Table of Contents

1. Glossary ............................................................................................................................... 3
2. Foreword .............................................................................................................................. 5
3. The Legislation in Context .................................................................................................... 6
   3.1 Background ............................................................................................................... 6
   3.2 The SAQA Act ........................................................................................................... 6
   3.3 SAQA Structures ....................................................................................................... 7
   3.4 The National Qualifications Framework .................................................................... 9
   3.5 A Shift in Learning and Assessment ......................................................................... 12
   3.6 The Skills Development Act .................................................................................... 12
   3.7 The Skills Development Act Structures .................................................................. 13
   3.8 The Skills Development Levies Act ......................................................................... 14
   3.9 Working with Learnerships ...................................................................................... 14
   3.10 The SDFs Role ......................................................................................................... 15
   3.11 The Employment Equity Act .................................................................................. 16
4. The Human Resources Development Strategy and National Skills Development Strategy .......................................................................................................................... 18
   4.1 The Human Resources Development Strategy ........................................................... 18
   4.2 The National Skills Development Strategy ............................................................... 19
   4.3 Aligning Fasset’s Objectives with the NSDS .............................................................. 19
5. The Nature of the Financial and Accounting Services Sector Education and Training Authority (Fasset) ............................................................................................................... 21
   5.1 HSRC Report Executive Summary ...................................................................... 21
   5.2 Fasset Sector Skills Plan Executive Summary ........................................................ 23
   5.3 Fasset Annual Skills Priorities: 1 April 2004 – 31 March 2005 ............................. 25
6. Levies, Grants, Benefits and Fund Utilisation ........................................................................ 26
   6.1 Overview of the Levy Grant Structure .................................................................. 26
   6.2 Strategic Cash Grant Year ..................................................................................... 26
   6.3 Fasset Benefits ........................................................................................................ 26
   6.4 Fasset Project Funds .............................................................................................. 27
7. Fasset’s Approved Projects ................................................................................................ 28
8. Skills Development Planning and Implementation ................................................................ 29
   8.1 Workplace Skills Planning and Implementation ....................................................... 29
   8.2 Fasset Workplace Skills Plan Grant ....................................................................... 29
   8.3 Background ............................................................................................................. 30
   8.4 Workplace Skills Plan Criteria for Acceptance ...................................................... 30
   8.5 Annual Training Report (ATR) .............................................................................. 30
   8.6 Interim Training Report (ITR) ................................................................................ 30
9. Conclusion .......................................................................................................................... 31
10. Contact Details ................................................................................................................... 31
11. Appendix ............................................................................................................................. 32
12. References .......................................................................................................................... 35
## 1. Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment</td>
<td>A structured process for gathering evidence and making judgments about an individual’s performance in relation to registered, national standards.</td>
</tr>
<tr>
<td>Competent</td>
<td>Learners are declared competent when they meet the outcomes of the unit standard.</td>
</tr>
<tr>
<td>EE</td>
<td>Employment Equity</td>
</tr>
<tr>
<td>ETQA</td>
<td>Education Training Quality Assurance Body - responsible for ensuring quality of training and development in a specific sector.</td>
</tr>
<tr>
<td>FET</td>
<td>Further Education and Training</td>
</tr>
<tr>
<td>HET</td>
<td>Higher Education and Training</td>
</tr>
<tr>
<td>Learnerships</td>
<td>A Learnership is a work-based approach to learning and gaining qualifications and includes both structured work experience (practical) and structured learning (theory).</td>
</tr>
<tr>
<td>Mentor</td>
<td>A multi-skilled individual who serves as a sponsor, teacher, coach, sounding board and counselor.</td>
</tr>
<tr>
<td>Moderation</td>
<td>A process of review that confirms that processes that have been followed are valid, consistent, fair and adequate.</td>
</tr>
<tr>
<td>NQF</td>
<td>The National Qualifications Framework provides a framework for nationally recognised qualifications. Qualifications are assessed according to eight bands.</td>
</tr>
<tr>
<td>NYC</td>
<td>Not Yet Competent</td>
</tr>
<tr>
<td>OBET</td>
<td>Outcomes Based Education and Training</td>
</tr>
<tr>
<td>QMS</td>
<td>Quality Management System</td>
</tr>
<tr>
<td>Qualifications</td>
<td>A group of Unit Standards that have been clustered together to make up a registered qualification. There are 3 types of qualifications on the NQF: certificates (120cr), diplomas (240cr) and degree (360cr).</td>
</tr>
<tr>
<td>Quality System Audits</td>
<td>Audits conducted by Setas to ensure that providers and employers are providing education and training of an acceptable standard.</td>
</tr>
<tr>
<td>R &amp; D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>RPL</td>
<td>A process whereby learners are assessed and given credit for learning that has already taken place within the workplace.</td>
</tr>
<tr>
<td>SAQA</td>
<td>South African Qualifications Authority</td>
</tr>
<tr>
<td>SDA</td>
<td>Skills Development Act</td>
</tr>
<tr>
<td>SDF</td>
<td>Skills Development Facilitator</td>
</tr>
<tr>
<td>SDL</td>
<td>Skills Development Levy</td>
</tr>
<tr>
<td>Seta</td>
<td>Sector Education and Training Authority</td>
</tr>
<tr>
<td>SGB</td>
<td>Standards Generating Bodies</td>
</tr>
<tr>
<td>Term</td>
<td>Description</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Skills Programmes</td>
<td>Occupationally based learning intervention that uses providers to train learners towards the achievement of national Unit Standards.</td>
</tr>
<tr>
<td>SME</td>
<td>Subject Matter Expert</td>
</tr>
<tr>
<td>Summative Assessment</td>
<td>Occurs at the end of the learning process. Evidence is gathered and an assessment is made as to whether a learner has met requirements for competence.</td>
</tr>
<tr>
<td>Training Providers</td>
<td>Organisations or individuals that provide learning. These include technical colleges, technikons, distance education institutions, universities, private providers or company in-house training divisions.</td>
</tr>
<tr>
<td>Unit Standards</td>
<td>A collection of knowledge, skills and attributes in which a candidate must prove competence (in a structured assessment) to gain credit on the NQF.</td>
</tr>
<tr>
<td>WSP</td>
<td>Workplace Skills Plan</td>
</tr>
</tbody>
</table>
2. Foreword

In order to facilitate strategic skills development in the sector, Fasset funded a Skills Development Facilitators (SDFs) Excellence Programme. The aim of this programme was to enhance the existing base of SDF skills within the sector. The programme’s objectives are to inform, develop and support SDFs registered with Fasset in order to improve skills development implementation in the workplace, by applying best practices.

To continue this support, Fasset has developed a series of seven booklets to serve as resources and references to SDFs. The titles in the series are:

- Implementing SAQA and SDA Legislation in the Workplace
- Skills Planning
- Implementing and Conducting an Assessment in the Workplace
- Working with Assessment Guides
- Aligning Learning Interventions to the NQF
- Understanding and Implementing Learnerships
- Implementing Quality Management Systems

A ‘how to’ approach has been adopted. Internet links and hyperlinks have been provided to supporting documentation.

This particular booklet, Implementing SAQA and SDF Legislation in the Workplace, has been compiled to assist the SDF to reach an understanding of the legislation and to provide insight into the implementation thereof. This booklet will provide an overview of all aspects pertinent to implementing the NQF and the Skills Development Act. It provides an overview of the relevant Acts, as well as an understanding of how they should be applied in the human resource context of organisations.

This booklet covers the following:

- SAQA and SDA legislation in context
- The links between the SAQA, SDA, SDLA and EE
- The National Skills Development Strategy and the Human Resources Development Strategy
- The nature of the Fasset sector
- Levies, grants, benefits and fund utilisation
- Skills Development Planning and implementation

SDFs should also review the following documents:

- SAQA’s Policy Document: Criteria and Guidelines for Assessment of NQF Registered Unit Standards and Qualifications
- SAQA’s Policy Document: Criteria and Guidelines for the Registration of Assessors
3. The Legislation in Context

<table>
<thead>
<tr>
<th>This chapter covers the following:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• the South African Qualifications Act</td>
</tr>
<tr>
<td>• the Skills Development Act</td>
</tr>
<tr>
<td>• the Employment Equity Act</td>
</tr>
</tbody>
</table>

3.1 Background

Before one can implement SAQA and SDA legislation, it is important to understand the context. The South African Qualifications Act was promulgated in order to:

• create an integrated national framework for learning achievements
• facilitate access to mobility and progression with education, learning and career paths
• enhance the quality of education and training
• accelerate the redress of past unfair discrimination in education, training and employment opportunities

The skills development legislation was promulgated in response to:

• poor quality and relevance of occupational learning in South Africa
• limited learning pathways for students and unemployed poor investment in training by employers despite the skills content of jobs increasing

The SAQA Act, the Skills Development Act, the Skills Development Levies Act and the Employment Equity Act aim to increase both the relevance and credibility of education and training, and to enhance the quality and quantity of learners entering the labour market.

