding is allocated by the Board Professional bodies, research institutions and universities provide information to the Seta via a survey to be distributed DHET to ensure	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
					development in a knowledge economy				- 2013/14 - 2014/15 - 2015/16					that no duplicate reporting occurs, where Setas may report on behalf of universities	
										2.4.2.2	Conduct a survey on focal areas for research, innovation and development	2.4.2.2.1	Include research on focal areas for research, innovation and development in Sector Skills Plan 2013/14 Update for the period 2013 to 2018	Funding is allocated by the Board	LD
										2.4.2.3	Sector Skills Plan for 2012 to 2017 has been signed-off by the DHET	2.4.2.3.1	Obtain Sector Skills Plan sign-off from the DHET	DHET provide sign-off and approval of the Sector Skills Plan	LD
				2.4.3	Programmes are put in place that focus on the skills needed to produce research that will be relevant and have an impact on the achievement of economic and skills development goals.	2.4.3.1	Sector Skills Plan reports on focal areas for research, innovation and development	2.4.3.1.1	Include research on focal areas for research, innovation and development in the Sector Skills Plan for the following years: - 2011/12 - 2012/13 - 2013/14 - 2014/15 - 2015/16	2.4.3.1	Sector Skills Plan 2013/14 Update for the period 2013 to 2018 reports on focal areas for research, innovation and development	2.4.3.1.1	Include research on focal areas for research, innovation and development in Sector Skills Plan 2013/14 Update for the period 2013 to 2018	Funding is allocated by the Board Professional bodies, research institutions and universities provide information to the Seta via the survey to be distributed DHET to ensure that no duplicate reporting occurs, where Setas may report on behalf of universities	LD
										2.4.3.2	Conduct a survey on focal areas for research,	2.4.3.1.2	Include research on focal areas for research, innovation and	Funding is allocated by the Board	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
											innovation and development		development in Sector Skills Plan 2013/14 Update for the period 2013 to 2018		
										2.4.3.3	Sector Skills Plan for 2012 to 2017 has been signed-off by the DHET	2.4.3.3.1	Obtain Sector Skills Plan sign-off from the DHET	DHET provide sign-off and approval of the Sector Skills Plan	LD
						2.4.3.2	Academic articles are tracked	2.4.3.2.1	Track academic articles for the following years: - 2012/13 - 2013/14 - 2014/15 - 2015/16	2.4.3.2	To be advised	2.4.3.2.1	To be advised	To be advised	NF
3	Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities	3.1	The National Certificate (Vocational) (NCV) and N-courses are recognised by employers as important base qualifications through which young people are obtaining additional vocational skills and work experience, entering the labour market with marketable skills, and obtaining	3.1.1	The NCV is reviewed with inputs from stakeholders and the curriculum is revised to ensure that it provides a sound foundational basis for building labour market relevant skills	3.1.1.1	Fasset will participate in the processes, where relevant, and as required	3.1.1.1.1	Catalytic projects 'Accredit FET institutions and train learners on specific qualification/s'	3.1.1.1	Fasset will participate in the processes, where relevant, and as required	3.1.1.1.1	No catalytic funding has been allocated to Fasset for this year, therefore no interventions are planned	NSF systems to be ready for implementation, at this point they are not ready for implementation	NA

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
			employment												
				3.1.2	The programmes offered to meet industry needs, including those supporting apprenticeships and N-courses, are reviewed, updated and made available to and accessed by employers	3.1.2.1	Fasset will participate in the processes, where relevant, and as required	3.1.2.1.1	Catalytic projects 'Accredit FET institutions and train learners on specific qualification/s'	3.1.2.1	Fasset will participate in the processes, where relevant, and as required	3.1.2.1.1	No catalytic funding has been allocated to Fasset for this year, therefore no interventions are planned	NSF systems to be ready for implementation, at this point they are not ready for implementation	NA
				3.1.3	A highly articulated system of qualifications between the FET and universities programmes	3.1.3.1	Fasset will participate in the processes, where relevant, and as required	3.1.3.1.1	Catalytic projects 'Accredit FET institutions and train learners on specific qualification/s'	3.1.3.1	Fasset will participate in the processes, where relevant, and as required	3.1.3.1.1	No catalytic funding has been allocated to Fasset for this year, therefore no interventions are planned	NSF systems to be ready for implementation, at this point they are not ready for implementation	NA
		3.2	Partnerships between DHET, Setas, employers, private providers and public FET colleges are resulting in increased capacity to meet industry needs throughout the country	3.2.1	The capacity of FET colleges to provide quality vocational training is reviewed. Each college has a Strategic Plan in place to build capacity and engage in skills development programmes, including programmes offered in	3.2.1.1	Assist in FET institution accreditation by appropriate stakeholders	3.2.1.1.1	Catalytic projects 'Accredit FET Institutions and train learners on specific qualifications'	3.2.1.1	Fasset will participate in the processes, where relevant, and as required	3.2.1.1.1	No catalytic funding has been allocated to Fasset for this year, therefore no interventions are planned	NSF systems to be ready for implementation, at this point they are not ready for implementation	NA

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
					partnership with employers.										
				3.2.2	Setas identify FET colleges with relevant programmes and put in place partnerships to offer vocational courses and work experience for college learners.	3.2.2.1	Assist in FET institution accreditation by appropriate stakeholders	3.2.2.1.1	Catalytic projects 'Accredit FET Institutions and train learners on specific qualifications'	3.2.2.1	Fasset will participate in the processes, where relevant, and as required	3.2.2.1.1	No catalytic funding has been allocated to Fasset for this year, therefore no interventions are planned	NSF systems to be ready for implementation, at this point they are not ready for implementation	NA
		3.3	The academic staff at colleges are able to offer relevant education and training of the required quality	3.3.1	The capacity of college educators to deliver programmes is reviewed. Skills development programmes, including work placement opportunities, are devised to meet the needs of the college educators	3.3.1.1	Assist in FET institution accreditation by appropriate stakeholders	3.3.1.1.1	Catalytic projects 'Accredit FET Institutions and train learners on specific qualifications'	3.3.1.1	Fasset will participate in the processes, where relevant, and as required	3.3.1.1.1	No catalytic funding has been allocated to Fasset for this year, therefore no interventions are planned	NSF systems to be ready for implementation, at this point they are not ready for implementation	NA
4	Addressing the low level of youth and adult language and numeracy skills to enable additional training	4.1	A national strategy is in place to provide all young people leaving school with an opportunity to engage in training or	4.1.1	A DHET-led process, including stakeholders, develops a strategy supported by all stakeholders.	4.1.1.1	Fasset will support the national strategy led by the DHET, where appropriate	4.1.1.1.1	Fasset will provide completed research, on request by the DHET	4.1.1.1	Fasset will support the national strategy led by the DHET, where appropriate	4.1.1.1.1	Fasset will provide completed research, on request by the DHET	Relevant research, within the Fasset research focus, is available Funding is allocated by the Board	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
			work experience, and improve their employability												
				4.1.2	A national database tracks training and work opportunities, and reports on implementation of the strategy	4.1.2.1	Fasset will provide the required information to populate the database	4.1.2.1.1	Fasset will provide information collected, on request by the DHET	4.1.2.1	Fasset will provide the required information to populate the database	4.2.1.1.1	Fasset will provide information collected, on request by the DHET	DHET systems to be ready for implementation, at this point they are not ready for implementation	LD
				4.1.3	The DHET partners with stakeholders in the youth sector to put in place training and work experience projects for young people	4.1.3.1	Fasset will support the DHET, where appropriate	4.1.3.1.1	Fasset will provide support, on request, by the DHET	4.1.3.1	Fasset will support the DHET, where appropriate	4.3.1.1.1	Fasset will provide support, on request, by the DHET	DHET systems to be ready for implementation, at this point they are not ready for implementation	LD NF TL Marelda Moodley (MM)
5	Encouraging better use of workplace-based skills development	5.1	Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the work force to adapt to change in the labour market	5.1.1	SETA stakeholders agree on the provision of substantial quality programmes for employed workers and report on the impact of the training.	5.1.1.1	52 large firms (80%) submit Mandatory Grants (baseline = 65 firms).	5.1.1.1.1	Mandatory Grant	5.1.1.1	52 large firms (80%) submit Mandatory Grants (baseline = 65 firms).	5.1.1.1.1	Mandatory Grant	Grant application forms are available for employers Funding for this project is made available by the Board	LD
								5.1.1.1.2	Employer Grant Support (EGS)			5.1.1.1.2	EGS not applicable in current period	Funded from the 10% administration budget	

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
						5.1.1.2	96 medium firms (60%) submit Mandatory Grants (baseline = 160 firms).	5.1.1.2.1	Mandatory Grant	5.1.1.2	96 medium firms (60%) submit Mandatory Grants (baseline = 160 firms).	5.1.1.2.1	Mandatory Grant	Grant application forms are available for employers Funding for this project is made available by the Board	
								5.1.1.2.2	Employer Grant Support (EGS)			5.1.1.2.2	Employer Grant Support (EGS)	Grant application forms are available for employers Funding for this project is made available by the Board	
				5.1.2	Sector projects are put in place to address specific sector skills gaps.	5.1.2.1	Fasset identifies relevant projects to address specific sector skills gaps	5.1.2.1.1	Strategic Cash Grant	5.1.2.1	Fasset identifies relevant projects to address specific sector skills gaps	5.1.2.1.1	Strategic Cash Grant	Forms and systems are available for employers Funding is allocated by the Board	LD
								5.1.2.1.2	Learnership Cash Grant			5.1.2.1.2	Learnership Cash Grant	Forms and systems are available for employers Funding is allocated by the Board	NF
								5.1.2.1.3	Assessor / Moderator Grant			5.1.2.1.3	Assessor and Moderator Grant	Forms and systems are available for employers Funding is allocated by the Board	NF
								5.1.2.1.4	SMME Grant			5.1.2.1.4	SMME Grant	Forms and systems are available for employers	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
														Funding is allocated by the Board	
								5.1.2.1.5	Lifelong Learning			5.1.2.1.5	Lifelong Learning	Funding is allocated by the Board	LD
								5.1.2.1.6	Development Projects			5.1.2.1.6	Development Projects	Funding is allocated by the Board	TL
								5.1.2.1.7	Non levy-payer registration			5.1.2.1.7	Non levy-payer registration	Forms and systems are available for employers	LD
								5.1.2.1.8	Existing learnerships will be updated			5.1.2.1.8	Existing learnerships will be updated	Employers in the sector continue to offer learning opportunities	NF
				5.1.3	Cross-sectoral projects are established to address skills needs along local supply chains aimed at supporting local economic development	5.1.3.1	Learnerships and qualifications will be developed, that can be applied cross-sectorally	5.1.3.1.1	Learnership development (tax, stockbroker) and occupational qualification development	5.1.3.1	Learnerships and qualifications will be developed, that can be applied cross-sectorally	5.1.3.1.1	Learnerships and qualifications will be developed, that can be applied cross-sectorally	Funding is made available by the Board	NF
						5.1.3.2	Specific relevant learning programmes will be made available to non-Fasset member employers	5.1.3.2.1	Learnership development (tax, stockbroker) and occupational qualification development	5.1.3.2	Specific relevant learning programmes will be made available to non-Fasset member employers. Learnership development (tax, stockbroker) and occupational	5.1.3.2.1	Learnerships and qualifications will be developed, that can be applied cross-sectorally	Funding is made available by the Board	NF