International Labour Organisation (ILO) studies indicate that training is key to developing the workforce that is required in the twenty first century. In addition to technical skills, workers need interpersonal, communication and computing skills if they are to adapt to rapidly changing work requirements (Mercorio, 1999).

The following principles are common in all the legislation:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>Fair and equal treatment: promotes equal opportunity for learning and employment</td>
</tr>
<tr>
<td>Access</td>
<td>Ease of entry to education and training and work</td>
</tr>
<tr>
<td>Redress</td>
<td>The reversal of past unfair discrimination</td>
</tr>
</tbody>
</table>

3.2 The SAQA Act

The South African Qualifications Authority Act (October, 1995) provides a framework for the establishment of a National Qualifications Framework and a National Education and Training Qualifications Authority. SAQA needs to ensure that: (Olivier, 1999)

• education and training are brought together;
• learning is recognised whether it takes place in formal or informal settings;
• areas of learning are connected to each other to enable learners to build on what they have learnt as they move from one setting to another;
• credits and qualifications are easily transferable from one learning situation to another;
• the needs of the learner and industry are addressed;
• qualifications are accepted nationally and internationally
The National Qualifications Framework will:

- ensure that all existing and national qualifications are based on standards
- bring together the variety of qualifications already in existence
- provide a structure onto which new qualifications can be added

### 3.3 SAQA Structures

SAQA structures include National Standards Bodies, Standard Generating Bodies and Education and Training Quality Assurance Bodies (ETQAs).

#### National Standards Bodies (NSBs)

Twelve National Standards Bodies have been established, one for each of the following:

<table>
<thead>
<tr>
<th>NQF Learning Field</th>
<th>Learning Field Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field 01</td>
<td>Agriculture and Nature Conservation</td>
</tr>
<tr>
<td>Field 02</td>
<td>Culture and Arts</td>
</tr>
<tr>
<td>Field 03</td>
<td>Business, Commerce and Management studies</td>
</tr>
<tr>
<td>Field 04</td>
<td>Communication Studies and Languages</td>
</tr>
<tr>
<td>Field 05</td>
<td>Education, Training and Development</td>
</tr>
<tr>
<td>Field 06</td>
<td>Manufacturing, Engineering and Technology</td>
</tr>
<tr>
<td>Field 07</td>
<td>Human and Social Studies</td>
</tr>
<tr>
<td>Field 08</td>
<td>Law, Military Science and Security</td>
</tr>
<tr>
<td>Field 09</td>
<td>Health Sciences and Social Services</td>
</tr>
<tr>
<td>Field 10</td>
<td>Physical, Mathematical, Computer and Life Science</td>
</tr>
<tr>
<td>Field 11</td>
<td>Services</td>
</tr>
<tr>
<td>Field 12</td>
<td>Physical Planning and Construction</td>
</tr>
</tbody>
</table>

National Standards Bodies are responsible for:

- recognising or establishing Standards Generating Bodies (SGBs)
- ensuring that Unit Standards meet the requirements for the registration of qualifications
- liaising with Education and Training Quality Assurance (ETQAs) with regards to moderation
- recommending qualifications to SAQA

#### Standard Generating Bodies (SGBs)

A number of Standard Generating bodies could exist in a sub-field. SGBs are responsible for:

- generating Unit Standards and qualifications
- updating and reviewing Unit Standards
- recommending Unit Standards and qualifications to NSBs
- recommending criteria for the registration of assessors and moderators or moderating bodies
- updating and reviewing already developed standards
Education and Training Quality Assurance (ETQA) Bodies

Education and Training Quality Assurance (ETQA) Bodies are responsible for the management of quality. This is achieved through:

- the accreditation of providers of education and training
- promoting quality and monitoring provision amongst providers
- providing moderation and accreditation
- evaluating assessment
- conducting quality systems audits

Although Fasset is a registered ETQA (Fasset ETQA), Fasset has adopted a model which uses Agent ETQAs.

Depending on the specific qualifications or unit standards some professional bodies perform the ETQA function on Fasset’s behalf.

The following professional bodies have been accredited or are in the process of being accredited by Fasset as Agent ETQAs:

- Institute of Commercial and Financial Accountants (CFA)
- Association of Certified Chartered Accountants (ACCA)
- Institute of Certified Bookkeepers (ICB)
- Chartered Institute of Business Management Accountants (CIMA)
- Global Accounting Proficiency (GAP) (previously known as Association for the Education and Training of Accountants (AETA))
- Institute of Business Studies (IBS)

Please Note:

- The South African Institute of Chartered Accountants are accredited by SAQA as an ETQA in their own right.
- The Institute for Public Finance Accountants (IPFA) has been provisionally been accredited by Fasset as a training provider
3.4 The National Qualifications Framework

The NQF provides a framework for nationally recognised qualifications. Qualifications are provided on eight levels and within three bands as indicated on the table below:

<table>
<thead>
<tr>
<th>NQF Level</th>
<th>Band</th>
<th>Types of Qualifications and Certificates</th>
<th>Locations of Learning for Units and Qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Higher Education and Training Band</td>
<td>Doctorates, Further Research Degrees</td>
<td>Tertiary / Research / Professional Institutions</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td>Higher Degrees, Professional Qualifications</td>
<td>Tertiary / Research / Professional Institutions</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>First Degrees, Higher Diplomas</td>
<td>Universities / Technikons / Colleges / Private / Professional Institutions</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>Diplomas, Occupational Certificates</td>
<td>Universities / Technikons / Colleges / Private / Professional Institutions / Workplace / etc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Further Education and Training Certificate</td>
<td>School / College / Trade Certificates, Mix of units from all</td>
<td>Formal High Schools / Private / State schools</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>School / College / Trade Certificates, Mix of units from all</td>
<td>Technical / Community / Police / Nursing / Private Colleges</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>School / College / Trade Certificates, Mix of units from all</td>
<td>RDP and Labour Market Schemes / Industry Training Boards / Union / Workplace</td>
</tr>
<tr>
<td>1</td>
<td>General Education and Training Certificate</td>
<td>Std 7 / Grd 9 (10 years), ABET level 4</td>
<td>Formal Schools (Urban / Rural / Farm / Special)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Std 5 / Grd 7 (8 years), ABET level 3</td>
<td>Occupation Work-based training / RDP / Labour Market schemes / Upliftment, Community Programs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Std 3 / Grd 5 (6 years), ABET level 2</td>
<td>NGOs/ Churches / Night Schools / ABET Programs / Private providers / Industry Training Boards</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Std 1 / Grd 3 (4 years), ABET level 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 year Reception</td>
<td></td>
</tr>
</tbody>
</table>
The eight education and training levels are grouped into the three qualification bands as follows:

<table>
<thead>
<tr>
<th>Band 1</th>
<th>Level 1: General Education and Training Band</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1 accommodates three Adult basic Education and Training (ABET) certification levels as well as the General Education and Training Certificate.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Band 2</th>
<th>Levels 2 to 4: Further Education and Training Band</th>
</tr>
</thead>
<tbody>
<tr>
<td>This includes levels 2, 3 and 4 of the NQF and includes School, College and Trade Certificates. This includes Grades 10, 11 and 12.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Band 3</th>
<th>Levels 5 to 8: Higher Education and Training Band</th>
</tr>
</thead>
<tbody>
<tr>
<td>This includes levels 5, 6, 7 and 8 of the NQF and includes the following:</td>
<td></td>
</tr>
<tr>
<td>• Level 5: Occupation Certificates and Diplomas</td>
<td></td>
</tr>
<tr>
<td>• Level 6: First Degrees and Higher Diplomas</td>
<td></td>
</tr>
<tr>
<td>• Level 7: Higher Degrees and Professional Qualifications</td>
<td></td>
</tr>
<tr>
<td>• Level 8: Doctorates and Further Research Degrees</td>
<td></td>
</tr>
</tbody>
</table>

**Requirements for Registering Qualifications on the NQF**

Qualifications on the NQF must:

- represent a planned combination of learning outcomes
- add value to the qualifying learner in terms of the person through the provision of status, recognition and enhancement of marketability and employability
- provide benefits to society and the economy through increasing social and economic productivity
- comply with the objectives of the NQF
- incorporate integrated assessment to ensure that the purpose of the qualification is achieved
- ensure that the award of the qualification may be achieved in whole or in part through the recognition of prior learning.

**Qualifications, Unit Standards and Credits**

Unit Standards may be combined into different pathways and qualifications to meet the needs of different learners. Unit Standards and qualifications will be monitored to ensure that they remain fit for the purpose: they will be revised as necessary.