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
											qualification development				
								5.1.3.2.1	Existing learnerships will be updated			5.1.3.2.1	Existing learnerships will be updated	Employers in the sector continue to offer learning opportunities	NF
6	Encouraging and supporting cooperatives, small enterprises, worker initiated, NGO and community training initiatives	6.1	Cooperatives supported with skills training and development expand and contribute to sector economic and employment growth	6.1.1	Setas identify in their skills planning research, established and emergent cooperatives and their skills needs	6.1.1.1	Fasset does not have co-operatives in its sector, and therefore cannot address this target	6.1.1.1.1	Due to the absence of co-operatives, no interventions are planned in respect of this outcome	6.1.1.1	Fasset does not have co-operatives in its sector, and therefore cannot address this target	6.1.1.1.1	Due to the absence of co-operatives, no interventions are planned in respect of this outcome	None	NA
				6.1.2	Sector projects are established by sector stakeholders, supported by the NSF	6.1.2.1	Fasset does not have co-operatives in its sector, and therefore cannot address this target	6.1.2.1.1	Due to the absence of co-operatives, no interventions are planned in respect of this outcome	6.1.2.1	Fasset does not have co-operatives in its sector, and therefore cannot address this target	6.1.2.1.1	Due to the absence of co-operatives, no interventions are planned in respect of this outcome	None	NA
				6.1.3	A national database of cooperatives supported with skills development is established and the impact of training reported on	6.1.3.1	Fasset does not have co-operatives in its sector, and therefore cannot address this target	6.1.3.1.1	Due to the absence of co-operatives, no interventions are planned in respect of this outcome	6.1.3.1	Fasset does not have co-operatives in its sector, and therefore cannot address this target	6.1.3.1.1	Due to the absence of co-operatives, no interventions are planned in respect of this outcome	None	NA
		6.2	Partnership projects to provide training and development support to small businesses are	6.2.1	Setas, through their skills planning research, identify the skills needs of small and emerging	6.2.1.1	SMME skills needs are identified in the Sector Skills Plans	6.2.1.1.1	Commission research to inform Sector Skills Plan	6.2.1.1	SMME skills needs are identified in the Sector Skills Plan	6.2.1.1.1	Commission research to inform Sector Skills Plan	DHET Sector Skills Plan guideline available Funding is allocated by the Board	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
			established in all sectors and their impact reported on		businesses in their sector, and promote relevant programmes.										
								6.2.1.1.2	Produce Sector Skills Plan for: - 2011/12 - 2012/13 - 2013/14 - 2014/15 - 2015/16			6.2.1.1.2	Produce Sector Skills Plan Update 2013/14 (for the 2013 to 2018 period) for submission to DHET	DHET Sector Skills Plan guideline available Funding is allocated by the Board	LD
						6.2.1.2	Information is disseminated by a marketing strategy	6.2.1.2.1	Marketing materials such as e-facts, facts, adverts, website development	6.2.1.2	Information is disseminated by a marketing strategy	6.2.1.2.1	Marketing materials such as e-facts, facts newsletter print, online advertising, advertisements, website development, social media	Funding is allocated by the Board	MM
										6.2.1.3	Sector Skills Plan for 2012 to 2017 has been signed-off by the DHET	6.2.1.3.1	Obtain Sector Skills Plan sign-off from the DHET	DHET provide sign-off and approval of the Sector Skills Plan	LD
				6.2.2	Sector projects are developed that are piloted by Setas and expanded through partnership funding.	6.2.2.1	40% of levy-paying SMMEs receive support from Fasset via sector projects for their skills needs 1 160 levy-paying small firms participate in skills	6.2.2.1.1	Mandatory Grant	6.2.2.1	40% of levy-paying SMMEs receive support from Fasset via sector projects for their skills needs 1 160 levy-paying small firms participate in skills	6.2.2.1.1	Mandatory Grant	Grant application forms are available for employers.	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
							development initiatives (baseline = 1 160 firms)				development initiatives (baseline = 1 160 firms)				
								6.2.2.1.2	Learnership Cash Grant			6.2.2.1.2	Learnership Cash Grant	Forms and systems are available for employers. Funding is allocated by the Board.	NF
								6.2.2.1.3	Strategic Cash Grant			6.2.2.1.3	Strategic Cash Grant	Forms and systems are available for employers. Funding is allocated by the Board.	LD
								6.2.2.1.4	SMME Grant			6.2.2.1.4	SMME Grant	Forms and systems are available for employers. Funding is allocated by the Board.	LD
								6.2.2.1.5	Assessor / Moderator Grant			6.2.2.1.5	Assessor and Moderator Grant	Forms and systems are available for employers. Funding is allocated by the Board.	NF
								6.2.2.1.6	Lifelong Learning			6.2.2.1.6	Lifelong Learning	Funding is allocated by the Board.	LD
								6.2.2.1.7	Development Projects			6.2.2.1.7	Development Projects	Funding is allocated by the Board.	TL
						6.2.2.2	1 100 non levy-paying firms	6.2.2.2.1	Learnership Cash Grant	6.2.2.2	1 100 non levy-paying firms	6.2.2.2.1	Learnership Cash Grant	Forms and systems are available for	NF

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
							participate in skills development initiatives (baseline = 1 100)				participate in skills development initiatives (baseline = 1 100)			employers Funding is allocated by the Board.	
								6.2.2.2.2	SMME Grant			6.2.2.2.2	SMME Grant	Forms and systems are available for employers Funding is allocated by the Board.	LD
								6.2.2.2.3	Assessor / Moderator Grant			6.2.2.2.3	Assessor and Moderator Grant	Forms and systems are available for employers Funding is allocated by the Board.	NF
								6.2.2.2.4	Lifelong Learning			6.2.2.2.4	Lifelong Learning	Funding is allocated by the Board.	LD
								6.2.2.2.5	Development Projects			6.2.2.2.5	Development Projects	Funding is allocated by the Board.	TL
				6.2.3	A national database of small businesses supported with skills development is established and the impact of training reported on.	6.2.3.1	A database of SMMEs and NLPs will be developed and provided to the DHET on request	6.2.3.1.1	All research commissioned by Fasset, and certain data collected, will be submitted to the DHET on request	6.2.3.1	A database of SMMEs and NLPs will be developed and provided to the DHET on request	6.2.3.1.1	All research commissioned by Fasset, and certain data collected, will be submitted to the DHET on request	Clarity on the nature of the database is communicated. Assured confidentiality of respondents to research is respected.	LD
		6.3	Worker, NGO and community-based education programmes	6.3.1	Setas engage with trade unions, NGOs and community-	6.3.1.1	Fasset does not have entities of this nature in its sector, and	6.3.1.1.1	No interventions are planned	6.3.1.1	Fasset does not have entities of this nature in its sector, and	6.3.1.1.1	No interventions are planned	None	NA

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
			are supported and their impact measured and reported on		based organisations in their sector and identify skills needs and strategies to address needs.		therefore cannot address this target				therefore cannot address this target				
				6.3.2	Setas establish quality pilot projects.	6.3.2.1	Fasset does not have entities of this nature in its sector, and therefore cannot address this target	6.3.2.1.1	No interventions are planned	6.3.2.1	Fasset does not have entities of this nature in its sector, and therefore cannot address this target	6.3.2.1.1	No interventions are planned	None	NA
				6.3.3	Stakeholders expand successful projects with support from the NSF.	6.3.3.1	Fasset does not have entities of this nature in its sector, and therefore cannot address this target	6.3.3.1.1	No interventions are planned	6.3.3.1	Fasset does not have entities of this nature in its sector, and therefore cannot address this target	6.3.3.1.1	No interventions are planned	None	NA
7	Increasing public sector capacity for improved service delivery and supporting the building of a developmental state	7.1	A thorough analysis and reflection is conducted on provision of education and training within the public sector and the contribution of the various role players	7.1.1	Setas with responsibility for public sector training conduct analysis and reflection on achievements and challenges. Fasset will conduct an analysis of achievements and challenges on organisations within the	7.1.1.1	Fasset will conduct an analysis of achievements and challenges on organisations within the Fasset scope	7.1.1.1.1	Produce Sector Skills Plan for: - 2011/12 - 2012/13 - 2013/14 - 2014/15 - 2015/16	7.1.1.1	Fasset will conduct an analysis of achievements and challenges on organisations within the Fasset scope	7.1.1.1.1	Sector Skills Plan for 2012 to 2017 has been finalised and submitted to DHET	NA	LD

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
					Fasset scope										
								7.1.1.1.2	Special research, if required			7.1.1.1.2	Submit Sector Skills Plan Update 2013/14 (for the 2013 to 2018 period) to DHET	Funding is allocated by the Board	LD
												7.1.1.1.3	Special research, if required	Funding is allocated by the Board	LD
										7.1.1.2	Sector Skills Plan for 2012 to 2017 has been signed-off by the DHET	7.1.1.2.1	Obtain Sector Skills Plan sign-off from the DHET	DHET provide sign-off and approval of the Sector Skills Plan	LD
				7.1.2	DHET leads a discussion on factors impacting on provision and publishes proposals on improving the institutional framework for public sector education and training.	7.1.2.1	Fasset will support the requests of DHET, where appropriate	7.1.2.1.1	Fasset will provide support to the DHET, where appropriate and on request by the DHET	7.1.2.1	Fasset will support the requests of DHET, where appropriate	7.1.2.1.1	Fasset will provide support to the DHET, where appropriate and on request by the DHET	Funding is allocated by the Board	LD
		7.2	Education and training plans for the public sector are revised and programmes are implemented to build capacity	7.2.1	Sector Skills Plans set out the capacity needs of relevant departments and entities.	7.2.1.1	Fasset will support the requests of DHET, where appropriate	7.2.1.1.1	Fasset will provide support to the DHET, where appropriate and on request by the DHET	7.2.1.1	Fasset will support the requests of DHET, where appropriate	7.2.1.1.1	Fasset will provide support to the DHET, where appropriate and on request by the DHET	Funding is allocated by the Board	LD
				7.2.2	Plans and funding arrangements are agreed	7.2.2.1	Fasset applies for catalytic funding to build capacity	7.2.2.1.1	Catalytic project 'Enhance the pass rate of	7.2.2.1	Due to the unavailability of catalytic funding for this	7.2.2.1.1	Due to the unavailability of catalytic funding for this year, no	Catalytic funding is allocated to Fasset by the	NA

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
					between the relevant departments/entities and the Setas, and are reported on.		in the public sector		learners completing their postgraduate studies through a distance learning institution while working at public workplace providers'		year, no output has been set		interventions are planned	NSF	
8	Building career and vocational guidance	8.1	Career paths are mapped to qualifications in all sectors and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression	8.1.1	Career guides are developed with labour market information from Setas, addressing sub-sectors within their sector.	8.1.1.1	Career guides are developed for occupations across sectors in the economy	8.1.1.1.1	Career guide is developed	8.1.1.1	Career guides are developed for occupations across sectors in the economy	8.1.1.1.1	Career guide is developed	Funding is made available by the Board	MM
						8.1.1.2	Comprehensive occupational profile of the sector and guide to employment opportunities in the sector made available	8.1.1.2.1	<b>Learner marketing campaign planned and implemented using the following:</b> <ul style="list-style-type: none"> <li>- Learner print media campaign</li> <li>- Attendance at career exhibitions nationally</li> <li>- Online</li> </ul>	8.1.1.2	Comprehensive occupational profile of the sector and guide to employment opportunities in the sector made available	8.1.1.2.1	<b>Learner marketing campaign planned and implemented using the following:</b> <ul style="list-style-type: none"> <li>- Learner print media campaign</li> <li>- Attendance at career exhibitions nationally</li> <li>- Online</li> </ul>	Funding is made available by the Board	MM