The SAQA Act defines a qualification as “the achievement of a certain number of credits embodied in a coherent number of Unit Standards.”

The Unit Standard is the building block of a new qualification. Qualifications will vary in range, size and levels, as they are tailored to fit into the NQF.

SAQA has accepted a credit system on the basis of one credit equaling ten hours of notional learning. Although some learners may take longer than others to achieve competence against a specific Unit Standard, as long as the outcomes are satisfactorily met, credit should be awarded.

**Understanding Unit Standards**

Unit standards are a combination of knowledge, skills and attitudes in which a candidate must prove competence in a structured assessment to gain credit on the NQF.

A unit standard is a document that describes a coherent and meaningful milestone or endpoint of learning that is formally recognised, and the associated performance evidence and proof that the outcome has been met.
Unit standards provide a clear, written statement of what a learner needs to know, do and understand to be competent at a specific level. A Unit Standard is formulated for three principal role-players in the education and training process: the learner, the trainer and the assessor.

Unit Standards describe the outcomes of learning and the standard of performance, as well as what must be assessed, but not how to enable learning or how to assess

Unit standards describe the result of learning, not the process of learning

**The Components of a Unit Standard**

The title, purpose, specific outcomes, assessment criteria and range constitute the main components of a Unit Standard.

**Title**

The title is an outcome statement, which is attributable to an individual.

**Purpose**

The purpose provides a description of the composition, content and breadth of the Unit Standard and its intended focus. It often serves as an overall description of the main components of the Unit Standard.

**Specific Outcome**

The overall outcome as expressed in the title is broken down into smaller, more manageable outcomes (usually three to five specific outcomes), which together make up the Unit Standard title. The specific outcomes are what is assessed.

**Assessment Criteria**

The assessment criteria identify the essential evidence that the assessor requires to prove that a specific outcome has been achieved. Assessment criteria are written for each outcome and define how well candidates must be able to perform the activity described in the specific outcome. The assessment criteria prescribe the level and quality of performance that is required.

**Range**

A range describes the circumstances in which the individual is expected to perform. Range describes contexts, limits exclusions and inclusions of performance.

**Registration of Qualifications**

A total of 120 credits or more are required for the registration of a qualification at levels 1 to 8, with a minimum of 72 credits obtained at, or above the level at which the qualification is registered.

SAQA specifies minimum rather than maximum credit totals for:

- National Certificates: 120 credits
- National Diplomas: 240 credits
- National Degrees: 360 credits
3.5 A Shift in Learning and Assessment

<table>
<thead>
<tr>
<th>Past</th>
<th>Present</th>
</tr>
</thead>
<tbody>
<tr>
<td>No national standards</td>
<td>Registered national standards</td>
</tr>
<tr>
<td>Varying quality</td>
<td>National Quality Management systems</td>
</tr>
<tr>
<td>Focus on inputs</td>
<td>Focus on outputs</td>
</tr>
<tr>
<td>Learners ranked against each other</td>
<td>Learners ranked against the standard</td>
</tr>
<tr>
<td>Ad-hoc reporting</td>
<td>National record of learning database</td>
</tr>
<tr>
<td>Examinations</td>
<td>Contextual assessment</td>
</tr>
<tr>
<td>Institution centered</td>
<td>Learner-centered</td>
</tr>
<tr>
<td>One chance education</td>
<td>Lifelong learning</td>
</tr>
<tr>
<td>No recognition of prior learning</td>
<td>Recognition of prior learning</td>
</tr>
<tr>
<td>Academic or vocational streaming</td>
<td>Multiple learning pathways</td>
</tr>
</tbody>
</table>

Source: Getting to Grips with the National Qualifications Framework (1996)

Recognition of Prior Learning

Recognition of prior learning (RPL) is a process that enables individuals to receive formal recognition for skills and knowledge that they already possess. RPL attempts to acknowledge all learning, irrespective of how it was achieved. Learners who have gained skills and knowledge outside a formal learning environment will be able to receive credits towards Unit Standards and qualifications provided they are able to meet the assessment requirements of the Unit Standard.

A Portfolio of Evidence

In order to prove competence against a unit standard the candidate will supply the assessor with a portfolio of evidence. This could consist of two types of evidence:

<table>
<thead>
<tr>
<th>Direct Evidence</th>
<th>This collection often involves the assessor in observing the learner perform the tasks. This includes direct observation, work in progress, a test of knowledge or skills, and direct questioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect Evidence</td>
<td>This is evidence provided about the learner, either from the learner or another source. This includes team outputs; verification of completed work, Performance Appraisals, documentary evidence such as written testimonials, training records, non-related projects or work assignments</td>
</tr>
</tbody>
</table>

Learners will need to identify the specific Unit Standards in which they wish to be assessed, and then to have access to assessment. If learners meet all the criteria set in the Unit Standards, then they should earn credits for these, and have these credits recorded on their individual record of learning.

3.6 The Skills Development Act

The Skills Development Act (Act 97 of 1998) embodies a strategic, planned approach to link education and training to the changing needs of the economy. The Act creates a number of new bodies to regulate and administer structured education and training within the workplace. The Skills Development Act attempts to create a policy and strategy for the benefit of workers, employers, self-employed people, public and private education and training providers.
The SDA seeks to:

- strategically stimulate investment in education and training in and for the workplace
- increase the supply of skills and knowledge needed by the labour market
- link learning to the demands of the world of work
- develop the skills and knowledge of existing workers and enable employers to become more productive and competitive
- increase the levels of investment in education and training in the labour market
- provide opportunities for new entrants to the labour market to gain work experience
- improve the employment prospects of persons previously disadvantaged by unfair discrimination and to redress those disadvantages through training and education.
- provide and regulate employment services

3.7 The Skills Development Act Structures

The Act created a number of bodies to regulate and administer training and education, the most important being the National Skills Authority (NSA) and Sector Education and Training Authorities (Setas).

The National Skills Authority

The National Skills Authority (NSA) advises the Minister of Labour on a national skills development policy and strategy. The NSA’s key functions are:

- to advise the Minister of Labour and to liaise with Setas with regard to a National Skills Development policy and strategy
- to report to the Minister of Labour on progress made in the implementation of the National Skills Development Strategy
- to conduct investigations on any matter arising out of application of the Act

Sector Education and Training Authorities (Setas)

Setas function as advisory bodies on education and training. The economy has been divided into 25 functional sectors, each of which is served by a Seta.

Setas are financed from skills development levies, interest and penalties collected from employers. In total, Seta funding constitutes some 10% of 1% Skills Development Levy collected. Setas are governed by stakeholders in the sector with equal representation of both organised employers and labour.

Functions of a Seta versus Functions of an ETQA

<table>
<thead>
<tr>
<th>Setas (Sector Education and Training Authority)</th>
<th>ETQAs (Education and Training Quality Assurer)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Skills Development Act establishes Setas and requires all Setas to apply to the South African Qualifications Authority for accreditation as an ETQA.</td>
<td>The SAQA Act establishes the NQF and creates Education and Training Quality Assurance Bodies. It is the ETQA, which accredits employers and providers to educate and train, register assessors and provide external moderation.</td>
</tr>
</tbody>
</table>

### Functions of a Seta

- to develop a SSP within the framework of the National Skills Development strategy
- to implement the SSP by establishing learnerships and approving workplace skills plans
- to allocate grants to employers and providers
- to monitor education and training in the sector
- to identify workplaces for practical work experience
- to liaise with the National Skills Authority on the National Skills Development strategy and policy.

### Functions of an ETQA

- to ensure quality of learning programmes
- to provide moderation and accreditation
- to accredit training providers
- to promote quality amongst training providers
- to evaluate assessment
- to conduct quality system audits
- to register assessors
3.8 The Skills Development Levies Act

From 1 April 2000, South African employers started to pay a skills development levy of 0,5% of their total remuneration costs. This amount has since been increased to 1%.

The Department of Labour collects the skills development levy to fund education and training for socially and economically marginalised groups in South Africa. 20% is deducted from the levy paid by employers: this is paid into the National Skills Fund. Funding from this source will be used to increase education and training opportunities for access to the formal and informal labour market by women, people with disabilities, rural and unemployed people. The balance, 80%, is directed to the Setas. Organisations are able to re-claim their levies if they fulfil Seta requirements in terms of training.

3.9 Working with Learnerships

Learnerships are formal learning programmes that link theoretical learning and structured workplace experience to prepare employees and those outside of work with the skills and knowledge required to perform competently in an occupation for which there is a clear demand.

A Learnership Agreement is entered into for a specific period of time between a learner, an employer or a group of employers, and an accredited training provider.

Learnerships are a key element of the National Skills Development Strategy (NSDS). Their primary aim is to ensure the provision of skills to unemployed or unskilled individuals. Learnerships should accommodate, and be designed to support local labour market conditions, special sector requirements, work opportunities and demands.

Learnerships provide opportunities to gain vocationally relevant experience in occupations for which there is a demand. The emphasis is on outcomes/end points. A Learnership’s success is measured by whether a learner can practically use the skills he/she has been taught within the workplace.

In terms of the National Skills Development Strategy, by March 2005, a minimum of 80,000 people under the age of 30 should have entered learnerships. By March 2005, a minimum of 50% of those who have completed learnerships are, within six months of completion, employed (e.g. have a job or are self-employed); in full-time study or further training or are in a Social Development Programme.

The two components of learnerships – structured learning and work experience should be integrally connected. Ideally, what is learned through structured learning should be supported by structured work experience in the same field.

A learnership’s primary purpose is to provide the learner with:

- an efficient introduction to the world of work
- assist the learner to move from a state of dependence to participation
- provide a sound basis of technical and supporting competencies
- allow the learners to assume responsibility and reflect upon his/her own learning
- consider the learnerships as preparation for further learning

A Learnership:

- relates to an occupation
- consists of a structured learning component
- includes practical work experience
- leads to a qualification

Benefits of Participating in Learnerships

In addition to the reasons outlined above, employers are able to derive a number of monetary benefits from “getting involved” in learnerships. For example, the salaries of learners registered on learnerships are exempt from the Skills Development Levy.
There is also a tax rebate (to be claimed from SARS) in the event of entering into a Learnership. Information is provided below:

- Where that learner was not employed by that employer (or an associated institution in relation to that employer) prior to the commencement of that Learnership, equal to the lesser of the annual equivalent of the remuneration of the learner or R25 000; or
- Where that learner was employed by that employer (or associated institution in relation to that employer), equal to the lesser of 70 per cent of the annual equivalent of the remuneration of the learner stipulated in the agreement of employment between that learner and employer or R17 500.
- The tax rebate (to be claimed from SARS) in respect of the COMPLETION of the Learnership agreement is in all cases the lesser of the annual equivalent of the remuneration of that learner or R25 000.
- UIF exemption
- Special Seta grants

A list of current registered learnerships is available on the Fasset website.

### 3.10 The SDFs Role

The Skills Development Facilitator is responsible for:

- encouraging each employer to identify a person who will be responsible for the development and planning of the company’s skills development strategy.
- enabling the Seta to maintain a register of contacts with whom it can liaise
- providing a mechanism through which grant allocations can be released from Setas to individual organisations

The following may be appointed as a SDF:

- an employee
- a formally contracted, external person
- a person who is jointly employed by this employer and a number of other employers to assess the skills development needs of the group of employers and the employees concerned
- any employer or his/her designated representative in the employ of the company

### Requirements and Functions of a SDF

A SDF acts as a resource person to stakeholders in the company. The facilitator requires a close understanding of the legislation, regulations and their implications for the workplace.

### SDF’s Functions

![Diagram of SDF's Functions]

- Liaise with the Seta
- Develop WSP
- Submit WSP
- Implement WSP
- Draft Progress Report against WSP
- Develop Quality Assurance Systems
The SDF must:

- assist the employer and employees to develop a Workplace Skills plan which complies with Seta requirements
- submit the Workplace Skills Plan to the relevant Seta
- advise the employer of the implementation of the Workplace Skills Plan
- assist the employer with the drafting of an Annual Training Report against the approved Workplace Skills Plan and which complies with Seta requirements
- advise the employer on quality assurance requirements as set out by the relevant Seta
- serve as a contact person between the employer and the relevant Seta.

**Unit Standards for the SDF**

Unit Standards for the SDF are under review as there are currently two sets: occupationally directed unit standards, which are registered, and HR unit standards, which are in draft form. It is envisaged that, once reviewed, the Unit Standards will be amalgamated and registered.

**Registered SDF Unit Standards**

The following registered SDF Unit standards are currently in use:

- develop workplace skills plan(s)
- implement workplace skill plans
- design a quality assurance system
- compile report on workplace skills plans

To view the full registered unit standards, visit the [SAQA website](https://www.saqa.org.za).

**Draft SDF Unit Standards**

The following are the draft unit standards that have been submitted to SAQA by the Human Resource Standard Governing Body (HRSGB):

- conduct skills development administration
- develop an organisational training and development plan
- manage individual careers
- co-ordinate planned education, training and development in an organisation
- promote a learning culture in organisations
- advise on the establishment and implementation of a Quality Management System for skill development practices in organisations
- conduct an analysis to determine outcomes of learning for skills development and other purposes
- advise on the alignment of skills development objectives and practices with strategic objectives in an organisation

To view the full draft unit standards, visit [www.hrsgb.org.za](http://www.hrsgb.org.za).

**3.11 The Employment Equity Act**

As the SDF, some of the most important aspects of the Employment Equity Act have been highlighted below:

**Chapter 1 – Definitions, Purpose, Interpretation and Application**

**1.1 Purpose of the Act: Section 2**

The purpose of the Act is to achieve equity in the workplace, by:

- promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and
- implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and levels in the workplace.
Chapter 3 – Affirmative Action

Duties of a Designated Employer: Section 13

A designated employer must implement affirmative action measures for designated groups to achieve employment equity.

In order to implement affirmative action measures, a designated employer must:

- consult with employees;
- conduct an analysis;
- prepare an employment equity plan; and
- report to the Director-General on progress made in the implementation of the plan.

Affirmative Action Measures: Section 15

Affirmative action measures are measures intended to ensure that suitably qualified employees from designated groups have equal employment opportunity and equitably represented in all occupational categories and levels of the workforce.

Such measures must include:

- identification and elimination of barriers with an adverse impact on designated groups;
- measures that promote diversity;
- making reasonable accommodation for people from designated groups; retention, development and training of designated groups, and preferential treatment and numerical goals to ensure equitable representation
- these measures exclude quotas

Designated employers are not required to take any decision regarding an employment policy or practice that would establish an absolute barrier to prospective or continued employment or advancement of people not from designated group.

Consultation: Section 16 and 17

A designated employer must take reasonable steps to consult with representatives of employees representing the diverse interests of the workforce on the conducting of an analysis, preparation and implementation of a plan, and on reporting to the Director-General.

Analysis: Section 19

A designated employer must conduct an analysis of employment policies, practices, procedures, and working environment so as to identify employment barriers that adversely affect members of designated groups. This must also determine to what extend designated groups are under-represented.

Employment Equity Plan: Section 20

A designated employer must prepare and implement a plan to achieve employment equity. The plan must:

- have objectives for each year of the plan;
- include affirmative action measures;
- have numerical goals for achieving equitable representation;
- have a timetable for each year;
- have internal monitoring and evaluation procedures,
- include internal dispute resolution mechanisms; and
- identify persons, including senior managers, to monitor and implement the plan
4. The Human Resources Development Strategy and National Skills Development Strategy

This chapter covers the following:

- the Human Resources Development Strategy
- the National Skills Development Strategy
- Fasset’s objectives in line with the NSDS

4.1 The Human Resources Development Strategy

The overall vision of the strategy is:

*A Nation at Work for a Better Life for all*

The key mission is:

_to maximise the potential of the people of South Africa, through the acquisition of knowledge and skills, to work productively and competitively in order to achieve a rising quality of life for all, and to set in place an operational plan, together with the necessary institutional arrangements to achieve this._

The strategy has 3 overarching goals:

- to improve the human development index; an improved basic social infrastructure is critical for a productive workforce and a successful economy.
- to reduce disparities in wealth and poverty and develop a more inclusive society.
- to improve international confidence and investor perceptions of the economy.

Two elements will drive the HRD planning process:

- the institutionalisation of HRD planning and implementation, through the building of structures which will ensure information flows between relevant role-players, and
- the collection and analysis of data in regard to twenty-five indicators, which determine us how the strategy is performing and inform the further development of the strategy.

HRD planning includes the establishment and operationalisation of Setas, and the Workplace Skills Plan. The WSP, which is drawn up on an annual basis, reflects the state of the labour market within each sector, and also, the development of learnerships as a partial response to some of the imperatives of these markets.

The Human Resources Development Strategy requires the co-ordination of the strategic objectives of human resource development:

- a solid basic foundation, consisting of early childhood development, general education at school and adult education and training;
- securing a supply of skills, especially scarce skills with the Further and Higher Education and Training Bands of the National Qualifications Framework (NQF) which anticipate and respond to the specific skill needs in society, through state and private sector participation in lifelong learning; and
- an articulated demand for skills, generated by the needs of the public and private sectors including those required for social development opportunities, and the development of small business; and
- a vibrant research and innovation sector which supports industrial and employment growth policies.