#	NSDS Goal	#	NSDS Outcome	#	NSDS Output	#	2011 to 2016 Fasset Output	#	2011 to 2016 Intervention	#	2012 to 2013 Fasset Output	#	2012 to 2013 Intervention	2012 to 2013 Assumption	Manager
									<ul style="list-style-type: none"> <li>- advertising</li> <li>- Social media</li> <li>- National distribution of the Fasset careers video</li> <li>- National distribution of the Fasset careers guide</li> <li>- Fasset brand ambassadors</li> <li>- Viral Campaign</li> </ul>				<ul style="list-style-type: none"> <li>- advertising</li> <li>- Social media</li> <li>- National distribution of the Fasset careers video</li> <li>- National distribution of the Fasset careers guide</li> <li>- Fasset brand ambassadors</li> <li>- Viral Campaign</li> </ul>		
				8.1.2	Sector stakeholders are engaged and programmes are adjusted to meet the skills and qualification needs to promote comprehensive career development	8.1.2.1	Sector stakeholders are engaged and occupational programmes are adjusted to promote career development	8.1.2.1.1	Strategic partnerships intervention	8.1.2.1	Sector stakeholders are engaged and occupational programmes are adjusted to promote career development	8.1.2.1.1	Strategic partnerships intervention	Funding is made available by the Board	MM
								8.1.2.1.2	Learner marketing campaign			8.1.2.1.2	Learner marketing campaign	Funding is made available by the Board	

## **7.5 SUPPORT OF THE PRESIDENT'S OUTCOMES**

Fasset supports the President's Outcomes Approach to Planning Government's Work. Of the ten outcomes, Outcome 5, "a Skilled and Capable Workforce to Support an Inclusive Growth Path", relates directly to the Minister of Higher Education and Training outcomes. Fasset's contribution towards achieving this outcome is indicated in Table 7-2 below, where Fasset's outputs (as aligned to NSDS III and Catalytic Funding Proposals) are aligned to the Minister's outputs. This shows the contribution of the Seta towards reaching the national outcomes.

Table 7-2 Support of the President's Outcomes Approach to Planning Government's Work (Outcome 5)

#	Minister's Outcome	Minister's Output	#	Outcome	#	Output	#	2012-13 Fasset Output	#	2012-13 Interventions
1	Increase access to programmes leading to intermediate and high-level learning.	Provide a range of learning options to meet the demand of those with matric but do not meet requirements for university entrance.	5.1	Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the work force to adapt to the change in the labour market	5.1.3	Cross-sectoral projects are established to address skills needs along local supply chains aimed at supporting local economic development	5.1.3.1	Learnerships and qualifications will be developed, that can be applied cross-sectorally	5.1.3.1.1	Learnerships and qualifications will be developed, that can be applied cross-sectorally
							5.1.3.2	Specific relevant learning programmes will be made available to non-Fasset member employers. Learnership development (tax, stockbroker) and occupational qualification development	5.1.3.2.1	Learnerships and qualifications will be developed, that can be applied cross-sectorally
2	Increase access to occupationally directed programmes in needed areas and thereby expand the availability of intermediate level skills (with a special focus on artisan skills).	Provide a range of learning options to meet the demand of those with matric but do not meet requirements for university entrance	5.1	Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the work force to adapt to the change in the labour market	5.1.3	Cross-sectoral projects are established to address skills needs along local supply chains aimed at supporting local economic development	5.1.3.1	Learnerships and qualifications will be developed, that can be applied cross-sectorally	5.1.3.1.1	Learnerships and qualifications will be developed, that can be applied cross-sectorally
							5.1.3.2	Specific relevant learning programmes will be made available to non-Fasset member employers. Learnership development (tax, stockbroker) and occupational qualification development	5.1.3.2.1	Learnerships and qualifications will be developed, that can be applied cross-sectorally
		Increase the number of learnerships	2.1	Middle-level skills needs are identified and addressed in all sectors	2.1.1	Setas research and identify middle-level skills needs in their sectors and put in place strategies to address them, particularly through the use of the public Further Education and Training (FET) colleges and universities of technology working in partnership with employers providing	2.1.1.1	SSP for 2012 to 2017 has been finalised and submitted to DHET	2.1.1.1.1	Produce SSP Update 2012/13 (for the 2012 to 2017 period) for submission to DHET DHET that includes the identification of middle-level skills, and the Seta strategies in place to address them

#	Minister's Outcome	Minister's Output	#	Outcome	#	Output	#	2012-13 Fasset Output	#	2012-13 Interventions
						workplace-based training				
3	Research, Development and Innovation in human capital for a growing knowledge economy	Increase the output of Honours degrees				Catalytic Project 5: Increase the capacity of public sector workplace providers (SARS and Auditor-General) through increasing the CTA throughput pass percentage and QE pass rates through a simulation of a residential university model.		No target has been set due to no catalytic funding being made available.  This target will be set once the funding window has been opened by the NSF.		Interventions will be identified once funds are secured.
4	Research, Development and Innovation in human capital for a growing knowledge economy					Catalytic Project 3: Provide work readiness training and work experience to University of Technology (UoT) learners via simulated work environments, making currently studying unemployed accounting learners more employable on their entry into the workplace.		No target has been set due to no catalytic funding being made available.  This target will be set once the funding window has been opened by the NSF.		Interventions will be identified once funds are secured.
5	Research, Development and Innovation in human capital for a growing knowledge economy					Catalytic Project 4: Provide work readiness training and work experience to University of Technology (UoT) learners via simulated work environments, making currently studying unemployed accounting learners more employable on their entry into the workplace.		No target has been set due to no catalytic funding being made available.  This target will be set once the funding window has been opened by the NSF.		Interventions will be identified once funds are secured.

## **7.6 FINANCIAL PROJECTIONS**

Table 7-3 below gives an overview of the expected financial position of Fasset over 2012 to 2013. This includes Mandatory Grant and Discretionary Grant income.