The need for such a strategy arose from:

- income inequality,
- race and gender inequality,
- labour market discrimination, and
- inequalities in the composition of staff and students in education and training institutions.
There are five strategic objectives:

- improving the foundations for life and work
- improving the supply of high quality skills which are more responsive to societal and economic needs
- increasing employer participation in lifelong learning
- supporting employment growth
- linking the parts of the HRD system

4.2 The National Skills Development Strategy

There are 5 strategic objectives:

- to develop a culture high quality of lifelong learning
- to foster skills development within the formal economy for productivity and employment growth
- to stimulate and support skills development in small businesses
- to promote skills development for employability and sustainable livelihoods through social development initiatives
- to assist new entrants into employment

4.3 Aligning Fasset’s Objectives with the NSDS

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

<table>
<thead>
<tr>
<th>No</th>
<th>NSDS Target to be achieved by March 2005</th>
<th>Fasset Five Year Target as per the Sector Skills Plan by March 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>70% of all workers have at least a level 1 qualification on the NQF</td>
<td>85% of all workers have at least a level 1 qualification on the NQF</td>
</tr>
<tr>
<td>1.2</td>
<td>A minimum of 15% of workers to have embarked on a structured learning programme, of whom at least 50% have completed their programme satisfactorily</td>
<td>A minimum of 10% of workers to have embarked on a structured learning programme, of whom at least 20% have completed their programme satisfactorily</td>
</tr>
<tr>
<td>1.3</td>
<td>An average of 20 enterprises per sector “to include large, medium and small firms”, and at least 5 national government departments, to be committed to or to have achieved, an agreed national standard for enterprised-based people development</td>
<td>An average of 20 enterprises per sector “to include large, medium and small firms”, and at least 5 national government departments, to be committed to or to have achieved, an agreed national standard for enterprised-based people development</td>
</tr>
</tbody>
</table>

Objective 2: Fostering Skills Development in the formal economy for productivity and employment growth.

<table>
<thead>
<tr>
<th>No</th>
<th>NSDS Target to be achieved by March 2005</th>
<th>Fasset Five Year Target as per the Sector Skills Plan by March 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>75% of enterprises with more than 150 workers are receiving skills development grants and contributions towards productivity and employer and employee benefits are measured</td>
<td>85% of enterprises with more than 150 workers are receiving skills development grants and contributions towards productivity and employer and employee benefits are measured</td>
</tr>
<tr>
<td>2.2</td>
<td>At least 40% of enterprises employing between 50 and 150 workers are receiving skills development grants, and the contributions towards productivity and employer and employee benefits are measured</td>
<td>At least 40% of enterprises employing between 50 and 150 workers are receiving skills development grants, and the contributions towards productivity and employer and employee benefits are measured</td>
</tr>
</tbody>
</table>
### Objective 3: Stimulating and supporting skills development in small businesses.

<table>
<thead>
<tr>
<th>No</th>
<th>NSDS Target to be achieved by March 2005</th>
<th>Fasset Five Year Target as per the Sector Skills Plan by March 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>At least 20% of new and existing small registered businesses to be supported in skills development initiatives and the impact of such support to be measured</td>
<td>At least 20% of new and existing small registered businesses to be supported in skills development initiatives and the impact of such support is measured</td>
</tr>
</tbody>
</table>

### Objective 4: Promoting skills development for employability and sustainable livelihoods through social development initiatives.

<table>
<thead>
<tr>
<th>No</th>
<th>NSDS Target to be achieved by March 2005</th>
<th>Fasset Five Year Target as per the Sector Skills Plan by March 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>100% of the National Skills Fund apportionment to social development is spent on viable development projects</td>
<td>10% of large organisations are involved in the training of the unemployed and 60% of large organisations are involved in HIV/AIDS awareness projects</td>
</tr>
</tbody>
</table>

### Objective 5: Assisting new entrants into employment in the labour market.

<table>
<thead>
<tr>
<th>No</th>
<th>NSDS Target to be achieved by March 2005</th>
<th>Fasset Five Year Target as per the Sector Skills Plan by March 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>A minimum of 80 000 overall people over the age of 30 have entered learnerships</td>
<td>A minimum of 3 000 people under the age of 30 have entered learnerships</td>
</tr>
<tr>
<td>5.2</td>
<td>A minimum of 50% of those who have completed learnerships are, within 6 months of completion employed “e.g. have a job or are self employed”, in full time study or further training or are in a social development programme</td>
<td>10% of large organizations are involved in by March 2005, a minimum of 60% of those who have completed learnerships are, within 6 months of completion employed “e.g. have a job or are self employed”, in full time study or further training or are in a social development programme</td>
</tr>
</tbody>
</table>
5. The Nature of the Financial and Accounting Services Sector Education and Training Authority (Fasset)

This chapter covers the following:

- Summary of the Research Report on the Fasset Sector
- Fasset’s Sector Skills Plan
- Fasset’s Priorities for Year 5

5.1 HSRC Report Executive Summary

Background, Objectives and Methodology

The Financial and Accounting Services Sector Education and Training Authority (Fasset) commissioned the HSRC to conduct research into the Fasset sector. The main aim of the study was to provide Fasset with a detailed profile of the sector that it serves, a description of education and training provision in the sector, and a description of its skills needs and requirements.

Specific objectives of the research study were to:

1. Describe the sector and its constituent sub-sectors in terms of:
   - The total number of employers associated with the sector
   - Total turnover and salary bill
   - Geographical distribution
   - Employee profile including employment status, population group, gender, age, qualification level, disability and wage levels
2. Describe the professional associations and training institutions active in the sector and their respective roles in and contributions to the development of skills in the sector
3. Determine the education and training supply to the sector
4. Identify skills needs and skills gaps in the sector
5. Describe the sectors involvement in projects and programmes to prevent and combat HIV/AIDS
6. Identify and describe any special human resources development projects in the sector
7. Develop a data base of stakeholders in the sector who would be willing to participate in future studies for Fasset

The study comprised:

- an employer survey in which 1261 organisations participated
- a survey of the 15 professional bodies active in the sector
- a survey of 31 public training providers
- 19 private education and training providers

A total of 59 learners working in the sector were also interviewed. Some 40 learners who were still at university or technikon, participated in focus groups.

In addition, various data sources were analysed to augment the survey data and to provide macro perspectives on certain issues. Data sources included:

- Workplace Skills Plans and Workplace Skills Plan Implementation Reports submitted to Fasset for the year 2001/2002
- HSRC survey of graduate incomes
- The Department of Education’s “South African Post Secondary Education Information System”
- The Department of Education’s “Higher Education Management Information System” (HEMIS)
- September 2001 Labour Force Survey was also used (Stats SA)

1 The complete HSRC report and Executive summary is available on the Fasset website: www.Fasset.org.za
Profile of the Sector

The study established that the sector consists of approximately 7 200 organisations that employ approximately 92 000 people (1% of total employment in the formal sector of South Africa). The majority of organisations in the sector (63%) are very small and employ 5 or fewer people. Some 30% employ between 6 and 20 people and 4% have between 21 and 50 employees. Organisations with more than 50 employees constitute only 3% of the sector, but they employ 56% of all the workers.

The annual turnover of the sector was estimated to be R62 billion. As most organizations in the sector are small, the largest portion of them (44%) reported an annual turnover of between R200 000 and R2 million. Only 1% of these organizations reported a turnover in excess of R20 million per year. The annual salary bill for the sector was estimated at R9.7 billion.

For the purpose of this study, organizations in the sector were grouped into seven sub-sectors:

- Investment Entities and Trusts and Company Secretary Services
- Stock Broking 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

The relative contribution of each of the sub-sectors to the turnover, salaries paid, organizations and employment is summarized in the table below. The sector consisting of the South African Revenue Services (SARS) and government departments was omitted because of their low response to the employer survey.