Table 7-3 Financial projections for the period 2012 to 2013

		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
<b>INCOME</b>							
Levy income 100%		271 620 548.74	353 736 607.40	353 736 607.40	374 960 803.84	397 458 452.07	421 305 959.20
Levy income 20%		54 324 109.75	70 747 321.48	70 747 321.48	74 992 160.77	79 491 690.41	84 261 191.84
Levy income 80%		<b>217 296 438.99</b>	<b>282 989 285.92</b>	<b>282 989 285.92</b>	<b>299 968 643.08</b>	<b>317 966 761.66</b>	<b>337 044 767.36</b>
	Mandatory (incl. Pivotal)	-135 534 418.05	176 568 303.70	176 568 303.70	187 162 401.92	198 392 146.04	210 295 674.80
	Discretionary	-54 227 784.86	70 627 321.48	70 627 321.48	74 864 960.77	79 356 858.41	84 118 269.92
	Admin	-27 534 236.08	35 793 660.74	35 793 660.74	37 941 280.38	40 217 757.21	42 630 822.64
NSF Income		0	0	0	0	0	0
Skills Development Levy income		-1 331 487.60	0	0	0	0	0
Other Income		-6 056 976.68	6 000 000.00	7 500 000.00	6 000 000.00	6 000 000.00	6 360 000.00
<b>Total Income</b>		<b>209 907 974.71</b>	<b>288 989 285.92</b>	<b>290 489 285.92</b>	<b>305 968 643.08</b>	<b>323 966 761.66</b>	<b>343 404 767.36</b>
<b>EXPENDITURE</b>							
<b>Total Expenditure</b>		<b>211 634 827.87</b>	<b>288 989 285.92</b>	<b>290 489 285.92</b>	<b>305 968 643.08</b>	<b>323 966 761.66</b>	<b>343 404 767.36</b>
	Mandatory (incl. Pivotal)	111 477 484.61	150 083 058.15	150 083 058.15	159 088 041.63	168 633 324.13	178 751 323.58
	Discretionary grants & projects	79 368 280.23	111 870 073.78	113 579 540.77	118 444 313.23	125 190 972.02	132 702 430.34
	Admin	20 789 063.03	27 036 154.00	26 826 687.00	28 436 288.22	30 142 465.51	31 951 013.44
	<b>Surplus/deficit</b>	-	-	-	-	-	-

## 7.7 MONITORING TRENDS AND IMPACT

Fasset's objective is to monitor trends and changing needs in the sector and (wherever possible) to measure and assess the impact of its interventions on a regular basis.

### 7.7.1 Strategies

#### a) *Assessment of critical skills and skills shortages*

Fasset will assess skills shortages in the sector every year as part of the update to the SSP and via the annual grants analysis. Every five years the Seta will conduct a sector study which will provide insight into changes in the sector from one period to another. The third sector survey since the Seta's establishment in 2000 will take place in the 2012/2013 period.

#### b) *Assessment of impact of interventions*

The Seta has a declared objective to measure the impact and effectiveness of interventions entered into. It has also developed a framework document that guides the evaluation and the measurement of the impact of all its interventions.

Fasset's general approach to impact assessment is to integrate it, as far as possible, as an important part of the normal activities of the Seta and to limit the time and resources spent on additional impact assessment interventions to the minimum.

Indicators of impact are formulated to realistically reflect the work of the Seta. Ideally indicators will be limited to areas over which the Seta has direct control. However, this is not always possible and in the interpretation of information certain contextual issues will be taken into consideration; for example, the uptake of learnerships by employers may be affected by economic conditions – something outside the control of the Seta.

The activities used to monitor impact will consist of three tiers. First, impact will be monitored in Fasset's own system on a regular basis by using data that is collected for other purposes and as part of the execution of the Seta's normal functions. Second, regular studies undertaken by Fasset for other purposes will be utilised to monitor impact – for example, customer satisfaction surveys and LCG monitoring visits – and third, *ad hoc* and additional projects to measure impact will be undertaken from time to time.

Specific activities aimed at assessing the impact of interventions in the period covered by this SSP include the following:

- All project funding applications will be required to outline the expected impact of the project and to identify impact indicators. Where possible the projects themselves will include an impact assessment phase.
- A Mandatory Grant impact study (to measure the impact that the Mandatory Grant has had on employers in Fasset's sector, and to prepare the sector feedback report on the Mandatory Grant) will be conducted.
- Fasset will commission other specific impact studies from time to time during the period.

*c) Continuous process improvement following audits*

The Seta's participation in a variety of checks and audits provides opportunities for analysis of the Seta systems and processes and for feedback that could be used for continuous improvement.

- All reporting as per the Service Level Agreement (SLA) to be developed with the DHET for the 2011 to 2016 period will be audited, usually quarterly. Continuous process improvements flowing from these audits will be integrated into future quality management systems.
- External and internal audits as required and implemented by Fasset will suggest areas where improvements to the Fasset system can be undertaken.

## **7.8 CONCLUSION**

This last chapter of the SSP outlined Fasset's objectives and its proposed grant structure. Alignment to Outcome 5 of the President's Outcomes Approach to Planning Government's Work was described. The chapter also includes financial projections of income and expenditure.

This budget will be revised from year to year in the subsequent SSP updates. Fasset has also adopted a framework for the regular evaluation of all its activities and interventions and for the measurement of impact (as far as it is possible). Regular evaluations and impact assessments will guide the budget revisions.

## REFERENCES

Department of Basic Education, <http://www.education.gov.za/emis/emisweb/statistics.htm>, accessed 21 June 2010.

Department of Basic Education, Reports on the National Senior Certificate examination results, 2009 and 2010.

<<http://www.education.gov.za/dobeinternet/researchers/tabid/422/Default.aspx>> Accessed 17 June, 2011

Department of Trade and Industry, [www.thedti.gov.za](http://www.thedti.gov.za), accessed 15 June 2010.

EE Research Focus and Tshwane University of Technology. Research into the Financial Management, Accounting and Auditing Skills Shortage. SAICA. September 2008.

EE Research Focus, Investigation into the need for a learnership in taxation, Report to Fasset, 2009.

EE Research Focus. Investigation into the need for a learnership in financial markets, Report to Fasset, 2009.

Fasset. Survey of the Financial and Accounting Services Sector, January 2008.