### Percentage Contribution of Sub-sectors to Turnover, Total Salary Bill, Organisations and Employment (ranking in brackets)

<table>
<thead>
<tr>
<th>Sub-sectors</th>
<th>Turnover</th>
<th>Salary Bill</th>
<th>Organisations</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Entities and Trusts and Company Secretary Services</td>
<td>37%</td>
<td>10%</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>Stock Broking and Financial Markets</td>
<td>29%</td>
<td>45%</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Development Organisations</td>
<td>4%</td>
<td>1%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Accounting, Bookkeeping, Auditing and Tax Services</td>
<td>19%</td>
<td>27%</td>
<td>44%</td>
<td>49%</td>
</tr>
<tr>
<td>Activities Auxiliary to Financial Intermediation</td>
<td>7%</td>
<td>7%</td>
<td>14%</td>
<td>7%</td>
</tr>
<tr>
<td>Business and Management Consulting Services</td>
<td>4%</td>
<td>10%</td>
<td>6%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
The study revealed that the sector is concentrated as follows:

<table>
<thead>
<tr>
<th>Province</th>
<th>Workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gauteng</td>
<td>56%</td>
</tr>
<tr>
<td>Western Cape</td>
<td>18%</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>10%</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>4%</td>
</tr>
<tr>
<td>Free State</td>
<td>4%</td>
</tr>
<tr>
<td>North West</td>
<td>2%</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>2%</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>2%</td>
</tr>
<tr>
<td>Limpopo</td>
<td>2%</td>
</tr>
</tbody>
</table>

There are slightly more women (56%) working in the sector than men (44%). Most of the administrative and clerical workers (83%) are women while most of the managers (68%) are men. In other occupational groups men and women are more or less equally represented. Of all the workers in the sector 66% are White. More than 80% of the managers and 70% of the professionals are White. (The racial composition of the sector would, however, have looked somewhat different if a better response rate had been achieved in the sub-sector consisting of SARS and government departments.) Workers in the sector are relatively young: some 63% of workers in the sector are 35 years old or younger.

The educational profile of the sector reveals that more than 70% of workers have post-matric qualifications. As many as 22% have first degrees or higher diplomas while another 18% hold Honours or Master’s degrees. Only 2.7% of workers have qualifications lower than grade 9 or ABET level 4, which means they might benefit from Adult Basic Education and Training (ABET). These workers are mainly employed in clerical or administrative positions (32%) or work in elementary occupations as cleaners, gardeners and tea ladies (46%).

The high incidence of small businesses in the sector is reflected in the high percentage (24%) of the workers employed in the occupational category of Legislators, Senior Officials, Managers and Owner managers. Professionals constitute 19% of the workforce, Technicians and Associate Professionals 6% and Clerks and Administrative Workers 32%.

Occupational categories were assigned to the job titles provided by the employers. These might differ from the categories assigned by employers themselves in the Workplace Skills Plans. Distinctions between Professionals and Technicians and Associate Professionals, on the one hand, and between Technicians and Associate Professionals and Clerical and Administrative Workers, on the other, are sometimes vague. The sector employs very few disabled people (0.6% of the total workforce).

The complete HSRC Executive Summary and Report are available on the Fasset website.

### 5.2 Fasset Sector Skills Plan Executive Summary

**Revised Sector Skills Plan (February 2001)**

The Skills Development Act states that each Seta must prepare a Sector Skills Plan (SSP) for their sector. The deadline for the submission of the first SSP was 1 September 2000. Fasset constituted a Skills Plan Working Committee (SPWC) to prepare the SSP. The committee’s composition reflected the requirements of stakeholder representation and its scope was governed by a management board mandate and reference parameters.

The Fasset SPWC operated under the guidance of two consultants provided by the Department of Labour and was prepared according to a guide provided by the Department on 13 April 2000.
The sector profile of Fasset provides an overview of the financial sector based on statistics, Workplace Skills Plans (WSPs) and industry surveys. Three constraining factors limit the validity of this section.

Firstly, the finance, accounting and related services sector has not been analysed previously as it has historically been combined with the insurance and banking sectors, both sectors larger than Fasset's sector and with entirely different employee profiles. Secondly, of the 3500 anticipated member employers, only 171 submitted WSPs and the quality of six of these precluded their use. This represented less than a five percent response rate. Thirdly, insufficient time was available to conduct research between the time when Fasset was constituted and the due date for submission of the first SSP. Rectifying these three constraints has been identified as a priority to inform future SSPs and will be addressed by Fasset in the forthcoming months.

The sector profile indicates some very interesting information that may be generalized for the sector as a whole. Fasset has a predominance of SMMEs and it is likely that this pattern will continue given that professional firms tend to be small.

Approximately 65% of employees in this sector are white. This is exacerbated by the fact that more whites are found in the legislator and professional occupational groups and that there is a higher percentage of Africans, Coloured and Asians at the lower occupational groups. Male employees outnumber female employees in the ratio 6 to 4. Once again, there are many more males at the higher occupational levels than females.

Other workforce characteristics, including emigration statistics, disability and AIDS statistics, economic data including contribution to GDP, wage levels and productivity trends are not available at this time.

Factors influencing change in the sector may be divided into the categories policy, economic, social, technology, environmental and legislative.

Economic issues, including job creation, foreign investment, social and technological issues were identified as some of the most important factors facing Fasset.

There is a severe lack of suitably educated people entering the labour market. Poor education and a lack of financial resources are the major contributors to this problem. While a number of initiatives have been started within the sector, a much more concentrated effort and funding is required to make a significant impact. Efforts will be exacerbated by the continued downsizing of organisations, the growth risks posed by social issues such as AIDS and the rapid technological advances in the financial industries.

Training provision stems from four sophisticated groupings: public providers and the professional bodies aligned to the sector provide education and training and maintain standards that ensure we remain at the forefront of international competitiveness; private providers provide for further professional needs, although most do not lead to a formal qualification; in-house providers cater for the majority of skills development within the sector and in most cases far exceeds benchmarks in terms of volume, quality and investment. These providers are also not formally recognised and this must become a priority for Fasset.

Access to this training is however a major shortcoming within the sector. Costs and entry requirements continue to form barriers of entry for people from previously disadvantaged backgrounds and of limited financial means. This is indicated in the statistics: black people and women, while receiving in many instances the same training as their white and male counterparts, do not feature prominently in any training statistics. Unless specific strategies are formulated to counter previous imbalances the status quo is unlikely to change. Fasset will address this issue during the forthcoming year.

The Financial Services Sector plays an important role in job creation and is central to economic development in South Africa as a whole.

Indeed, it is one of the few sectors in the economy that has recorded significant growth in recent years. Accordingly, this sector has an obligation to ensure that skills development enjoys the highest possible priority, both in formal employment and within the SMME sector where the development of accounting, financial and broad based business skills are central to enhancing economic contribution and job creation.

Employment and skills needs data within the informal sector was not available at the time of developing this plan. The focus therefore, has been on the formal sector with the specific note made that research is to be conducted to more broadly inform future plans. Research by the HSRC indicates that economic growth within
the sector will exceed the national average by more than one third. Furthermore, finance and IT related occupations rate amongst the highest growing occupations, some exceeding 40 percent. The shortage of skills in these areas, particularly within the designated groups, has significant implications for sector growth, productivity and employment costs.

The importance of the objectives and recommendations of the Sector Skills Plan being realistic and reasonably achievable cannot be over emphasized. The credibility of Fasset, which will, in part, impact on employers’ participation in the skills development process, is dependent upon a firm development foundation.

As such, the primary objective of the Sector Skills Plan, for the first year, is to develop a thorough appreciation and understanding of the financial services sector. The core objectives for the SSP for the forthcoming year include a Sector Research Project, Learnerships, and the establishment of Fasset as an Education, Training and Quality Assurance body.

The vision and mission statement for skills development within the sector, concur with Fasset’s overall vision and mission. This vision and mission, which are contained in the Business Plan, serve as the platform for skills development within the sector.

Objectives and priorities for year 1 have been aligned with the underpinning principles contained in the vision and mission statements and to the NSDS objectives.

The budget for the initial Sector Skills Plan process is based on the overall budget submitted as part of the year one business plan and the identified priorities contained in the plan. Continual monitoring, reporting and evaluation of the processes and budget will be undertaken. The main budgeting areas that have been identified are a Sector Research Project, Capacity Building, Learnerships and the establishment of an ETQA. The remaining two strategic priorities, SMME development and employment equity, form part of the broad areas and will be incorporated into each.

Fasset’s management board is committed to the attainment of the objectives laid out in this SSP: it will ensure that every effort is made in this regard. Fasset recognises that during its first year of operation, it operated off a base of limited resources in terms of both time and information. Fasset will follow a continuous improvement process to ensure that this initial shortcoming does not, in any way, disadvantage the sector and that the financial, accounting and related services sector is the sector of choice for current and prospective employees.

5.3 Fasset Annual Skills Priorities: 1 April 2004 – 31 March 2005

The skills priorities that have been identified in the Fasset sector for planning training in the WSP grant are:

- Information Technology (e.g. software package training, MS Office Suite, network engineers, IT support services, hardware training, internet based solutions training).
- Management and Leadership (e.g. supervisor training, emotional intelligence, MBA, teamwork skills training, diversity management training).
- Client Service (e.g. call centre training, key account management, front office and reception duty training, telephone etiquette).
- Specialist Financial (e.g. GAAP Update, Income Tax Update, credit control).
- Support and Administrative Skills (e.g. payroll administration, transactions processing).

(Source: Fasset website: http://www.fasset.org.za/)
6. Levies, Grants, Benefits and Fund Utilisation

This chapter covers the following:

- The levy grant system
- Grants
- Fasset benefits

6.1 Overview of the Levy Grant Structure

From 1 April 2000, South African employers started to pay a skills development levy of 0.5% of their total remuneration costs. This amount has since been increased to 1%. The levy is used to fund education and training for socially and economically marginalised groups in South Africa. Some 20% of the levy is paid into the National Skills Fund. Funding from this source will be used to increase education and training opportunities for access to the formal and informal labour market by women, people with disabilities, rural and unemployed people. The balance, is directed to Setas

Regulations for Grant Claims

Employers who are up to date with the payment of the skills levy can claim skills grants back from their Seta. Training providers and workers may also seek grants from a Seta. These grants may be given for projects, programmes and research activities if they support the implementation of the Sector Skills Plan that each Seta has developed.

6.2 Strategic Cash Grant

The Strategic Cash Grant (SCG) is a special skills initiative grant that enables employers to claim back a maximum of 10% of their Skills Development Levy (SDL) if they have undertaken education and training interventions in certain strategic skills priority areas.

See Fasset website for the most up-to-date information on the Strategic Cash Grant

6.3 Fasset Benefits

Fasset utilises its funds to provide benefits to participating employers (see Fasset website for most up-to-date information):

- Workplace Skills Planning Grant (WSP) 15% refund of Skills Development Levy (SDL) paid to Fasset
- Annual Training Report (ART) 45% refund of SDL paid to Fasset
- Interim Training Report (ITR) 50% of the 45 % ATR grant
- Strategic Cash Grant (SCG)
  - 10% refund of SDL paid to Fasset
  or
  - Cash grant of R 25 000 for the employment of a Previously Disadvantaged Individual 'PDI' (this includes African men and women, Indian/Asian men and women, Coloured men and women, and all disabled employees) on a Fasset Learnership (applicable to employers registered with Fasset employing ≤ 50 employees). Details to be made available at a later stage.
- Free Assessor training to employers implementing learnerships in their organisations
- Free SDF training for SDFs registered with employers paying levy to Fasset
- Free SDF networking events for registered SDFs
- Free Continuous Professional Education (CPE) for Fasset employers. Previous CPEs run include:
  - Budget Update 2003
  - Promotion of Access to Information Act
  - Money Laundering
  - Professional Conduct
  - Labour and Tax
- Capital Gains Tax
- Free CPE for learners (2 topics are planned for this financial year)
- Development of learnerships (management consulting, public finance)
- Research (gap analysis of learnerships required in the sector, financial markets, entry level learnership, Year 2 and Year 3 analysis of grant submissions)
- Access to social project funds and the beneficiaries of these projects

General benefits of participating in skills development:

- skilled employment
- increased productivity
- motivated workforce
- complementary to affirmative action and employment equity
- redress of inequality

Refer to the Fasset website and Fasset mailings for more benefits.

### 6.4 Fasset Project Funds

Fasset has funds available for skills development projects that meet the skills needs of the sector. Potential project / funding submissions should understand Fasset's project proposal process.

The Policies and Projects Manager of Fasset is available to answers queries about any stage in the project process and is there to assist you in submissions or funding proposals (refer to “Contacting Us” section of the website).
7. Fasset's Approved Projects

Fasset's EXCO approved five new projects in February 2003, worth approximately R14.2 million. A summary of each project is provided below:

**Guarantee Trust Holdings - Unemployed Tertiary Accounting Graduates Support Programme**

The objectives of this project are to increase the number of previously disadvantaged people on registered learnerships, to increase the level of success of these learners on the learnerships and to stimulate and support skills development in small businesses. This project will achieve this by recruiting 20 learners in Gauteng. Learners will be placed on an intensive 4-months skills development programme, three months of which will be through an internship programme with an employer. These employers will then sign these learners onto a learnership agreement. The project will commence in March 2003 and end in November 2003.

**Xenium Securities - Stockbroking Employment Readiness Course (STERCO)**

The objectives of this project are to increase the supply of skills in a high need area, to provide learners with access to Fasset's sector and to assist in the transformation of the sector. This will be achieved by recruiting 50 learners per 13-week course. Four courses will be run. These learners will receive training and coaching so that they are job-ready for the stockbroking and asset management industries. Learners will also be qualified through all the necessary specialist examinations. This project will run from March 2003 to March 2005.

**Edumap Education Development Trust – Fasset Edumap Enrichment Project (FEEP)**

The project’s objectives are to provide learners with potential access to Fasset's sector and to assist in the transformation of the sector. 30 black learners from disadvantaged communities, including rural communities who have completed secondary education and have the potential to pursue tertiary studies/employment in the field of commerce, have been recruited onto a one-year full time residential academic enrichment course over 2003. The project will culminate in the re-writing of the matric Mathematics (Higher Grade) and Accounting (Higher Grade). It is hoped that the project will enable learners to obtain exemption for university. The project has produced excellent exemption and placement rates in the past.

**CFA - Learnership Preparedness Programme (LPP)**

The project’s objectives are to increase the number of previously disadvantaged people on registered learnerships and to increase the level of success of these learners on the learnerships. This will be achieved through the recruitment of 100 applicants in the Western Cape and KwaZulu Natal, for these learners then to attend an intensive 4-week life-skills programme, culminating in the development of a personal development plan.

The learners will then be placed in employment and on Learnership contracts and their new employers will be given two-month's mentorship support.

**ORT South Africa - The ORT Careers Course**

The project’s objectives are to increase the supply of skills in a high need area, to provide learners with access to Fasset's sector and to assist in the transformation of the sector. This project is designed to provide 480 unemployed matriculants with a 6-weeks intensive and customized course to prepare these individuals from disadvantage backgrounds specifically for entry into the Fasset sector and the Debt Recovery industry. Starting in March this year, the project will work with the Call Centre operations in the industry to ensure the skills provided, meet employers’ needs.
8. Skills Development Planning and Implementation

This chapter covers the following:

- The purpose of workplace skills planning
- Fasset’s WSP Grants

8.1 Workplace Skills Planning and Implementation

The Regulation Gazette, No. 7091, 22 June 2001, explains that employers who are up-to-date with their levy payments may expect a grant from the Seta if:

- at least one SDF is designated by the employer and the name is submitted to the Seta
- a Workplace Skills Plan is correctly submitted to the Seta at the appropriate time.

The regulations also indicate the importance of the Workplace Skills Plan to:

- employers to provide a strategic basis for planning the development of the workforce and organisation
- workers to provide opportunities for enhanced job satisfaction and promotion prospects
- Setas to assist in the identification of imbalances in the supply of, and demand for, skilled labour. This information can also be used by school leavers and unemployed people to inform choices about training options
- Government to assist in the development and review of the National Skills Development Strategy, which must be demand-led and sensitive to labour market needs

The Workplace Skills Plan provides the basis for identifying and planning for skills development initiatives, which are pertinent to the organisation’s strategy and to individual development needs. It provides the basis against which an organisation can report progress towards skills development needs, and also target all skills development interventions to address specific organisational and strategic needs.

8.2 Fasset Workplace Skills Plan Grant

The Workplace Skills Plan (WSP) and the Annual Training Report (ATR) are central to the establishment of a demand-led skills development system, which is responsive to the economic and social needs of South Africa.

The WSP allows employers to outline the organisation’s skills priorities and skills development objectives. The format provided allows employers to plan according to the individual training needs of each employee within the organisation.

The WSP will be used by Fasset to support:

- the identification of imbalances in the supply of, and demand for, skilled labour in the sector.
- the government to assist in the development and review of the National Skills Development Strategy that must be demand-led and sensitive to labour market needs.
- the assessment of training capacity and training investment so as to ensure the sound allocation of resources.
- the disbursements of levy funds, to eligible employers, through the Levy Grant System.
- employers to provide a strategic basis for planning the development of their staff and organisation.
8.3 **Background**

Fasset has consulted with its Skills Planning Working Committee, other Setas and the Department of Labour to determine the reporting requirements for the WSP. An attempt to combine the need for employers to report easily with the information requirements of Fasset has been attempted. The information provided in the WSP will enable Fasset to update its Sector Skills Plan (SSP) and devise more targeted and representative interventions for stakeholders within the Fasset sector.

8.4 **Workplace Skills Plan Criteria for Acceptance**

WSPs will be approved provided that the following criteria are met:

- the organisation has registered a SDF
- the WSP has been completed correctly and submitted in Fasset’s required format
- the WSP is signed off in accordance with the Fasset requirements
- the WSP is submitted to Fasset by no later than 30 June of the relevant year
- the organisation is registered with Fasset and the levy contributions are up-to-date

8.5 **Annual Training Report (ATR)**

The Annual Training Report (ATR) (previously called Workplace Skills Plan Implementation Grant (WSPIG)) allows employers to monitor the achievement of the skills priorities and skills development objectives that were outlined in the WSP. Where there are variations between the WSP and the ATR, the ATR provides employers and SDF’s with an opportunity to analyse reasons for non-completion of planned training.