Government of South Africa, Draft Regulation of Tax Practitioners Bill, [www.sars.gov.za](http://www.sars.gov.za), accessed July 2011.

Government of South Africa, Consumer Protection Act, Act 69 of 2008.

Government of South Africa, 2010/11 – 2012/13 Industrial Policy Action Plan, February 2010.

Government of South Africa, The New Growth Path: The Framework.

Jaffer, Z. The New Growth Path: The Framework.

<http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=14787&tid=24857>

Mulberry Leaf Consulting. Trainee Chartered Accountants in South Africa: Supply and Demand. A report prepared for SAICA, May 2007.

SAICA, <http://www.cacharter.co.za/default.asp>

SAICA, Membership statistics, <http://www.saica.co.za>, accessed June 2011

South African Revenue Service, [www.sars.gov.za](http://www.sars.gov.za), accessed 15 June 2010.

Statistics South Africa, Mid-year Population Estimates, PO 302, 2010. Human Sciences Research Council, *Nelson Mandela/HSRC Study of HIV/AIDS*, Pretoria, 2002 Fasset. Survey of the Financial and Accounting Services Sector, January 2008.

## ANNEXURE A WEIGHTING OF MANDATORY GRANT APPLICATION DATA

The information that employers submit annually to Fasset in their Mandatory Grant applications is the only information specifically on this sector. In order to compensate for variations in submission rates the data received in every grant scheme year was weighted to a sectoral total. This was done by using the levy amount paid as a proxy for employment. Weighting was done separately for each of the subsectors, because of wage differentials that occur between subsectors. (Wage differentials are reflected in the SDL-employment ratios of the different subsectors).

In each of the subsectors the weights applied were calculated as follows:

Weight = Levy amount paid (all organisations)/levy amount paid (organisations – WSPs approved).

A small adaptation of 0.18 was then made for non-levy-paying organisations. The exact calculations for each year are shown in the table below.

	Total Levy amount (R)	Levy amount: WSPs accepted (R)	Initial Weight	Provision for non-levy payers	Final Weight	WSP Employment	Estimated Employment
<b>2001/2002</b>							
Investment Entities and Trusts and Company Secretarial Services	13 304 499	7 115 704	1.87	0.18	2.05	1 401	2 872
Stockbroking and Financial Markets	17 631 054	10 649 277	1.66	0.18	1.84	3 041	5 582
Development Organisations	2 557 955	1 521 801	1.68	0.18	1.86	577	1 074
Accounting, Bookkeeping, Auditing and Tax Services	30 518 586	19 209 344	1.59	0.18	1.77	16 076	28 434
Activities Auxiliary to Financial Intermediation	5 965 867	2 358 651	2.53	0.18	2.71	1 685	4 565
Business and Management Consulting Services	16 748 871	11 195 327	1.50	0.18	1.68	5 637	9 448
SARS and Government Departments					1.00	15 132	15 132
<b>Total</b>	<b>86 726 830</b>	<b>52 050 105</b>				<b>43 549</b>	<b>67 107</b>
<b>2002/2003</b>							
Investment Entities and Trusts and Company Secretarial Services	14 421 611	7 529 160	1.92	0.18	2.10	2 932	6 144
Stockbroking and Financial Markets	21 555 354	16 454 048	1.31	0.18	1.49	5 018	7 477
Development Organisations	3 072 905	2 521 400	1.22	0.18	1.40	785	1 098
Accounting, Bookkeeping, Auditing and Tax Services	35 538 084	27 582 716	1.29	0.18	1.47	24 269	35 637
Activities Auxiliary to Financial Intermediation	7 380 909	3 799 765	1.94	0.18	2.12	4 105	8 713
Business and Management Consulting Services	21 939 482	13 804 919	1.59	0.18	1.77	7 544	13 347
SARS and Government Departments					1.00	15 452	15 452
<b>Total</b>	<b>103 908 344</b>	<b>71 692 006</b>				<b>60 105</b>	<b>87 868</b>
<b>2003/2004</b>							
Investment Entities and Trusts and Company Secretarial Services	10 545 837	9 185 495	1.15	0.18	1.33	2 267	3 011
Stockbroking and Financial Markets	19 812 132	13 693 050	1.45	0.18	1.63	4 123	6 708
Development Organisations	1 310 073	732 646	1.79	0.18	1.97	388	764