8.6 **Interim Training Report (ITR)**

Regulations to the SDA published on 7 March 2003 indicate that Setas may establish criteria for choosing to pay interim grants to employers. Fasset has authorised the payment of interim grants on the ATR. This interim payment will provide relief for employers who wish to access a portion of the 45% annual training report before the deadline date of 31 May.

The Interim Training Report (ITR) will be approved provided that the following criteria are met:

- the organisation is registered with Fasset and the levy contributions are up-to-date
- the organisation has WSP approval, including the registration of an SDF and submission of a WSP
- the ATR has been correctly completed and submitted in the correct format
- the Interim Training Report is signed off in accordance with requirements
- the Interim Training Report is submitted by 30 November in respect of training implemented in the six month period of the relative scheme year
- a minimum of 50% of workers earmarked for training in the approved WSP have embarked on a structured learning programme
9. Conclusion

The information contained in this booklet will bring you to an understanding of the SAQA and SDA legislation in such a way that you can commence formulating a plan for aligning the organisation with the legislation. Furthermore, you will now have an insight into the nature of Fasset and its plans for the sector.

Further details regarding the information contained in this booklet are available from the Fasset Call Centre or via the Fasset website.

10. Contact Details

<table>
<thead>
<tr>
<th>Fasset</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone:</td>
</tr>
<tr>
<td>Call Centre:</td>
</tr>
<tr>
<td>Website:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SAQA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Department of Labour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website:</td>
</tr>
</tbody>
</table>
11. Appendix

The Success Indicators of the HRD Strategy

Strategic Objective 1: Improving the Foundations for Life and Work

Indicator 1: Participation in early Childhood Development
Initiation of the ECD Pilot Project was begun in 1997 to test out a different way of offering children an extra year of education.

Indicator 2: Participation in ABET and Literacy Programmes
Illiteracy is very prevalent in South Africa. The South African Literacy Initiative has been established by DET, and aims to mobilise three million participants into literacy programmes.

Indicator 3: Achieving Universal General Education (9 years)
Universal primary education in South Africa has increased sharply in the last five years, with near universal enrolment at 93%

Indicator 4: Examination Pass Rates
Until 2000, there had been a decline in both the number of students enrolled to write matriculation examination and in the pass rates, although the pass and exemption rates improved dramatically in 2000.

Indicator 5: Mathematics and Science Results
The number of students who passed maths and science is extremely low. In general, mathematical and scientific literacy is extremely poor in the entire schooling system.

Strategic Objective 2: Improving the Supply of High-Quality Skills, which are More Responsive to Societal and Economic Needs

Indicator 6: Learning in Areas of Scarce Skills, especially Enrolments in Science, Engineering and Technology
There has been a gradual shift in enrolments in HET between 1993 and 1999 away from the humanities to business/commerce and to a far lesser extent, science, engineering and technology.

Indicator 7: Adult Participation in FET and HET
The overall net participation rate in the Technical College sector in 1998 is 1.13%. This compares poorly with the participation rates for other countries. The technical colleges do not cater for the lifelong learning needs of adult working people.

Indicator 8: Improving HET Participation Rates
The participation rate in Higher Education has decreased from 17% to 15% in 2000.

Indicator 9: Changing the Distribution of HET Enrolments
There has been a significant rise and fall of enrolments in HET that have taken place since the early 1990s.

Indicator 10: The Distribution of Learners between FET and HET Institutions
Enrolments are skewed in the wrong direction – the largest number of students should be (but currently are not) enrolled in the FET Technical College Sector.

Indicator 11: Migration of High Skill Labour
There has been a loss of key skills, with data showing that there has been a rapid decline from a net gain of economically active persons to a net loss.

Indicator 12: Placement Rates of FET and HET Graduates
Unemployment of HET graduates is extremely low – at approximately 2%. The problem facing HET graduates in terms of placement and employment experiences is discrimination in terms of barriers to occupational mobility.
Strategic Objective 3: Increasing Employer Participation in Lifelong Learning

Indicator 13: Changing Labour Market Structure
Significant structural changes have occurred in the economy with tertiary sector activities rising in importance, while primary and secondary sectors are becoming relatively less significant.

Indicator 14: Private Sector Responsiveness to New Skill Requirements
Please refer to the NSDS. The HSRC baseline study provides benchmark levels against which some of the targets set by the National Skills Strategy can be evaluated:

- Blacks constitute 68% of the beneficiaries of training (compared to target of 85%). Women constitute 30.1% of the beneficiaries of training – compared to the target of 54%
- 64.1% of persons currently employed possess the GETC (level one of the NQF). The target of 70% is attainable within the five year period if resources are put into ABET training in the workplace.
- The number of disabled trainees as a percentage of total trainees was 0.3% lower than the NSS target of 4%.

Indicator 15: Unemployment Levels
The unemployment rate is highest in the 25-29 category followed on either side by the 20-24 age group and the 30-34 age group.

Indicator 16: Youth Unemployment Levels
The unemployment rate is highest in the 25-29 category followed on either side by the 0-24 age group and the 30-34 age group.

Indicator 17: Public Sector Skills for Service Delivery
Enhancing the skills and capacities of employees in the public sector is another critical component of HRD strategy. A number of determinants are shaping the formulation of HRD policy in this sector. These are:

- An emphasis on right sizing and decreasing personnel expenditure in the Public Service
- An emphasis on improving service delivery in the Public Services
- Increased levels of decentralisation of management control leading to greater needs for flexibility and accountability
- The impact of HIV/ AIDS is likely to result in a loss of skilled people and the overall under-performance of the workforce
- Increasing level of scarcity of skilled and professional people due both to external and internal factors

Indicator 18: Skills Development for the SMME Sector
A total of 1.7 million of the economically active population were employed in productive activities in the informal sector in 1995. The informal sector accounts for 7% of South Africa’s gross domestic product and 18% of employment. It is estimated that 80% of the informal sector workers are Black African and that 60% of them are women with nearly 90% involved in survivalist enterprises. One of the key challenges facing governmental policy regarding SMMEs is to enhance the employment creating potential.

Indicator 19: Social Development Initiatives
Government policy stresses the importance of co-ordinating the different components of an effective social development strategy. The development of social infrastructure is needed as a key lever to create jobs and alleviate poverty.

Social development interventions envisaged include implementing an integrated Rural Development Strategy, an Urban Renewal strategy, and Local Economic Development.

Setas will play a key role in assisting with the provision of training, accreditation and the quality assurance of skills. The National Skills Fund will fund many of these training initiatives.

Strategic Objective 4: Supporting Employment Growth

Indicator 20: Expenditure on Research and Development in South Africa
There has been a significant decrease in the total budget allocated to Research and Development (R&D) in 1997/1998 as compared with the figure for 1995/1996. Measures will be needed to ensure that sufficient resources are allocated across government, industry and HET to increase the percentage allocation to R&D.
Indicator 21: Number of Science Industry Partnerships
The department of Trade and Industry has introduced a number of dynamic programmes to facilitate science-industry partnerships. This facilitates and funds the increased participation of higher education and science council researchers in industrial innovation, technological adaptation and commercialisation.

Indicator 22: Identification of Emergent Economic Sectors and Skill Needs
Significant changes are occurring in the economy as a consequence of globalisation and the advent of the information age. Increasingly, South Africa's policies will be shifting to encourage firms to integrate activities that add value to their production – in the fields of design, production process, sales and marketing.

Strategic Objective 5: Linking the Parts of the HRD System
Data Management: The HSRC will be required to collect data on all the approved indicators on a regular basis. The data will be analysed and summarised in a report to the governance structures. The report will indicate:

- Where the strategy is succeeding, according to the approved indicators
- Where the strategy is failing
- Possible steps to address any failings
- Possible responsibilities for dealing with these

The Department of Labour will be responsible for monitoring and reporting on the functioning of Setas, the development of learnerships and skills shortages. The Department of Education will be responsible for reporting on the characteristics of the education and training system, particularly across the FET and HET bands.

Conclusion
The benefits that will arise from the successful implementation of a HRD strategy in our country over the next five to ten years will be significant. The integration between different government policies will create a virtuous circle of increased economic growth and employment and improved standard of living.
12. References

Books
College for Competence, South Africa.
Africa.
Phillips, B. (1997) Getting to Grips with the National Qualifications Framework. The NQF Network, South
Africa.

Notes and Journals
Ian Bellis “Blending Education and Training” People Dynamics 12, no6 (May 1994): pp35-36 (In Human
Resource Management in South Africa.
The Skills Framework – Training Notes.