	Total Levy amount (R)	Levy amount: WSPs accepted (R)	Initial Weight	Provision for non-levy payers	Final Weight	WSP Employment	Estimated Employment
Accounting, Bookkeeping, Auditing and Tax Services	51 679 102	34 572 369	1.49	0.18	1.67	31 524	52 797
Activities Auxiliary to Financial Intermediation	9 192 807	5 741 439	1.60	0.18	1.78	4 525	8 060
Business and Management Consulting Services	21 070 876	17 882 024	1.18	0.18	1.36	6 007	8 159
SARS and Government Departments					1.00	15 340	15 340
<b>Total</b>	<b>113 610 828</b>	<b>81 807 023</b>				<b>64 174</b>	<b>94 838</b>
<b>2004/2005</b>							
Investment Entities and Trusts and Company Secretarial Services	15 663 954	11 157 697	1.40	0.18	1.58	2 735	4 332
Stockbroking and Financial Markets	26 872 530	19 358 747	1.39	0.18	1.57	3 862	6 056
Development Organisations	3 857 317	2 881 692	1.34	0.18	1.52	514	781
Accounting, Bookkeeping, Auditing and Tax Services	48 169 057	39 078 606	1.23	0.18	1.41	31 474	44 461
Activities Auxiliary to Financial Intermediation	7 139 693	4 223 273	1.69	0.18	1.87	4 086	7 643
Business and Management Consulting Services	25 774 622	18 653 232	1.38	0.18	1.56	8 924	13 937
SARS and Government Departments					1.00	16 051	16 051
<b>Total</b>	<b>127 477 172</b>	<b>95 353 246</b>				<b>67 646</b>	<b>93 261</b>
<b>2005/2006</b>							
Investment Entities and Trusts and Company Secretarial Services	21 945 646	15 157 620	1.45	0.18	1.63	3 427	5 579
Stockbroking and Financial Markets	30 753 063	20 017 213	1.54	0.18	1.72	4 316	7 408
Development Organisations	4 307 035	3 705 652	1.16	0.18	1.34	1 006	1 350
Accounting, Bookkeeping, Auditing and Tax Services	62 106 627	53 132 315	1.17	0.18	1.35	32 462	43 788
Activities Auxiliary to Financial Intermediation	8 140 761	4 887 401	1.67	0.18	1.85	4 159	7 676
Business and Management Consulting Services	25 341 742	17 236 370	1.47	0.18	1.65	8 684	14 331
SARS and Government Departments					1.00	17 471	17 471
<b>Total</b>	<b>152 594 873</b>	<b>114 136 572</b>				<b>71 525</b>	<b>97 602</b>
<b>2006/2007</b>							
Investment Entities and Trusts and Company Secretarial Services	24 835 252	20 059 926	1.24	0.18	1.42	3 583	5 081
Stockbroking and Financial Markets	39 557 473	26 509 800	1.49	0.18	1.67	5 604	9 371
Development Organisations	4 800 350	3 745 716	1.28	0.18	1.46	1 060	1 549
Accounting, Bookkeeping, Auditing and Tax Services	60 233 566	59 626 970	1.01	0.18	1.19	33 732	40 147
Activities Auxiliary to Financial Intermediation	10 901 585	5 791 456	1.88	0.18	2.06	5 263	10 854
Business and Management Consulting Services	40 363 923	25 518 015	1.58	0.18	1.76	10 065	17 732
SARS and Government Departments					1.00	17 352	17 352
<b>Total</b>	<b>180 692 150</b>	<b>141 251 884</b>				<b>76 659</b>	<b>102 086</b>
<b>2007/2008</b>							
Investment Entities and Trusts and Company Secretarial Services	32 758 811	25 522 067	1.28	0.18	1.46	4 559	6 672
Stockbroking and Financial Markets	46 878 348	38 058 362	1.23	0.18	1.41	8 915	12 586
Development Organisations	5 417 385	4 891 170	1.11	0.18	1.29	1 093	1 407
Accounting, Bookkeeping, Auditing and Tax Services	77 257 284	66 140 718	1.17	0.18	1.35	34 212	46 120

Draft Fasset Sector Skills Plan Update (23 September 2011)

	Total Levy amount (R)	Levy amount: WSPs accepted (R)	Initial Weight	Provision for non-levy payers	Final Weight	WSP Employment	Estimated Employment
Activities Auxiliary to Financial Intermediation	15 233 426	10 439 003	1.46	0.18	1.64	6 289	10 309
Business and Management Consulting Services	44 920 451	37 114 350	1.21	0.18	1.39	12 027	16 721
SARS and Government Departments			1		1.00	17 986	17 986
<b>Total</b>	<b>222 465 706</b>	<b>182 165 671</b>				<b>85 081</b>	<b>111 803</b>
<b>2008/2009</b>							
Investment Entities and Trusts and Company Secretarial Services	30 748 455	25 258 018	1.22	0.18	1.40	5 124	7 160
Stockbroking and Financial Markets	52 188 726	39 449 566	1.32	0.18	1.50	9 638	14 485
Development Organisations	7 244 465	6 231 734	1.16	0.18	1.34	1 475	1 980
Accounting, Bookkeeping, Auditing and Tax Services	72 442 265	65 103 049	1.11	0.18	1.29	33 010	42 673
Activities Auxiliary to Financial Intermediation	16 724 020	10 115 595	1.65	0.18	1.83	7 330	13 438
Business and Management Consulting Services	64 568 057	56 283 156	1.15	0.18	1.33	16 271	21 595
SARS and Government Departments					1.00	17 996	17 996
<b>Total</b>	<b>243 915 988</b>	<b>202 441 120</b>				<b>90 844</b>	<b>119 328</b>
<b>2009/2010</b>							
Investment Entities and Trusts and Company Secretarial Services	22 484 246	17 471 697	1.29	0.18	1.47	5 234	7 678
Stockbroking and Financial Markets	49 384 179	41 641 226	1.19	0.18	1.37	9 606	13 121
Development Organisations	6 992 464	6 338 575	1.10	0.18	1.28	1 561	2 003
Accounting, Bookkeeping, Auditing and Tax Services	66 112 664	59 260 658	1.12	0.18	1.30	32 959	42 703
Activities Auxiliary to Financial Intermediation	16 757 742	10 568 407	1.59	0.18	1.77	7 324	12 932
Business and Management Consulting Services	46 612 303	39 135 450	1.19	0.18	1.37	12 718	17 437
SARS and Government Departments					1.00	18 798	18 798
<b>Total</b>	<b>208 343 599</b>	<b>174 416 014</b>				<b>88 200</b>	<b>114 671</b>
<b>2010/2011</b>							
Investment Entities and Trusts and Company Secretarial Services	24 444 739	19 539 389	1.25	2*		5 074	6 386
Stockbroking and Financial Markets	49 492 555	35 352 001	1.40	2*		10 167	14 256
Development Organisations	6 119 844	5 058 822	1.21	2*		1 543	1 869
Accounting, Bookkeeping, Auditing and Tax Services	72 898 888	70 400 017	1.04	2*		38 166	41 734
Activities Auxiliary to Financial Intermediation	15 880 809	11 930 521	1.33	2*		9 761	13 419
Business and Management Consulting Services	50 938 866	39 050 919	1.30	2*		15 414	20 237
SARS and Government Departments						16 627	16 627
Unknown	3 556 808						
<b>Total</b>	<b>223 332 508</b>	<b>181 331 669</b>				<b>96 752</b>	<b>114 528</b>

\*Weights applied only to information submitted by non-levy-paying organisations